Appreciated as the BEST

FARM'S BEST BERHAD
(301653-V)

annual report 2011

COVER RATIONALE

The cover design features the theme **"Appreciated As The Best"**. It highlights how Farm's Best does its best in every aspect. The story begins with its superior recipes and continues through many stages to emphasize how it offers unsurpassed satisfaction to its customers who come from all walks of life.

The story is enhanced with delightful images that make the cover even more fascinating. A vibrant colour forms the background of the design to symbolize the company's dynamic and exciting future. Overall, the cover design is a contemporary artistic creation that makes a strong statement about Farm's Best commitment to quality.

CONTENTS

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of the Company will be held at Bilik Bunga Teratai, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 28 June 2012 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS :-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**

2. To approve the payment of Directors' fees of RM96,000.00 for the financial year ended 31 December 2011. **Ordinary Resolution 2**

3. To re-elect the following Directors who retire by rotation in accordance with Article 105 of the Company's Articles of Association :-

   (a) Datuk Fong Kiah Yeow **Ordinary Resolution 3**
   (b) Mr Fong Ngan Teng **Ordinary Resolution 4**
   (c) Datuk Ng Peng Hay @ Ng Peng Hong **Ordinary Resolution 5**

4. To consider and, if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act, 1965 :-

   "THAT Tuan Haji Baharom Bin Abd Wahab, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 6**

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Board of Directors to fix their remuneration for the ensuing year. **Ordinary Resolution 7**

AS SPECIAL BUSINESS :-

To consider and, if thought fit, to pass the following ordinary resolutions:

6. To re-appoint the following Independent Non-Executive Directors as per recommendation 3.3 set out in the Malaysian Code on Corporate Governance 2012:

   (a) Tuan Haji Baharom Bin Abd Wahab **Ordinary Resolution 8 (Explanatory Notes A)**

   (b) Encik Mohd Khasan Bin Ahmad **Ordinary Resolution 9 (Explanatory Notes A)**

7. Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares on Bursa Malaysia Securities Berhad."

   Ordinary Resolution 10 (Explanatory Notes B)

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

BY ORDER OF THE BOARD

CATHERINE MAH SUIK CHING (LS 01302)
LIEW SENG AUN (MIA 13109)
Company Secretaries

Melaka
Date : 6 June 2012

Notes :-

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member appoints two (2) or more proxies, the appointment shall not be valid unless he (she) specifies the proportion of his (her) shareholdings to be represented by each proxy.

(iii) The Proxy Form shall be signed by the appointor or his (her) attorney duly authorized in writing or, if the member is a corporation, it must be executed under its common seal or by its authorized attorney or officers.

(iv) The instrument appointing a proxy shall be deposited at the office of the Company's Share Registrar at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.

(v) For the purpose of determining a member who shall be entitled to attend and vote in the forthcoming Eighteenth Annual General Meeting, the Company shall be requesting the Record of Depositors in accordance with Article 71(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 June 2012. Only a depositor whose name appears on the Record of Depositors as at 22 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes A:

Ordinary Resolution 8 and 9
To re-appoint Independent Directors

Under the Malaysian Code on Corporate Governance 2012 ["MCCG 2012"], the Board must undertake an assessment of its independent directors annually. In addition, the MCCG 2012 has recommended that the tenure of an independent director should not exceed a cumulative term of nine years. A shareholders' approval must be sought in the event that the Company intends to retain the independent directors who have served in that capacity for more than nine years.

Explanatory Notes B:

Ordinary Resolution No. 10
Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 10 if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The purpose of this general mandate is for possible fund raising exercise but not limited to further placing of shares for purpose of funding investment(s), working capital and/or acquisitions at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organize a general meeting. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

This general mandate sought for the issue of securities is a new mandate which the Company wish to seek from its Shareholders at this Annual General Meeting.

FARM'S BEST BERHAD (301653-V)

- 100% Sinmah Livestocks Sdn Bhd
  - 58.91% Joint Farming Sdn Bhd
    - 60% Joint Food Proccessing Sdn Bhd
    - 30.77% Ban Yen Sdn Bhd
  - 100% Bersatu Segar Sdn Bhd
  - 100% Dee Huat Farming Trading Sdn Bhd
  - 100% Chem Ventures Sdn Bhd
  - 51% Syarikat Perniagaan Suann Sdn Bhd
    - 100% Suann Food Processors Sdn Bhd
- 99.99% Sinmah Multifeed Sdn Bhd
  - 100% Premier Broilers Sdn Bhd (formerly known as Premier Layer Breeders Sdn Bhd
- 100% Sinmah Egg Products Sdn Bhd
  - 100% Sinmah Poultry Farm Sdn Bhd
    - 50% Farm's Best Eggmart Sdn Bhd
- 100% Farm's Best Food Industries Sdn Bhd
  - 100% SM Broilers Sdn Bhd
    - 50% Farm's Best Eggmart Sdn Bhd
- 100% Sinmah Development Sdn Bhd
  - 100% Realtemas Realty Sdn Bhd
  - 100% Sinmah Builders Sdn Bhd
  - 100% Cosmal Enterprise Sdn Bhd
- 100% Sinmah Breeders Sdn Bhd
- 100% Sinmah Ventures Sdn Bhd
  - 100% FB Food (Nanjing) Pte Ltd
  - 51% Chix Unlimited Inc.
  - 50% SM Enterprise (Nanjing) Pte Ltd
- 100% Lynbridge Sdn Bhd
  - 49.90% SMNS Rubber Holdings Sdn Bhd
    - 100% Smallholdings Management Sdn Bhd

breakfast...

As a mother, i must provide my family with truly fresh chicken cuts. And because nutrition is so important, I always choose sausages. My children really enjoy eating slice meatloafs with bread because they are so tasty. Like everyone in my family, I can't get enough of Farm's Best.

BOARD OF DIRECTORS

Datuk Hj. Zainal Bin Hj. Shamsudin
Chairman,
Independent Non-Executive Director

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

Fong Ngan Teng
Executive Director

Fong Choon Kai
Executive Director

Ng Cheu Kuan
Executive Director

Datuk Ng Peng Hay @ Ng Peng Hong
Executive Director

Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent
Non-Executive Director

AUDIT COMMITTEE & NOMINATION COMMITTEE

Datuk Hj. Zainal Bin Hj. Shamsudin
Chairman,
Independent Non-Executive Director

Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent
Non-Executive Director

REMUNERATION COMMITTEE

Mohd Khasan Bin Ahmad
Chairman,
Senior Independent
Non-Executive Director

Datuk Hj. Zainal Bin Hj. Shamsudin
Independent Non-Executive Director

Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

AG 5730
Alor Gajah Industrial Estate
78000 Alor Gajah, Melaka

Tel : 06-556 1293
Fax : 06-556 2445

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

Tel : 03-7841 8000
Fax : 03-7841 8151/52

COMPANY SECRETARIES

Catherine Mah Suik Ching
(LS 01302)

Liew Seng Aun
(MIA 13109)

AUDITORS

Ernst & Young
Chartered Accountants
Lot 1, 6th Floor, Menara Pertam
Jalan BBP 2
Taman Batu Berendam Putra
Batu Berendam, 75350 Melaka

Tel : 06-336 2399
Fax : 06-336 2899

PRINCIPAL BANKERS

Bank Kerjasama Rakyat Malaysia Berhad
AGROBANK
(Bank Pertanian Malaysia Berhad)
Malayan Banking Berhad
Hong Leong Bank Berhad
Asian Finance Bank Berhad
Bank Mualamat Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : FARMBES
Stock Code : 9776
Sector : Consumer Products

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN

Chairman, Independent Non-Executive Director & Chairman of Audit Committee

65 years of age – Malaysian

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin was appointed to the Board of Farm's Best Berhad ("Farm's Best") as Chairman of Farm's Best on 8 August 2006. He is also the Chairman of the Audit and Nomination Committees and member of the Remuneration Committee of Farm's Best.

Y. Bhg. Datuk Hj. Zainal holds a Diploma in Police Science and he has served in the Royal Malaysian Police Force since June 1965 until his retirement in June 2003. Y. Bhg. Datuk Hj. Zainal began his career in the Royal Malaysian Police Force as an Investigation Officer and has climbed the rank of SAC(I) holding the post of Deputy Director (II) of the Malaysian Special Branch when he retired. He also sits on the boards of several private limited companies.

In recognition of his continuous efforts and dedication to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Panglima Gemilang Darjah Kinabalu (P.G.D.K.) by His Excellency, the Governor of Sabah in September 2000.

Subsequently, in July 2008, in recognition of his many past contributions to the Malaysian Police Force, Y. Bhg. Datuk Hj. Zainal was conferred the Jaksa Pendamai (J.P) by HRH Yang Di-Pertuan Besar Negeri Sembilan.

As at the date of this annual report, Y. Bhg. Datuk Hj. Zainal does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

Y. BHG. DATO' FONG KOK YONG
Managing Director
61 years of age – Malaysian

Y. Bhg. Dato' Fong Kok Yong was appointed to the Board of Farm's Best on 10 February 1995 and is currently the Managing Director of Farm's Best. He is also a member of the Remuneration Committee of Farm's Best.

Y. Bhg. Dato' Fong Kok Yong graduated from the University of Singapore in 1975 with a Bachelor of Business Administration degree. He joined Sinmah Multifeed Sdn Bhd, a wholly owned subsidiary of Farm's Best on 18 October 1976 as a Director. He presently oversees the Group's operations.

Y. Bhg. Dato' Fong Kok Yong is currently,

(i) Advisor to the Federation of Livestock Farmers' Associations of Malaysia (since 1995)

(ii) Member, Malaysian Institute of Management (since 1990)

(iii) Member, Agricultural Institute of Malaysia (since 1985)

He had also served in the various positions/bodies during the past years:-

(i) Secretary General, Federation of Livestock Farmers' Associations of Malaysia (1986 – 1991)

(ii) President, Federation of Livestock Farmers' Associations of Malaysia (1991 – 1995)

(iii) President, Federation of Asean Poultry Producers (March 2003 – March 2005)

(iv) Director, Selangor Chinese Chamber of Commerce and Industry (1991 – 1995)

(v) Director, Malacca Chinese Chamber of Commerce and Industry (1995 to 2000)

In October 2008, in recognition of his continuous efforts, dedication and contribution to the livestock industry in Malaysia, Y. Bhg. Dato' Fong Kok Yong was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) by HRH, the Sultan of Pahang.

As at the date of this annual report, Y. Bhg. Dato' Fong Kok Yong has an indirect interest of 20,348,705 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

Y. BHG. DATUK FONG KIAH YEOW
Executive Director
57 years of age – Malaysian

Y. Bhg. Datuk Fong Kiah Yeow was appointed to the Board of Farm's Best on 10 February 1995. He is also a member of the Remuneration Committee of Farm's Best.

Y. Bhg. Datuk Fong Kiah Yeow completed an accountancy course in 1975 from the Tottenham College of Technology, United Kingdom. He was also an associate member of the Chartered Association of Certified Accountants, United Kingdom. Immediately, upon completion of his studies, Y. Bhg. Datuk Fong Kiah Yeow joined his family business and was responsible for his family's rice wholesale business. He was later appointed to the Board of Sinmah Multifeed Sdn Bhd on 31 January 1980. He is presently responsible for the Group's corporate affairs and financial matters. He also sits on the board of several private limited companies.

In October 2008, in recognition of his efforts and dedication, Y. Bhg. Datuk Fong Kiah Yeow was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka.

As at the date of this annual report, Y. Bhg. Datuk Fong Kiah Yeow has a direct interest of 108,000 shares and an indirect interest of 20,348,705 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

Fong Ngan Teng was appointed to the Board of Farm's Best on 10 February 1995. He graduated in 1982 with a Bachelor of Arts (Honours) degree from The City of London Polytechnic in United Kingdom. He joined Sinmah Multifeed Sdn Bhd upon his graduation and was appointed as a Director of Sinmah Multifeed Sdn Bhd on 1 March 1983. He is currently the Group's Marketing Director and is also responsible for the breeding, hatchery and contract farming of the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Ngan Teng has an indirect interest of 20,348,705 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

FONG NGAN TENG
Executive Director
54 years of age – Malaysian

FONG CHOON KAI
Executive Director
50 years of age – Malaysian

Fong Choon Kai was appointed to the Board of Farm's Best on 10 February 1995. He graduated in 1985 with a Bachelor of Actuarial Science (Honours) degree from London School of Economics, United Kingdom and later in 1987, with a Masters degree in Systems Analysis and Design from The City University, United Kingdom. Thereafter, he was attached to a public chartered accounting firm, Lewis, Berman & Partners in United Kingdom for 2 years. Prior to his appointment to the Board of Sinmah Multifeed Sdn Bhd on 15 January 1992, he was engaged in a construction and property development company, Hanover Construction Ltd, as well as in export and import business of Hanover Trading Ltd, United Kingdom for 2 years. Fong Choon Kai is currently responsible for all administrative matters in the Group. He also sits on the boards of several private limited companies.

As at the date of this annual report, Fong Choon Kai has an indirect interest of 20,348,705 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

Ng Cheu Kuan was appointed to the Board of Farm's Best on 10 February 1995 and is in charge of the Group's property development operations. He graduated with a degree in Civil Engineering (Honours) from the University of Southampton, United Kingdom in July 1977. He is a Professional Engineer registered with the Board of Engineers, Malaysia and was conferred a Fellow of the Institution of Engineers, Malaysia in 1990, making him one of the youngest Fellow of the Institution then. He was also the Chairman of the Institution of Engineers, Malacca Branch from 1988 to 1990. Upon his graduation in 1977, he joined Dewan Bandaraya, Kuala Lumpur as a project engineer and in 1980 he became design engineer in Angkasa Gutteridge Haskins & Davey Consulting Engineers, Kuala Lumpur, which provides professional engineering services to clients from the private and public sectors. In 1982, he joined Bolton Properties Berhad as a project manager before becoming the project manager and later senior manager of Supreme Corporation Berhad (now known as Lion Land Berhad) for 10 years. Between 1992 and May 1994, he worked in Lion Land Berhad. He then started his own property development and construction businesses. He is also a director of several private limited companies.

As at the date of this annual report, Ng Cheu Kuan does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

NG CHEU KUAN
Executive Director
57 years of age – Malaysian

Y. BHG. DATUK NG PENG HAY @ NG PENG HONG
Executive Director
60 years of age – Malaysian

Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong was appointed to the Board of Farm's Best on 10 February 1995.

Y. Bhg. Datuk Ng Peng Hay was the State Assemblyman for Tengkera Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment Co-ordinator by the Melaka State Development Corporation to handle direct investments in the State of Melaka since 1988. Together with his teams of officials and his excellent public relations, he has helped in attracting numerous Taiwanese, Singaporean and Chinese investors into the State of Melaka.

In recognition of his efforts and dedication, Y. Bhg. Datuk Ng Peng Hay was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by His Excellency, the Governor of Melaka in 1992. On 17 July 1999, the Taiwanese Government awarded him the Economics Medal.

Y. Bhg. Datuk Ng Peng Hay is also the Chairman of MCA, 7th Branch Melaka since 1982. Presently, he is the Chairman of Malaysian Crime Prevention Foundation, Melaka (MCPF), Chairman of Koperasi Jayadiri Malaysia Berhad, Board Member of Malaysian Investment Development Authority (MIDA) and Board Member of Invest Melaka Berhad.

Y. Bhg. Datuk Ng Peng Hay is also the Independent Non-Executive Director of Bonia Corporation (M) Berhad since 1994, Komarkcorp Berhad since 1997, Ta Win Holdings Berhad since 2000, Icapital.Biz Berhad since 2010 and a Director in Invest Melaka Berhad. In addition, he is also the Chairman of Wellcall Holdings Berhad since 2006.

As at the date of this annual report, Y. Bhg. Datuk Ng Peng Hay does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

HAJI BAHAROM BIN ABD. WAHAB
Independent Non-Executive Director
77 years of age – Malaysian

Haji Baharom Bin Abd. Wahab was appointed to the Board of Farm's Best on 14 June 1999. He is also a member of the Audit, Nomination and Remuneration Committees of Farm's Best.

Haji Baharom started his teaching career since 1955 and was in the teaching profession for more than 35 years. He was later promoted to the position of headmaster in 1976 and held this position until his optional retirement in 1990. He attended courses for "Modern Administration and Management for Headmasters" in University Sains Malaysia, Penang, in 1976 and "Management and Leadership in Education" in University Malaya, Kuala Lumpur in 1982. Haji Baharom has been very active in both political and community work since his early days. Haji Baharom was actively involved in the co-operative and was appointed director for Koperasi Guru-Guru Melayu Melaka from 1986 to 1991. In recognition of his contribution to the society, Haji Baharom was conferred the P.J.K. (Pingat Jasa Kebaktian) in 1985 and B.K.T. (Bintang Kelakuan Terpuji) in 2009 by His Excellency, the Govenor of Melaka. Since his retirement in 1990, Haji Baharom was appointed and sits on the Board of several private limited companies.

As at the date of this annual report, Haji Baharom holds 4,500 shares in Farm's Best. He has attended four (4) of the five (5) board meetings held during the financial year ended 31 December 2011.

MOHD KHASAN BIN AHMAD
Senior Independent Non-Executive Director
51 years of age – Malaysian

Mohd Khasan Bin Ahmad was appointed to the Board of Farm's Best on 10 January 2002. He is the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees of Farm's Best.

Mohd Khasan obtained a diploma in Accountancy and later graduated with a degree in Accountancy from University Teknologi Mara. He is a member of the Malaysian Institute of Accountants ("MIA"). He served Bank Negara Malaysia for a period of about 7 years, the last 2 years of which he was seconded to the Capital Issues Committee ("CIC") as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of about 6 years and his last capacity was an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He joined the private sector in 1997 and held various senior management positions. Mohd Khasan also sits on the Board of Ta Win Holdings Berhad, Crest Builder Holdings Berhad and Homeritz Corporation Berhad as an Independent Non-Executive Director. Mohd Khasan resigned as Independent Non-Executive Director of Wellcall Holdings Berhad and Ralco Corporation Berhad on 8 December 2010 and 9 March 2011 respectively.

As at the date of this annual report, Mohd Khasan does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2011.

ADDITIONAL INFORMATION

(i) Conflict of interest

None of the Directors have any conflict of interest with the Company.

(ii) Family Relationship with any Director and / or Major Shareholder

None of the Directors have family relationship with any Director and / or major shareholder of the company except for Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai who are brothers.

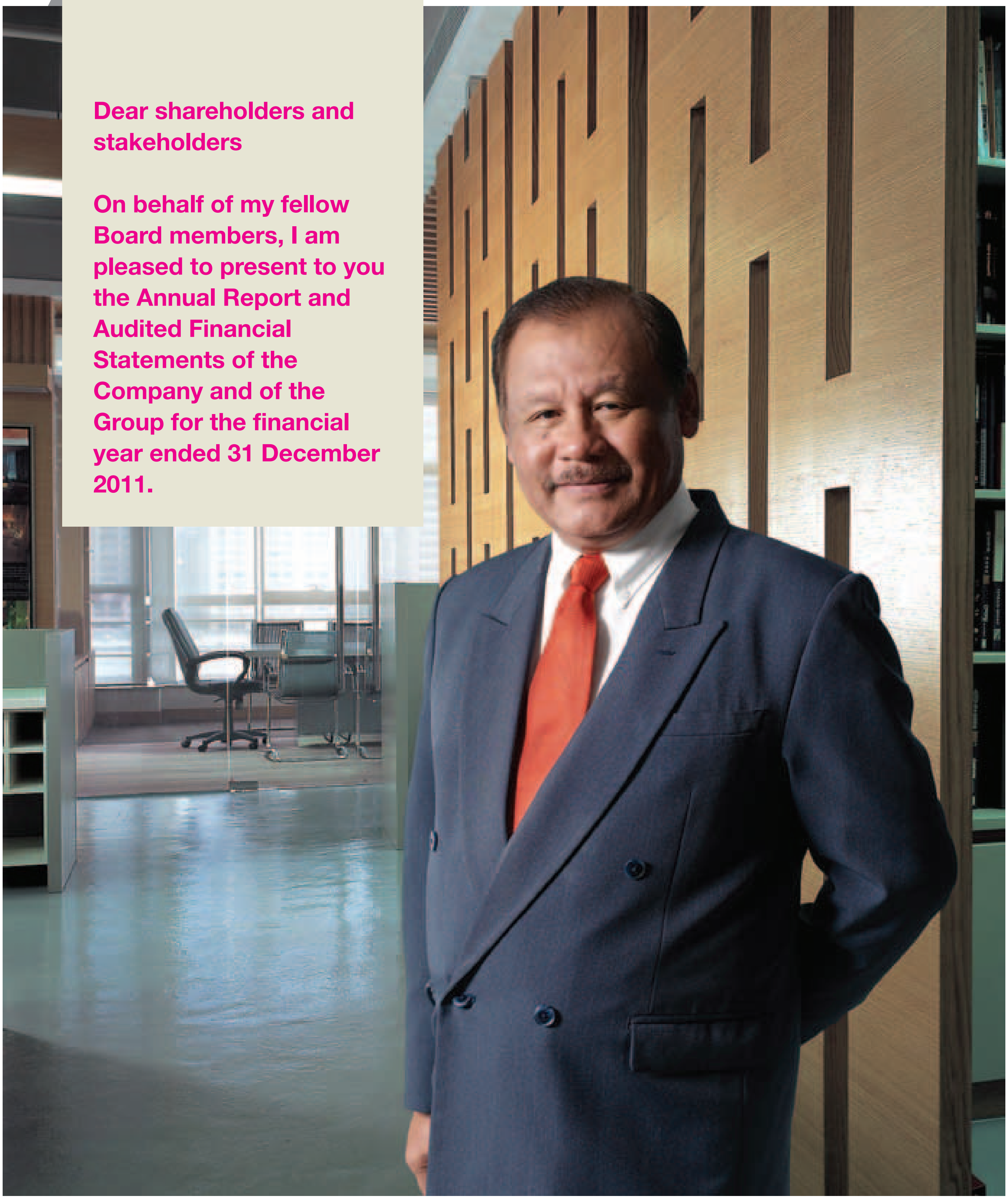
(iii) Conviction for offences (within the past 10 years, other than traffic offences)

None of the Directors have been convicted for offences.

Mommy has made my favourite burgers. They are super yummy! I hope mommy is frying nuggets or drummets for lunch. And tonight, Daddy is using his secret recipe to cook roast chicken for dinner. Yeah! I love Farm's Best!

Dear shareholders and stakeholders

On behalf of my fellow Board members, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2011.



FINANCIAL REVIEW

The Group posted revenue of RM406.8 million for the year ended 31 December 2011, an increase of RM75.6 million or 22.8% as compared to the previous year's revenue of RM331.2 million. The increase in revenue was due to increase in average selling prices and sales volume of live broilers and table eggs sold.

As a result, the Group recorded a higher profit attributable to owners of the parent of RM9.3 million as compared to a profit attributable to owners of the parent of RM1.2 million in the previous financial year ended 31 December 2010. Hence, the Group's earnings per share increased to 16.8 sen from 2.2 sen in 2010, an improvement of 14.6 sen.

Overall, the Group's performance was better during the current year under review as the increases in average selling prices of live broilers and table eggs were greater than the increase in prices of imported raw feedstuffs during the financial year under review.

CORPORATE DEVELOPMENTS

During the year under review, Sinmah Livestocks Sdn Bhd ("SLSB"), a wholly-owned subsidiary of the Company, purchased the remaining 25% equity shares of Chem Ventures Sdn Bhd ("CVSB"), thus resulting in CVSB becoming a wholly-owned subsidiary of SLSB. CVSB is principally engaged in trading of farm biologicals, medicament & related equipment while SLSB is principally engaged in contract farming and trading of chicken feeds, day old chicks and vaccines. The acquisition of the remaining 25% equity shares of CVSB by SLSB is expected to enhance the earning capacity of the Group in 2011 and beyond.

The Group also seeks to enhance its broiler farming capacity. Hence, on 21 February 2012, SLSB entered into two Sale and Purchase agreements to purchase several pieces of freehold land together with all chicken pens erected thereon. These acquisitions are expected to be completed in the second quarter of the year 2012.

GOING FORWARD

The Group expects a tough year ahead as selling prices of live broilers and table eggs are currently sluggish due to an oversupply situation in the market. This oversupply is caused by unsanctioned imports of chickens and chicken cuts from a neighbouring country.

However, the Group will continue with its ongoing efforts on cost cutting measures in order to remain competitive during the coming financial year ending 31 December 2012.

Hence, it is hoped that the Group would be able to ride the current storm and be able to produce a profit for the coming financial year ending 31 December 2012.

ACKNOWLEDGEMENT

The Group gratefully acknowledges the support and guidance received from the State Government of Melaka, Department of Veterinary Services, the Agriculture Ministry, MITI, MIDA, Immigration Department and other ministries and agencies. Our appreciation is also extended to our business partners, consultants, suppliers and financiers.

I also wish to extend my most heartfelt appreciation to my fellow Board members for their support, contribution and dedication in discharging their duties and responsibilities. We also recognize that our dedicated workforce remains the backbone of the Group and they have helped build a good reputation that the Group currently enjoys. On behalf of the Board, I wish to express our utmost appreciation to them.

Lastly, I wish to thank you, our shareholders, for your unwavering support and we look forward to your continuing vote of confidence. Thank you.

With best wishes,

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
CHAIRMAN

The financial year under review saw a significant improvement in the results of the Group as compared to the previous financial year ended 31 December 2010. In 2011, the Group enjoyed higher average selling prices for live broilers and table eggs throughout all four quarters of the financial year compared to the corresponding quarters in 2010. Our housing development division also showed better results in the financial year under review compared to the previous financial year ended 31 December 2010.

The performances of the key operative divisions within the Group are discussed below.

Integrated Poultry Division

During the financial year ended 31 December 2011, the integrated poultry operations of the Group made a profit before tax of about RM24.88 million as compared to a profit before tax of RM6.15 million during the previous financial year. The better performance was mainly due to increase in average selling price of broilers for all the four quarters in the financial year under review as compared to the corresponding quarters in the financial year ended 31 December 2010. Even though cost of imported raw feedstuffs increased during the financial year under review, the Group's integrated poultry operations made a significantly higher profit than the previous financial year due to the higher increase in average selling prices of live broilers when compared with the increase in costs of imported raw feedstuffs.

Egg Layer Division

The Group's egg layer division showed a slight improvement by posting a lower loss of about RM2.80 million during the current year under review as compared to a loss of about RM3.05 million during the previous financial year. This was mainly due to a better average selling price of table eggs for all the four quarters in the financial year under review as compared to the corresponding quarters in the financial year ended 31 December 2010. Even though feed cost had increase because of the increase in costs of imported raw feedstuffs, the Group's egg layer operations showed a slightly lower loss than the previous financial year due to the mitigation of higher prices of table eggs against the increase in feed cost.

Overall, both divisions of the Group's poultry operations turned in a combined profit before tax of RM22.08 million during the financial year under review as compared to a profit before tax of RM3.10 million during the previous financial year.

Housing Development Division

During the financial year under review, the housing development division showed a profit before tax of RM3.78 million as opposed to a loss of RM0.59 million during the previous financial year. Turnover from the housing development division increased to RM14.71 million during the financial year under review as compared to RM4.77 million during the previous financial year.

The improvement in results of the housing development division were mainly due to more houses were completed and sold in the period under review compared to the previous financial year.

Moving Forward Together

The improved results achieved in 2011 will remain close to our hearts. As a team, we are confident we will achieve greater success and together we will overcome whatever obstacles and challenges that come our way. We will strive to continuously develop and practice a culture of excellence in order to meet the expectations of our stakeholders. Last but not least, we will continue to be consumer sensitive so as to deliver quality products that meet the expectations of our customers.

INTRODUCTION

Consistent with Bursa Malaysia Securities Berhad's Corporate Social Responsibility framework, Farm's Best Berhad's Corporate Social Responsibility activities focus on caring to the Environment, Workplace, Community and Marketplace.

Our policies/activities in these are as follow:-

Environment

The Group is aware of its responsibility to protect the environment in which it operates in. As such, the Group continually maintains its waste management system effectively to ensure that the discharged water from the Group's processing plant complies with the requirements of the Environmental Quality Act, 1974.

To demonstrate the Group's commitment towards protection of the environment, the Group has achieved a better standard of environmental protection than what was required by the said Act. The discharged water from the Group's processing plant complies with Standard A of the said Act, thus exceeding the Standard B requirement of the said Act.

For preservation of air quality, the Group's feedmill plant is required to periodically monitor its dust collector emission and chimney gas emission to ensure that the emissions are within the limits required by the Environmental Quality Act ("EQA") and the Department of Environment ("DOE"). During the year, the Group's feedmill plant engaged a qualified environmental engineering firm to conduct two (2) air emission/quality monitoring jobs. The Group is pleased to report that the 2 reports showed that all parameters sampled and tested complied with EQA/DOE limits.

Workplace

The Group is concerned about the occupational safety of its employees. Hence, the Group strives to comply with all Department of Safety and Health Malaysia ("DOSH") standards on health and safety.

During the year ended 31 December 2011, the Alor Gajah District Health Office conducted blood tests for screening of malaria and filariasis brought by mosquitoes at the Group's processing plant in Masjid Tanah. The Alor Gajah District Health Office held the tests in February and November 2011 with the 116 foreign workers tested found to be negative.

As part of our responsibility of safeguarding the health of our employees, we also provide free anti-typhoid vaccination to certain sectors of employees of the Group. During the year ended 31 December 2011, 179 workers at the Group's processing plant in Masjid Tanah, Melaka had undergone typhoid vaccine immunization at the processing plant's clinic to ensure that the workers health were taken care of in order to satisfy the requirements of the Health Ministry.

The Group's processing plant in Masjid Tanah, Melaka also held its annual fire safety training to train its workers and employees in putting out fires should there be any incidences.

Besides that, the Group also continuously conducts staff trainings such as "5S" (Housekeeping Programme), "Halal" and "Food Safety" in its effort to produce a competent workforce.

During the year ended 31 December 2011, JAKIM conducted a talk on "Slaughtering Chicken and Food Handling" at the Group's processing plant in Masjid Tanah. The objective of this talk was to increase the knowledge of workers about chicken slaughtering and handling of Halal food and to update the workers with information on Halal products.

The Group also sends selected staff to attend seminars and workshops to update their knowledge in their respective fields.

Community

As part of the Group's corporate social responsibility towards the community, the Group has made cash donations to temples and schools in Melaka. Apart from cash donations, we have also made donations in the form of poultry products to schools in Melaka for school activities such as sports day, student seminars and schools' fund raising activities.

In August 2011, the Group donated 2,000 whole dressed chickens for "Program Dermabakti YB Menteri Pertanian and Industri Asas Tani" for the poor community in Tanjung Karang. During this time, the Group's processing plant also held a fund raising and contributions in kind for the orphanage in Sungai Udang, Melaka. The Group also contributed hampers of "FARM'S BEST" products to the orphanage.

We also carried out blood donation campaigns amongst our employees in May and November 2011 as part of the Group's contribution towards the Malaysian Blood Bank. A total of 51 workers participated in the 2 campaigns.

The Group's workers also made contributions to the Japan Earthquake and Tsunami fund in November 2011.

Market Place

As we consider Corporate Social Responsibility part of corporate governance, we are fully supportive of local suppliers. We treasure our relationships with our key customers and regularly conduct satisfaction surveys as part of our efforts to improve products and services.

Picnics are so much fun! I will prepare Farm's Best spicy belacan fried chicken for my whole family. My wife makes a delicious curry with chicken cuts. And my kids even boil their own cocktails and meatballs. It's so easy to have great picnic food thanks to Farm's Best.

The Board of Directors is committed to ensure the highest standard of corporate governance is practised throughout Farm's Best Berhad ("Farm's Best" or "the Company") and the subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors is pleased to report to the shareholders the manner in which the Group has applied the principles, and the extent of compliance with the best practices and good governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code").

1. BOARD OF DIRECTORS

1.1 The Board

Farm's Best is led and managed by an experienced Board comprising of members with a range of experience in relevant fields such as poultry farming, business administration, planning, corporate finance, development and marketing. The Board comprises nine (9) members.

Three (3) out of nine (9) members of the Board are independent non-executive Directors. As such, one third (1/3) of the Board comprises of independent non-executive Directors. The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have an equal responsibility to the Group, the role of these independent non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interests not only of the Group, but also of the shareholders, employees, customers and the community in which the Group conducts its business. The Company recognises the contribution of non-executive Directors as equal Board members to the development of the Company's strategy, the importance of representing the interests of public shareholders and providing a balanced and independent view to the Board. All non-executive Directors are independent of management and free from any relationship which could interfere with their independent judgement.

The non-executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. The Board has identified Encik Mohd Khasan bin Ahmad as the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

1.2 Board Meetings

The Board meets at least four (4) times a year and additional meetings are held as and when necessary. Board Meetings are scheduled in advance at the end of the previous financial year prior to the commencement of the new financial year to enable Directors to plan ahead and fit the year's meetings into their own schedules.

During the financial year ended 31 December 2011, five (5) Board meetings were held. Details of the attendance are as follows:-

Directors	Description	No. of Board Meetings Attended	Percentage (%)
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Dato' Fong Kok Yong	Managing Director	5/5	100%
Datuk Fong Kiah Yeow	Executive Director	5/5	100%
Fong Ngan Teng	Executive Director	5/5	100%
Fong Choon Kai	Executive Director	5/5	100%
Ng Cheu Kuan	Executive Director	5/5	100%
Datuk Ng Peng Hay @ Ng Peng Hong	Executive Director	5/5	100%
Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director	4/5	80%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%

The Chairman of the Board chairs the Board Meetings while the Managing Director of the Company leads the presentation and provides explanation on the Board papers and reports. Senior management staff may be invited to attend the Board and Board Committee Meetings to advise and provide the Board and Board Committee members with the presentations, detailed explanation and clarification on relevant agenda items that have been tabled to the Board to enable them to arrive at a considered decision.

1.3 Supply of Information

All Directors are provided with an agenda and Board papers prior to every Board meeting to ensure that the Directors are fully apprised on matters or key issues affecting the Group as well as to enable the Directors to make well-informed decisions on matters arising at the Board meetings. The Company Secretary records all the deliberations including pertinent issues, the substance of inquiries and responses, Board members' suggestions and the decision made in the Minutes of the Board meetings. The Minutes of every Board meeting are also circulated to the Directors for their perusal prior to confirmation of the Minutes at the following Board meeting.

There is a schedule of matters reserved specifically for the Board's decision, including the Group's financial results, the business plan, the direction of the Group, new investment and business proposals, the management or performance of the business of subsidiaries, corporate plans, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decision, changes to the management and control structure within the Group, including key policies and procedures and discretionary authority limits.

In furtherance of their duties, every member of the Board has full, unrestricted and timely access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, as the decision making process is highly contingent on the strength of information furnished. The Directors may also have direct access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures as well as statutory and regulatory requirements relating to the duties and responsibilities of the Directors are complied with. In addition, the Directors are also empowered to seek independent external professional advice at the expense of the Company, should they consider it necessary in the course of their duties.

1.4 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office once at least in each three (3) years but shall be eligible for re-election.Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

In compliance with the guidelines issued under the Malaysian Code on Corporate Governance 2012, the Nomination Committee has reviewed and assessed the Independent Directors who have served a tenure of more than nine years each in that capacity in the Company. Both Mohd Khasan bin Ahmad and Tuan Haji Baharom Bin Abd Wahab who were appointed as Independent Directors on 10 January 2002 and 14 June 1999 respectively have exercised their objective and independent judgement on all board deliberations and have not compromised their long relationship with other board members. The Nominating Committee has recommended to the Board to seek shareholders approval for both Mohd Khasan bin Ahmad and Tuan Haji Baharom Bin Abd Wahab to be retained and re-appointed as Independent Directors of the Company at the forthcoming Annual General Meeting.

2. BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the discharge of its duties and execution of specific responsibilities. All the Committees listed below do not have executive powers but report to the Board on all matters considered and submit recommendations for the Board's approval (except the power of the Audit Committee to report to the Bursa Malaysia Securities Berhad ("Bursa Securities") in circumstances described in the Audit Committee Report).

2.1 Audit Committee

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

The Audit Committee terms of reference together with the Audit Committee Report are disclosed on pages 33 to 38 of the Annual Report. The activities of the Audit Committee during the year ended 31 December 2011 are also set out under the Audit Committee Report.

2.2 Remuneration Committee

The Remuneration Committee for the financial year ended 31 December 2011 comprises the following members:-

Directors	Description
Mohd Khasan Bin Ahmad	Chairman, Senior Independent Non-Executive Director
Datuk Hj. Zainal Bin Hj. Shamsudin	Independent Non-Executive Director
Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director
Dato' Fong Kok Yong	Managing Director
Datuk Fong Kiah Yeow	Executive Director

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration framework for Executive Directors including making recommendations to the Board all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors.

The remuneration package of Non-Executive Directors is also reviewed by the Remuneration Committee and recommended to the Board thereafter. The determination of the remuneration of each Director is a matter for the Board as a whole. Directors do not participate in decision regarding their own remuneration package.

The Remuneration Committee met once during the course of the financial year ended 31 December 2011, to review the remuneration package of the Executive Directors of the Company.

2.3 Nomination Committee

For the financial year ended 31 December 2011, the Nomination Committee comprises the following members:-

Directors	Description
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director
Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director

The Nomination Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Nomination Committee is also entrusted with the task of assessing annually the performance of the Board members, considers the balance of the board membership and determines the core competencies and skills required of the Board in order to discharge its duties effectively. All assessments and evaluations carried out by the Nomination Committee are properly documented.

The Nomination Committee met once during the course of the financial year ended 31 December 2011, to assess the effectiveness of the Board as a whole and the performance of individual Directors.

3. DIRECTORS' TRAINING

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. This is supplemented by visits to key locations and meetings with other key senior executives. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

During the financial year ended 31 December 2011, all the Directors of the Company had attended a briefing on the New Corporate Governance Blueprint issued by Securities Commission. The briefing was conducted by KPMG Business Advisory Sdn. Bhd. on 23 August 2011.

The Board acknowledges that continuous training is important to enable the Directors to effectively discharge their duties. The Board will on a continuous basis, evaluate and determine the training needs of its Directors.

4. DIRECTORS' REMUNERATION

Details of the aggregate remuneration of the Directors during the financial year ended 31 December 2011 are as follows:-

	Executive Directors RM'000	**Non-Executive Directors RM'000**	**Total RM'000**
Total remuneration			
Fees	-	96	96
Salaries & other emoluments	2,187	-	2,187
Pension costs – defined contribution plan	261	-	261
	2,448	96	2,544

Number of Directors whose remuneration falls within the following bands:-

	Executive Directors	**Non-Executive Directors**	**Total**
Below RM50,000	-	3	3
RM200,001 to RM250,000	2	-	2
RM500,001 to RM550,000	4	-	4

5. SHAREHOLDERS' COMMUNICATION AND INVESTORS RELATIONS

The Board acknowledges the need for the shareholders to be informed of all material business matters affecting the Company. As such, the Company communicates with its shareholders, institutional and potential investors through the various announcements made during the year. In addition, the Board also ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance.

The Annual General Meeting ("AGM") of the Company is also a means of communication with its shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board, as well as the external auditors and legal advisers of the Company are present to answer questions raised at the meeting. The Board has also been encouraging the participation from shareholders through questions and answers session during the AGM, where the Directors are available to answer questions on the financial performances and the business operations of the Group.

Apart from the above, the Group maintains a website at http://www.farmsbest.com.my which the shareholders and the general public can access information about the Group.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

For financial reporting through quarterly reports to Bursa Securities and the annual report to the shareholders, the Directors have a responsibility to present a balanced and meaningful assessment of the Group's financial position and prospects. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and completeness of information.

6.2 Internal Controls

The Board is responsible in ensuring that the Group's systems of internal control are in place and that its effectiveness be constantly reviewed to ensure the adequacy of these systems.

As part of internal control and in the daily management of risks, the following systems of reporting and standard processes and procedures were adopted by the Group:-

a) Monthly actual reporting – providing relevant, reliable and up to-date financial performance against budget, previous month and prior year including detailed explanation of any major variances.

b) Clear lines of authority exist between Management of the subsidiaries and the Group's Board of Directors. As far as possible, the subsidiaries are given autonomy whilst operating within the established internal control environment.

The review on the systems of internal control is set out under the Statement on Internal Control on pages 31 to 32 of the Annual Report.

6.3 Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on pages 33 to 38 of the Annual Report. The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the applicable approved accounting standards in Malaysia.

6.4 Relationship with the Management

The Board maintains a close and transparent relationship with all the management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Executive Directors also hold frequent monthly management meetings with the management staff in order to discuss and plan for the Group's operations.

7. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied with the Best Principles as set out in the Code throughout the financial year.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements to issue a statement explaining their responsibilities in the preparation of the annual 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 of the Group as at the end of the financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

In preparing these financial statements, the Directors have:-

- used appropriate accounting policies and consistently applied them;
- made judgements and estimates that are reasonable and prudent; and
- ensured that all applicable approved accounting standards have been followed.

The Directors took steps to ensure that the Company and the Group keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

9. ADDITIONAL COMPLIANCE INFORMATION

9.1 Corporate Proposals And Utilisation Of Proceeds

There were no corporate proposals carried out by the Company during the financial year ended 31 December 2011.

9.2 Share Buy-back

During the financial year, there was no share buy-back by the Company.

9.3 Options or Convertible Securities

There were no new options or convertible securities issued during the financial year.

9.4 Depository Receipt Programme

The Company did not sponsor any depository receipt programme during the financial year.

9.5 Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies for the financial year ended 31 December 2011, except for traffic offences.

9.6 Non-Audit Fees

The total amount of non-audit fees paid or payable to the external auditors and their affiliated companies by the Company for the financial year ended 31 December 2011 amounted to RM64,000.

9.7 Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 27 February 2012 announcement of unaudited results for the financial year ended 31 December 2011 and the audited financial statements of the Group for the financial year ended 31 December 2011.

9.8 Profit Guarantee

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

9.9 Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests during the financial year.

9.10 Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties during the financial year.

1. INTRODUCTION

This Statement on Internal Control is made in accordance with paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires the Board of a listed issuer to make a statement about the state of internal control of the listed issuer as a group in its annual report.

2. RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control, which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. This system of internal control is meant to safeguard shareholders' investments and the Group's assets and it covers financial, operational and compliance as well as risk management. This Statement does not include the state of internal control of all associated companies.

Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

3. THE GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is of the opinion that the Group has an adequate and conducive control environment for it to accomplish business objectives. The Group's internal control system involves the Company's Board and its various Board Committees with their specific terms of reference in writing approved by the Board; an Executive Management who oversees the day-to-day operations of the Group and is accountable for all its actions; and also the various monitoring and review procedures that are embedded in the Group's key processes. The Board is of the view that these control processes have been reviewed periodically to ensure that an effective system of internal control is maintained within the Group.

Some of the key elements of the Group's internal control system are described below:

- There is a formal organizational structure with clearly defined lines of authority, responsibility and accountability within the Group;
- Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditures;
- The Group has in place a budgeting process that provides a responsibility accounting framework. Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's management to perform financial reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances.
- The Executive Directors review the monthly management accounts of all major operative companies in the Group;
- The Executive Directors conduct monthly meetings with Management of all significant business units within the Group;
- The Group has outsourced its internal audit function to KPMG Business Advisory Sdn. Bhd., an independent professional firm, since 2005. The scope of work performed by the internal audit function comprises the conduct of internal audit projects to assess the adequacy and integrity of the internal control system, and highlighting to the Audit Committee significant areas for improvements as well as risks that may impact the business units concerned. During the year under review, KPMG Business Advisory Sdn. Bhd. carried out one (1) cycle of internal audit on the operations of the Group, covering the food processing division, focusing on the key processes therein; and

- The Group set up an Internal Audit & Surveillance Department in 2010 to conduct surveillance audits within the Group and to help ensure that the recommendations of KPMG Business Advisory Sdn. Bhd. are carried out as agreed by the management units and to ensure that internal controls are in place. This department is independent of the activities it audits/surveils and it supplements the work carried out by KPMG Business Advisory Sdn Bhd by continuously conducting audits on the various business units within the Group and reporting its findings to the Group Managing Director. During the year under review, the Group's Internal Audit & Surveillance Department carried out operational audits on 4 depots and 1 subsidiary, and reported its findings to the Group Managing Director for decision-making.

The internal audit report issued by KPMG Business Advisory Sdn Bhd, including follow-up conducted by the internal audit function on the status of Management-agreed action plans to address the internal audit findings raised in preceding cycles of internal audit, was reviewed and noted by the Audit Committee during its meetings held during the period under review. Improvement opportunities noted by the internal audit function during the financial year under review were addressed, or were being addressed by Executive Management.

Although certain internal control weaknesses were identified, none of the weaknesses have resulted in any material losses or contingencies that would require separate disclosure in this annual report.

4. RISK MANAGEMENT

The Group established a formal risk management framework in 2003, last updated in 2009, which enabled the Executive Management and the Board to share a common model in the effective communication and evaluation of all principal risks and controls. The process involved Executive Management's identification of risks, assessment of risks and controls and formulation of appropriate action plans before these were escalated to the Board for review.

The business risks identified were scored for likelihood of their occurrence and the magnitude of impact upon the Group. The internal audit function carried out its internal audit projects based on the Risk Profile of the Group. The risk profile of the Group was last updated in February 2009.

Based on the above, the Board is of the opinion that there exists within the Group an adequate system of internal control that would enable the management of risks towards the achievement of the Group's corporate objectives.

5. CONCLUSION

The Board recognizes the necessity to closely monitor the adequacy and effectiveness of the Group's system of internal controls taking into consideration the changing business environment. The Board continues to put in place appropriate action plans to further enhance the Group's system of internal controls.

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial year ended 31 December 2011.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

Y. Bhg. Datuk Hj. Zainal Bin Hj. Shamsudin
Chairman of the Committee and Independent Non-Executive Director

Tuan Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

2. TERMS OF REFERENCE

The terms of reference of the Committee as approved by the Board are as follows:

2.1. Composition

(a) The Company shall appoint an Audit Committee from amongst its directors which shall consist of not less than three (3) in number. All members of the Audit Committee must be non-executive directors, with a majority of them independent.

(b) All the Committee members shall be financially literate.

(c) No alternate director shall be appointed as a member of the Audit Committee.

(d) In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

2.2. Membership

At least one (1) member of the Audit Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

   (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
   (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(c) must have a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

(d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or

(e) possesses such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

2.3. Chairman

The members of the Audit Committee shall elect a Chairman from among its number who shall be an independent director.

2.4. Quorum

The quorum for a meeting of an Audit Committee shall consist of a majority of members present, who must be independent directors.

2.5. Meeting

(a) the Audit Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfill its duties;

(b) the Audit Committee meeting shall be chaired by the Chairman, or in his absence, another member who is an independent director appointed by the Audit Committee;

(c) the Company Secretary or any person appointed by the Audit Committee shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members not less than seven (7) days prior to each meeting;

(d) the Secretary of the Audit Committee shall be entrusted to record all proceedings of meetings;

(e) the Audit Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular meeting;

(f) the Audit Committee shall report to the full Board, from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board; and

(g) the Audit Committee shall hold at least two (2) meetings in a financial year with external auditors without the presence of the other executive directors and employees of the Company.

2.6. Voting and Proceeding of Meeting

(a) The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

(b) Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee duly called and constituted.

2.7. Minutes

(a) The Audit Committee shall cause minutes to be duly recorded and entered into the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

(b) Minutes of the Audit Committee meetings shall be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.

(c) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the Audit Committee and the Board.

2.8. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

(a) have the authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;

(d) have direct communication channels with the external auditors and internal auditors;

(e) have the right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Audit Committee meeting, whenever deemed necessary; and

(f) have the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

2.9. Functions and Responsibilities

The functions and responsibilities of the Audit Committee shall include the following:

(a) to consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);

(b) to review with the external auditors of the Company:

(i) the audit plan;
(ii) the audit report;
(iii) their Management letter and Management's response; and
(iv) the assistance given by the employees of the Company and the Group to the external auditors.

(c) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of Management, where necessary);

(d) to review and consider the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

(e) to review the internal audit programme, processes, the reports prepared by the internal audit department and to ensure that appropriate action is taken on the recommendations of the internal audit function;

(f) to review any appraisal or assessment of the performance of members of the internal audit function;

(g) to approve any appointment or termination of senior members of the internal audit function;

(h) to be informed of any resignation of internal audit staff and provide an avenue for resigning staff to explain or submit the reasons for resignation;

(i) to review the quarterly financial results of the Group and annual audited financial statements of the Company and the Group before recommending the same for the Board's approval, focusing particularly on:

(i) compliance with accounting standards and any other legal requirements;
(ii) any changes in or implementation of accounting policies and practices;
(iii) significant and unusual events and adjustments arising from the audit; and
(iv) the going concern assumption.

(j) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that may raise questions on Management integrity;

(k) to consider the reports, major findings and Management's responses thereto on any internal investigations carried out by internal audit function;

(l) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;

(m) to promptly report to Bursa Malaysia Securities Berhad ("Bursa Securities") of a matter reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements ("Listing Requirements"); and

(n) such other functions or responsibilities as may be agreed to by the Audit Committee and the Board.

The reports of the Audit Committee, the external and internal auditors shall be tabled to the Board for discussion.

2.10. Review of the Audit Committee

The Board of the Company shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2011, which were attended by the Audit Committee members as follows:

Member	Description	No. of Board Meetings Attended	Percentage (%)
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director	4/5	80%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%

The Group's external auditors attended all the Audit Committee meetings during the year.

The Chairman of the Audit Committee undertakes a continuing process of engagement with the senior executives of the Company as well as the external auditors so that the Audit Committee is kept up-to-date with all important issues affecting the Company.

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities undertaken by the Audit Committee were as follows:

a. Reviewed the quarterly financial and operational reports of the Group before recommending to the Board for approval;
b. Reviewed the external auditors' reports in relation to audit and accounting issues arising from the audit; and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board;
c. Reviewed the audit plan of the external auditors;
d. Reviewed the inter-company transactions and any related/interested party transactions that arose within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board and Bursa Securities Listing Requirements;
e. Reviewed the annual audited financial statements of the Group and made appropriate recommendations relating thereto;
f. Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function;
g. Reviewed the internal audit report prepared by the internal auditors and the follow-up on Management's implementation of the recommended actions; and
h. Reviewed the Statement on Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report.

The trainings attended by Audit Committee members during the financial year are set out in the Corporate Governance Statement on page 27 of this Annual Report.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that the internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and integrity of the system of internal controls. The Company outsourced its internal audit function to KPMG Business Advisory Sdn. Bhd., an independent professional advisory firm, to carry out internal audit projects with a view to assess the adequacy and reliability of the Group's system of internal controls, focusing on the principal companies within the Group. The costs incurred for the internal audit function in respect of the financial year ended 31 December 2011 was RM45,000.

A summary of internal audit activities performed by KPMG Business Advisory Sdn. Bhd. during the financial year under review is stated in the Statement on Internal Control on pages 31 to 32 of the Annual Report.

FINANCIAL STATEMENTS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit, net of tax, attributable to:		
Owners of the parent	9,298	308
Non-controlling interest	385	-
	9,683	308

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend to be paid in respect of the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Datuk Hj. Zainal Bin Hj. Shamsudin
Dato' Fong Kok Yong
Datuk Fong Kiah Yeow
Fong Ngan Teng
Fong Choon Kai
Ng Cheu Kuan
Datuk Ng Peng Hay @ Ng Peng Hong
Baharom Bin Abd Wahab
Mohd. Khasan Bin Ahmad

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	1.1.2011	**Acquired**	**Sold**	**31.12.2011**
Holding company				
Direct interest				
Dato' Fong Kok Yong	85,000	-	-	85,000
Datuk Fong Kiah Yeow	85,000	-	-	85,000
Fong Ngan Teng	85,000	-	-	85,000
Fong Choon Kai	85,000	-	-	85,000
The Company				
Direct interest				
Datuk Fong Kiah Yeow	108,000	-	-	108,000
Baharom Bin Abd Wahab	4,500	-	-	4,500
Indirect interest				
Dato' Fong Kok Yong	20,348,705	-	-	20,348,705
Datuk Fong Kiah Yeow	20,348,705	-	-	20,348,705
Fong Ngan Teng	20,348,705	-	-	20,348,705
Fong Choon Kai	20,348,705	-	-	20,348,705

By virtue of their interests in the holding company, namely F.C.H. Holdings Sdn. Bhd. ("FCH"), Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are deemed interested in the shares of all the subsidiaries of the Company to the extent that FCH has an interest.

The other directors in office at the end of the financial year, Datuk Hj. Zainal Bin Hj. Shamsudin, Ng Cheu Kuan, Datuk Ng Peng Hay @ Ng Peng Hong and Mohd. Khassan Bin Ahmad, did not have any interest in shares in the Company or in its related corporations during the financial year.

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would:

(i) render the amount written off as bad debts or the amount provided for as doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:-

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:-

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2012.

Dato' Fong Kok Yong Datuk Fong Kiah Yeow

Melaka, Malaysia

/ STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965

We, Dato' Fong Kok Yong and Datuk Fong Kiah Yeow, being two of the directors of Farm's Best Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 47 to 111 are drawn up in accordance with Financial Reporting Standards and the provisions of 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 at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 on page 112 of the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2012.

Dato' Fong Kok Yong

Datuk Fong Kiah Yeow

Melaka, Malaysia

/ STATUTORY DECLARATION

PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

I, Dato' Fong Kok Yong, being the director primarily responsible for the financial management of Farm's Best Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 47 to 111 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, Dato' Fong Kok Yong,
at Melaka in the State of Melaka
on 26 April 2012

Dato' Fong Kok Yong

Before me,

ONG SAN KEE
Commissioner for Oaths

Report on the financial statements

We have audited the financial statements of Farm's Best Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 47 to 111.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 at 31 December 2011 and of their financial performance and cash flows for the year then ended.

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 by 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 41 to the financial statements on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Ah Too
2187/09/13(J)
Chartered Accountant

Melaka, Malaysia
Date: 26 April 2012

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Continuing operations					
Revenue	4	406,752	331,155	1,820	1,000
Cost of sales	4	(345,458)	(282,124)	-	-
Gross profit		61,294	49,031	1,820	1,000
Other items of income					
Interest income		318	192	-	-
Other income	5	2,151	2,025	69	-
Other items of expense					
Administrative expenses		(25,329)	(20,910)	(631)	(211)
Selling and marketing expenses		(8,789)	(11,610)	-	-
Finance costs	6	(13,995)	(14,853)	(795)	(816)
Share of profits/(losses) of associates		53	(278)	-	-
Profit/(loss) before tax	7	15,703	3,597	463	(27)
Income tax expense	10	(6,020)	(2,772)	(155)	(18)
Profit/(loss), net of tax		9,683	825	308	(45)
Other comprehensive income					
Foreign currency translation		(29)	144	-	-
Total comprehensive income/(loss) for the year		9,654	969	308	(45)
Profit/(loss), net of tax, attributable to:					
Owners of the parent		9,298	1,221	308	(45)
Non-controlling interest		385	(396)	-	-
		9,683	825	308	(45)
Total comprehensive income/ (loss) for the year attributable to:					
Owners of the parent		9,269	1,365	308	(45)
Non-controlling interest		385	(396)	-	-
		9,654	969	308	(45)
Earnings per share attributable to owners of the parent (sen per share):					
Basic	11	16.8	2.2		
Diluted	11	16.8	2.2		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	120,580	125,254	449	474
Investment properties	13	-	215	-	-
Land use rights	14	166	178	-	-
Investment in subsidiaries	15	-	-	74,951	74,951
Investment in associates	16	3,375	4,861	-	-
Quoted investments	17	25	26	-	-
Goodwill	18	8,556	11,538	-	-
Deferred tax assets	19	2,602	2,668	-	-
Land held for property development	20	5,102	5,102	-	
		140,406	149,842	75,400	75,425
Current assets					
Property development costs	21	28,798	30,450	-	-
Biological assets	22	16,693	15,757	-	-
Inventories	23	18,842	15,790	-	-
Trade and other receivables	24	137,909	137,857	15,697	16,622
Tax recoverable		1,787	1,947	988	1,571
Cash and bank balances	25	21,451	15,827	-	-
Other current assets	26	3,776	2,159	-	-
		229,256	219,787	16,685	18,193
Total assets		369,662	369,629	92,085	93,618
Equity and liabilities					
Current liabilities					
Loans and borrowings	28	145,803	174,120	10,220	12,444
Trade and other payables	29	51,806	57,597	6,637	6,254
Income tax payable		1,796	1,712	-	-
Other current liabilities	30	9,071	8,503	-	-
		208,476	241,932	16,857	18,698
Net current assets/(liabilities)		20,780	(22,145)	(172)	(505)

AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current liabilities					
Loans and borrowings	28	56,662	36,166	-	-
Deferred tax liabilities	19	8,666	4,257	-	-
		65,328	40,423	-	-
Total liabilities		273,804	282,355	16,857	18,698
Net assets		95,858	87,274	75,228	74,920
Equity attributable to owners of the parent					
Share capital	31	55,530	55,530	55,530	55,530
Share premium	32	62,641	62,641	62,641	62,641
Other reserves	33	(282)	(321)	-	-
Accumulated losses		(27,877)	(37,175)	(42,943)	(43,251)
		90,012	80,675	75,228	74,920
Non-controlling interest		5,846	6,599	-	-
Total equity		95,858	87,274	75,228	74,920
Total equity and liabilities		369,662	369,629	92,085	93,618

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Attributable to owners of the parent						
		Non-distributable						
Group 2011	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Foreign currency translation reserve RM'000	Minority discount on acquisition of non-controlling interest RM'000	Accumulated losses RM'000	Equity attributable to non-controlling interest RM'000
Opening balance at 1 January 2011	87,274	80,675	55,530	62,641	(321)	-	(37,175)	6,599
Total comprehensive income/(loss)	9,654	9,269	-	-	(29)	-	9,298	385
Transactions with owners								
Dividend paid to non-controlling interest	(770)	-	-	-	-	-	-	(770)
Acquisition of non-controlling interest	(368)	-	-	-	-	-	-	(368)
Minority discount on acquisition of non-controlling interest	68	68	-	-	-	68	-	-
Total transactions with owners	(1,070)	68	-	-	-	68	-	(1,138)
Closing balance at 31 December 2011	95,858	90,012	55,530	62,641	(350)	68	(27,877)	5,846
Group 2010								
Opening balance at 1 January 2010	89,411	82,251	55,530	62,641	(465)	-	(35,455)	7,160
Effect of adopting FRS 139	(2,941)	(2,941)	-	-	-	-	(2,941)	-
	86,470	79,310	55,530	62,641	(465)	-	(38,396)	7,160
Total comprehensive income/(loss)	969	1,365	-	-	144	-	1,221	(396)
Transactions with owners								
Dividend paid to non-controlling interest	(165)	-	-	-	-	-	-	(165)
Closing balance at 31 December 2010	87,274	80,675	55,530	62,641	(321)	-	(37,175)	6,599

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Company 2011	Equity, total RM'000	← Non-distributable Share capital RM'000	Share premium RM'000 →	Accumulated losses RM'000
Opening balance at 1 January 2011	74,920	55,530	62,641	(43,251)
Total comprehensive loss	308	-	-	308
Closing balance at 31 December 2011	75,228	55,530	62,641	(42,943)
Company 2010				
Opening balance at 1 January 2010	74,965	55,530	62,641	(43,206)
Total comprehensive loss	(45)	-	-	(45)
Closing balance at 31 December 2010	74,920	55,530	62,641	(43,251)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities					
Profit/(loss) before tax		15,703	3,597	463	(27)
Adjustments for :					
Allowance for impairment loss on trade receivables	24(a)	208	822	-	-
Depreciation and amortisation:					
- Property, plant and equipment	12	8,948	9,809	25	38
- Investment property	13	-	9	-	-
- Land use rights	14	12	13	-	-
Fair value loss/(gain):					
- Quoted investments		1	(5)	-	-
- Term loans		(45)	(43)	-	-
Net (gain)/loss on disposal of:					
- Property, plant and equipment		(671)	(152)	(69)	-
- Investment property		75	-	-	-
Reversal of allowance for impairment loss on:					
- Trade receivables	24(a)	(18)	(71)	-	-
- Other receivables		(150)	-	-	-
Property, plant and equipment written off		550	-	-	-
Impairment losses on goodwill		2,982	-	-	-
Share of associates' results		(53)	278	-	-
Unrealized foreign exchange losses		(29)	144	-	-
Interest expense		13,995	14,853	795	816
Interest income		(318)	(192)	-	-
Total adjustments		25,487	25,465	751	854
Operating cash flows before changes in working capital		41,190	29,062	1,214	827
Changes in working capital					
Decrease/(increase) in property development costs		1,652	(6,863)	-	-
Increase in biological assets		(936)	(763)	-	-
(Increase)/decrease in inventories		(3,052)	1,739	-	-
(Increase)/decrease in receivables		(92)	(3,495)	925	357
(Increase)/decrease in other current assets		(1,617)	5,732	-	-
(Decrease)/increase in payables		(5,793)	(7,828)	383	2,940
Increase in other current liabilities		568	5,617	-	-
Total changes in working capital		(9,270)	(5,861)	1,308	3,297

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash generated from operations		31,920	23,201	2,522	4,124
Interest paid		(13,995)	(14,853)	(795)	(816)
Interest received		318	192	-	-
Taxes (paid)/refund		(1,301)	164	428	(249)
Net cash flows from operating activities		16,942	8,704	2,155	3,059
Investing activities					
Acquisition of:					
- Property, plant and equipment	12(c)	(5,882)	(2,514)	-	-
- Non-controlling interests		(300)	-	-	-
Proceeds from disposal of:					
- Property, plant and equipment		3,008	3,031	69	-
- Investment property		140	-	-	-
- Associate		-	75	-	-
Dividend received from associate		1,539	-	-	-
Net cash flows (used in)/from investing activities		(1,495)	592	69	-
Financing activities					
Dividend paid to non-controlling interest		(770)	(165)	-	-
Repayment of term loans		(9,640)	(6,344)	(1,317)	(2,543)
Drawdown of term loans		4,900	-	-	-
Repayment of finance lease payables		(2,026)	(3,005)	-	-
(Decrease)/increase in short term borrowings		(3,434)	3,628	-	-
Net cash flows used in financing activities		(10,970)	(5,886)	(1,317)	(2,543)
Net increase in cash and cash equivalents		4,477	3,410	907	516
Cash and cash equivalents at 1 January		(4,545)	(7,955)	(9,419)	(9,935)
Cash and cash equivalents at 31 December	25	(68)	(4,545)	(8,512)	(9,419)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at AG 5730, Alor Gajah Industrial Estate, Alor Gajah, 78000 Melaka.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 15. There have been no significant changes in the nature of the principal activities during the financial year.

The directors regard F.C.H. Holdings Sdn. Bhd., a company incorporated in Malaysia, as the Company's immediate and ultimate holding company.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the Companies Act, 1965 in Malaysia.

The financial statements have also been prepared on a historical basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that on 1 January 2011, the Group and the Company adopted, where applicable, the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011:

- FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Share-based Payment
- FRS 3: Business Combinations
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to FRS 132: Classification of Rights Issues
- IC Interpretation 18: Transfers of Assets from Customers
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 1: Limited Exemption for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- IC Interpretation 4: Determining Whether an Arrangement contains a Lease
- Improvements to FRS issued in 2010

2. Significant accounting policies (continued)

2.2 Summary of significant accounting policies (continued)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company except as discussed below:

Amendments to FRS 7: Improving Disclosure about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 36. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 37(b).

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective date+**
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

+ For accounting periods beginning on or after

2. Significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the users of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only, if any, and has no impact on the Group's financial position or performance.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 is required to be always measured on a sale basis of that asset. The amendment has no impact on the Group's financial position or performance.

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, required to be consolidated by a parent, compared with the requirements that were in FRS 127.

2. Significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments affect disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement. The amendments affect presentation and disclosure only and has no impact on the Group's financial position or performance.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards.

2. Significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework) (continued)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

As certain of the Group's subsidiaries fall within the scope definition of Transitioning Entities, the Group will prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning its accounting policies and financial reporting from the current FRS Framework to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

At the date of these financial statements, the Group has not completed its assessment and quantification of the financial effects of the differences between the FRS Framework and MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

2.4 Subsidiaries and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

2. Significant accounting policies (continued)

2.4 Subsidiaries and basis of consolidation (continued)

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.12. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and is presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currencies transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

2. Significant accounting policies (continued)

2.6 Foreign currency (continued)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the exchange rates ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated until they are completed and available for use. Depreciation of other property, plant and equipment is computed on a straight line basis over the estimated useful lives of the assets as follows:

Leasehold land	72 to 100 years
Buildings	50 years
Motor vehicles	10 years
Plant and machinery, factory equipment and electrical installation	5 to 20 years
Other assets	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2. Significant accounting policies (continued)

2.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Such properties are initially measured at cost, including transaction costs. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The investment properties are depreciated in accordance with that for property, plant and equipment as described in Note 2.7.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. Significant accounting policies (continued)

2.11 Associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

2.13 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2. Significant accounting policies (continued)

2.13 Land held for property development and property development costs (continued)

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

2. Significant accounting policies (continued)

2.14 Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 Biological assets

Biological assets comprise breeder chickens and hatching eggs which are held to produce day old chicks for sale, as well as pullets and layers. Pullets consist of the purchase price of day old chicks plus growing costs which include feed and vaccines, direct labour cost and a proportion of farm overheads. Breeders chickens and layers are stated at cost adjusted for amortisation (calculated based on their economic egg laying lives less net realisable values).

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

2.17 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

2. Significant accounting policies (continued)

2.17 Financial assets (continued)

(a) Financial assets at fair value through profit or loss (continued)

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group has designated its investment in quoted securities disclosed as non-current assets, which are not held for trading but for long term purposes, as financial assets at fair value through profit or loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

There were no financial assets categorised as held-to-maturity investments or available-for-sale financial assets during the reporting period.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2.18 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. Significant accounting policies (continued)

2.18 Impairment of financial assets (continued)

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Significant accounting policies (continued)

2.21 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group's and Company's loans and borrowings (other than obligations under finance leases) are recognised initially at fair value, and subsequently measured at fair value through profit or loss. Any gains or losses arising from changes in fair value are recognised in profit or loss. Loans and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.22 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2. Significant accounting policies (continued)

2.22 Financial guarantee contracts (continued)

As at the reporting date, no values are placed on corporate guarantees provided by the Company to secure bank loans and other banking facilities granted to its subsidiaries where such loans and banking facilities are fully collateralised by fixed and floating charges over the property, plant and equipment and other assets of the subsidiaries and where the directors regard the value of the credit enhancement provided by the corporate guarantee as minimal.

2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.24 Employee benefits - defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.25 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.26(e).

2. Significant accounting policies (continued)

2.26 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fees

Management fees are recognised when services are rendered.

(d) Dividend income

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

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.27 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Significant accounting policies (continued)

2.27 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies (continued)

2.27 Income taxes (continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.29 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgments made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which could have a significant effect on the amounts recognised in the financial statements:

(a) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, capital and reinvestment allowances and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the losses, capital and reinvestment allowances and deductible temporary differences can be utilised.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of deferred tax assets recognised in respect of unabsorbed tax losses, capital and reinvestment allowances and deductible temporary differences and the amounts for which deferred tax assets were not recognised are disclosed in Note 19 to the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at year end amounts to RM8,556,000. Further details are disclosed in Note 18.

(b) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's loans and receivable at the reporting date is disclosed in Note 24. If the present value of estimated future cash flows increase/decrease by 5% from management's estimates, the Group's and the Company's allowance for impairment will decrease/increase by RM1,257,000 and RM1,371,000 respectively.

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation uncertainty (continued)

(c) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be 5 to 20 years and residual values of its property, plant and equipment to be insignificant. These are common residual values and life expectancies applied in the poultry and hatchery industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. Revenue and cost of sales

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sales of goods	392,045	326,383	-	-
Sales of completed houses	14,707	4,772	-	-
Dividend income from subsidiaries	-	-	1,820	1,000
	406,752	331,155	1,820	1,000

Cost of sales comprise cost of goods and completed houses sold.

5. Other income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Net gain from disposal of property, plant and equipment	671	152	69	-
Fair value gain on quoted investments	-	5	-	-
Fair value gain on term loans	45	43	-	-
Rental income	26	99	-	-
Sundry income	1,409	1,726	-	-
	2,151	2,025	69	-

6. Finance costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest expense on:				
- Bank overdrafts	1,783	3,327	813	823
- Bankers' acceptances	2,513	2,319	-	-
- Term loans	3,314	4,938	104	115
- Obligations under finance leases	277	323	-	-
- Revolving credits	5,322	3,186	-	-
- Trust receipts	786	760	-	-
Interest recouped from subsidiaries	-	-	(122)	(122)
Total finance costs	13,995	14,853	795	816

7. Profit/(loss) before tax

The following amounts have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration				
- Statutory audits (current year)	170	172	15	15
- Other services rendered by auditors of the Company	64	41	-	5
Bad debts written off:				
- Trade receivables	49	-	-	-
- Other receivables	89	-	-	-
Depreciation and amortisation				
- Property, plant and equipment	8,948	9,809	25	38
- Investment property	-	9	-	-
- Land use rights	12	3	-	-
Employee benefits expense	27,190	28,352	-	-
Fair value loss/(gain) on quoted investment	1	(5)	-	-
Impairment losses on goodwill	2,982	-	-	-
Impairment losses on trade receivables	208	822	-	-
Minimum operating lease payments				
- Land and buildings	2,316	2,408	-	-
- Plant and machinery	1,242	208	-	-
- Motor vehicles	296	1,322	-	-
Non-executive directors' emoluments (Note 9)	96	96	96	96
Net gain on foreign exchange	(402)	(786)	(65)	(389)
Net (gain)/loss from disposal:				
- property,plant and equipment	(671)	(152)	(69)	-
- investment property	75	-	-	-
Property, plant and equipment written off	550	-	-	-
Reversal of impairment losses on				
- Trade receivables	(18)	(71)	-	-
- Other receivables	(150)	-	-	-

8. Employee benefits expense

	Group	
	2011 RM'000	2010 RM'000
Executive directors (Note 9)		
Directors of the Company	2,448	2,450
Other directors of subsidiaries	425	542
	2,873	2,992
Other key management personnel		
Wages and salaries	812	787
Defined contribution plans	98	95
Other related costs	4	2
	914	884
Other staff		
Wages and salaries	20,584	21,853
Defined contribution plans	1,846	1,687
Other related costs	973	936
	23,403	24,476
	27,190	28,352

9. Directors' remuneration

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors of the Company				
Executive directors:				
- Salaries and other emoluments	2,187	2,187	-	-
- Defined contribution plans	261	263	-	-
	2,448	2,450	-	-
Non-executive directors				
- Fees	96	96	96	96
	2,544	2,546	96	96

9. Directors' remuneration (continued)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Other directors of subsidiaries				
Executive directors				
- Salaries and other emoluments	379	484	-	-
- Defined contribution plans	46	58	-	-
	425	542	-	-
	2,969	3,088	96	96
Total				
Executive directors (Note 8)	2,873	2,992	-	-
Non-executive directors (Note 7)	96	96	96	96
	2,969	3,088	96	96

The Group directors' emoluments do not include the monetary value of benefits-in-kind in respect of the directors of the Company and of the subsidiaries amounting to RM3,600 (2010: RM4,500) and RM8,800 in the prior year respectively.

The number of directors of the Company with total annual emoluments within the following bands is as follows:

	Number of directors	
	2011	**2010**
Executive directors:		
RM200,001 to RM250,000	2	2
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM450,000	-	-
RM450,001 to RM500,000	-	-
RM500,001 to RM550,000	4	4
Non-executive directors:		
Below RM50,000	3	3

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statements of comprehensive income:				
Current income tax:				
- Malaysian income tax	1,494	1,135	155	-
- Underprovision in previous years	51	489	-	18
	1,545	1,624	155	18
Deferred income tax (Note 19):				
- Origination and reversal of temporary differences	3,953	1,692	-	-
- Under/(over) provision in previous years	522	(544)	-	-
	4,475	1,148	-	-
	6,020	2,772	155	18

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accounting profit/(loss) before tax	15,703	3,597	463	(27)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	3,926	899	116	(7)
Adjustments:				
Expenses not deductible for tax purposes	2,032	1,067	217	138
Other gains not subject to tax	(245)	(238)	-	-
Share of (profits)/losses of associates	(14)	69	-	-
Deferred tax assets recognised on				
- Tax losses and capital allowances	(238)	-	-	-
- Reinvestment allowance	(181)	(65)	-	-
Deferred tax assets not recognised on				
- Tax losses and capital allowances	679	1,135	3	7
Tax savings from utilisation of previously unrecognised:				
- Tax losses and capital allowances	(364)	(18)	(181)	(138)
- Reinvestment allowance	(148)	(22)	-	-
Under/(over) provision in respect of previous years				
- Current tax	51	489	-	18
- Deferred tax	522	(544)	-	-
Income tax expense recognised in profit or loss	6,020	2,772	155	18

10. Income tax expenses (continued)

Amounts available for carry forward to offset against future taxable income are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Unutilised tax losses and capital allowances	113,784	89,268
Unabsorbed reinvestment allowances	16,280	15,543
	130,064	104,811

11. Earnings per share

Basic and diluted earnings per share is calculated by dividing the Group's profit net of tax attributable to owners of the parent with the number of ordinary shares in issue during the financial year.

	Group	
	2011	**2010**
Profit net of tax attributable to owners of the parent (RM'000)	9,298	1,221
Weighted average ordinary shares in issue during the year financial year ('000)	55,350	55,350
Earnings per share (sen)		
- Basic	16.8	2.2
- Diluted	16.8	2.2

12. Property, plant and equipment

Group	* Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Cost					
At 1 January 2010	89,239	149,691	20,841	14,519	274,290
Additions	1,049	1,292	193	369	2,903
Reclassification	(749)	509	-	240	-
Disposals	(3,035)	(695)	(289)	(10)	(4,029)
At 31 December 2010 and 1 January 2011	86,504	150,797	20,745	15,118	273,164
Additions	3,312	2,038	1,491	320	7,161
Reclassification	2	2	(366)	362	-
Disposals	(1,871)	(1,369)	(1,809)	(298)	(5,347)
Written off	(2,194)	(3,944)	(97)	(2,046)	(8,281)
At 31 December 2011	85,753	147,524	19,964	13,456	266,697
Accumulated depreciation					
At 1 January 2010	33,254	79,064	15,772	11,161	139,251
Charge for the year	2,304	5,857	1,165	483	9,809
Reclassification	(237)	237	-	-	-
Disposals	-	(683)	(459)	(8)	(1,150)
At 31 December 2010 and 1 January 2011	35,321	84,475	16,478	11,636	147,910
Charge for the year	2,335	4,817	1,267	529	8,948
Reclassification	-	(20)	(350)	370	-
Disposals	(354)	(708)	(1,683)	(265)	(3,010)
Written off	(2,014)	(3,786)	(97)	(1,834)	(7,731)
At 31 December 2011	35,288	84,778	15,615	10,436	146,117
Net carrying amount					
31 December 2010	51,183	66,322	4,267	3,482	125,254
31 December 2011	50,465	62,746	4,349	3,020	120,580

12. Property, plant and equipment (continued)

*** Land and buildings**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2010	14,382	3,666	71,191	89,239
Additions	911	-	138	1,049
Reclassification	-	-	(749)	(749)
Disposals	(3,035)	-	-	(3,035)
At 31 December 2010 and 1 January 2011	12,258	3,666	70,580	86,504
Additions	783	-	2,529	3,312
Reclassification	10	-	(8)	2
Disposals	(530)	-	(1,341)	(1,871)
Written off	-	-	(2,194)	(2,194)
At 31 December 2011	12,521	3,666	69,566	85,753
Accumulated depreciation				
At 1 January 2010	-	617	32,637	33,254
Charge for the year	-	50	2,254	2,304
Reclassification	-	-	(237)	(237)
At 31 December 2010 and 1 January 2011	-	667	34,654	35,321
Charge for the year	-	50	2,285	2,335
Disposals	-	-	(354)	(354)
Written off	-	-	(2,014)	(2,014)
At 31 December 2011	-	717	34,571	35,288
Net carrying amount				
31 December 2010	12,258	2,999	35,926	51,183
31 December 2011	12,521	2,949	34,995	50,465

12. Property, plant and equipment (continued)

Company	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Cost				
At 31 December 2010 and 1 January 2011	600	434	539	1,573
Disposals	-	(368)	-	(368)
At 31 December 2011	600	66	539	1,205
Accumulated depreciation				
At 1 January 2010	137	434	490	1,061
Charge for the year	12	-	26	38
At 31 December 2010 and 1 January 2011	149	434	516	1,099
Charge for the year	12	-	13	25
Disposals	-	(368)	-	(368)
At 31 December 2011	161	66	529	756
Net carrying amount				
At 31 December 2010	451	-	23	474
At 31 December 2011	439	-	10	449

(a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tubewell, renovations and improvements and capital work-in-progress. The cost of assets under capital work-in-progress included herein amounts to RM660,000 (2010: RM275,000).

(b) The net carrying amount of property, plant and equipment pledged to secure bank borrowings as referred to in Note 28 are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Land and buildings	35,998	37,375
Plant and machinery	46,052	54,342
Other assets	2,530	4,639
	84,580	96,356

Certain assets of the Group at net carrying amount of RM68,064,000 (2010: RM73,129,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 28.

12. Property, plant and equipment (continued)

(c) Property, plant and equipment acquired during the year were by means of the following:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Outright purchase	5,882	2,514
Lease financing	1,279	389
	7,161	2,903

(d) The net carrying amount of property, plant and equipment being acquired under finance lease arrangements are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Motor vehicles	2,977	471
Plant and machinery	2,325	2,096
Other assets	141	-
	5,443	2,567

13. Investment properties

	Group	
	2011	**2010**
	RM'000	**RM'000**
Cost		
At 1 January	240	240
Disposals	(240)	-
At 31 December	-	240
Accumulated depreciation		
At 1 January	25	16
Charge for the year	-	9
Disposals	(25)	-
At 31 December	-	25
Net carrying amount	-	215
Fair value	-	280

14. Land use rights

	Group 2011 RM'000	Group 2010 RM'000
Cost		
At beginning of year/end of year	191	191
Accumulated amortisation		
At 1 January	13	-
Amortisation for the year	12	13
At 31 December	25	13
Net carrying amount	166	178
Amount to be amortised:		
- Not later than one year	12	12
- Later than one year but not later than five years	60	60
- Later than five years	94	106

15. Investment in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares at cost	85,351	85,351
Accumulated impairment losses	(10,400)	(10,400)
	74,951	74,951

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2011	Proportion of ownership interest 2010
Held by the Company				
Sinmah Livestocks Sdn. Bhd.	Malaysia	Contract farming and trading of chicken feeds, day old chicks and vaccines	100%	100%

15. Investment in subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2011	2010
Held by the Company (continued)				
Sinmah Multifeed Sdn. Bhd.	Malaysia	Manufacturing and wholesale of chicken feeds	99.99%	99.99%
Sinmah Egg Products Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Farm's Best Food Industries Sdn. Bhd.	Malaysia	Poultry processing, contract farming, marketing and distribution of poultry products	100%	100%
Sinmah Breeders Sdn. Bhd.	Malaysia	Poultry breeding and hatchery operations	100%	100%
Sinmah Ventures Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Lynbridge Sdn. Bhd.	Malaysia	Dormant	100%	100%
Sinmah Development Sdn. Bhd.	Malaysia	Property development	100%	100%
Held through subsidiaries				
Farm's Best Eggmart Sdn. Bhd.	Malaysia	Trading of eggs	100%	100%
Chem Ventures Sdn. Bhd.	Malaysia	Trading of chemicals, medication and related equipment	100%	75%
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	Trading of feeds, medication and poultry farming	51%	51%
Joint Farming Sdn. Bhd.	Malaysia	Dormant	59%	59%
Suann Food Processors Sdn. Bhd.	Malaysia	Poultry meat processing	100%	100%
SM Broilers Sdn. Bhd.	Malaysia	Marketing and distribution of poultry products	100%	100%
Realtemas Realty Sdn. Bhd.	Malaysia	Property development	100%	100%
Sinmah Builders Sdn. Bhd.	Malaysia	Building and general contracting and provision of management services	100%	100%
Cosmal Enterprise Sdn. Bhd.	Malaysia	Property development	100%	100%

15. Investment in subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2011	2010
Held through subsidiaries (continued)				
Sinmah Poultry Farm Sdn. Bhd.	Malaysia	Poultry farming and investment holding	100%	100%
Premier Broilers Sdn. Bhd. (formerly known as Premier Layer Breeders Sdn. Bhd.)	Malaysia	Dormant	100%	100%
Joint Food Proccessing Sdn. Bhd.	Malaysia	Manufacturing of food products and research and development on food technology	60%	60%
Bersatu Segar Sdn. Bhd.	Malaysia	Trading of feeds, medication and poultry farming	100%	100%
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	Dormant	100%	100%
Chix Unlimited Inc. *	Philippines	Hatchery operations	51%	51%
FB Food (Nanjing) Pte. Ltd. *	People's Republic of China	International trade, import and export of poultry products, value-added production and sales and marketing	100%	100%

* Not audited by Ernst & Young

Acquisition of non-controlling interest

On 12 September 2011, the Group's subsidiary, Sinmah Livestocks Sdn. Bhd. ("SLSB"), acquired an additional 25% equity interest in Chem Ventures Sdn. Bhd. ("CVSB") for a cash consideration of RM300,000. As a result of this acquisition, CVSB became a wholly-owned subsidiary of SLSB. On the date of acquisition, the carrying value of the additional interest acquired was RM368,000. The difference between the consideration and the book value of the interest acquired of RM68,000 is reflected in equity as minority discount on acquisition of non-controlling interest.

16. Investment in associates

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	5,646	5,646
Share of post acquisition reserves	(732)	(785)
Dividend received	(1,539)	-
Share of net assets	3,375	4,861

Details of the associates are as follows:

Name of company	Country of incorporation	Principal activities	Proportion of ownership interest 2011	Proportion of ownership interest 2010
S.M. Enterprise (Nanjing) Pte. Ltd.	People's Republic of China	Trading of poultry and operating restaurant chains	50%	50%
SMNS Rubber Holdings Sdn. Bhd.	Malaysia	Management of rubber small holdings	50%	50%
Ban Yen Sdn. Bhd.	Malaysia	Poultry breeding and hatchery operations	31%	31%

The summarised financial information of the associates, not adjusted for the porportion of ownership interest held by the Group, is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Assets and liabilities:		
Total assets	16,604	32,417
Total liabilities	(2,964)	(26,427)
Results:		
Revenue	4,379	8,559
Profit/(loss) for the year	514	(786)

17. Quoted investments

	2011 RM'000	2010 RM'000
Fair value through profit or loss		
- Equity instruments (quoted in Malaysia)	25	26

18. Goodwill

	Group	
	2011 RM'000	2010 RM'000
Cost	19,660	19,660
Accumulated impairment losses	(11,104)	(8,122)
Net carrying amount	8,556	11,538

Impairment testing of goodwill

Goodwill has been allocated to the Group's CGUs identified according to the individual subsidiaries as follows:

	2011 RM'000	2010 RM'000
Poultry Division		
Syarikat Perniagaan Suann Sdn. Bhd.	452	452
Joint Farming Sdn. Bhd.	-	782
Suann Food Processors Sdn. Bhd.	1,708	1,708
Sinmah Breeders Sdn. Bhd.	38	38
Sinmah Poultry Farm Sdn. Bhd.	3,946	6,146
Chix Unlimited Inc.	148	148
Housing Development		
Sinmah Development Sdn. Bhd.	2,264	2,264
	8,556	11,538

18. Goodwill (continued)

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations are as follows:

	Poultry division		Housing development	
	2011	2010	2011	2010
Growth rate	3%	4%	-	-
Gross margins	13%	11%	13%	11%
Discount rate	10%	10%	10%	10%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill :

Growth rates - The average growth rates are based on management's best estimate having regards to their experience and knowledge on the long term growth rate for the industry.

Budgeted gross margin - The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, after considering current economic conditions.

Discount rate - The discount rates used are pre-tax and reflect cost of borrowing of the subsidiaries.

The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amounts to be lower than their carrying amount.

Impairment losses recognised

During the financial year, impairment losses of RM782,000 and RM2,200,000 were recognised to write-down the net carrying amount of goodwill attributable to Joint Farming Sdn. Bhd. and Sinmah Poultry Farm Sdn. Bhd. respectively. Joint Farming Sdn. Bhd. had disposed of all its property, plant and equipment and is currently inactive.

19. Deferred tax (assets)/liabilities

	Group 2011 RM'000	Group 2010 RM'000
At 1 January	1,589	441
Recognised in profit or loss (Note10)	4,475	1,148
At 31 December	6,064	1,589
Presented after appropriate offsetting as follows:		
Deferred tax assets	(2,602)	(2,668)
Deferred tax liabilities	8,666	4,257
	6,064	1,589

Components of the deferred tax (assets)/liabilities are as follows:

	Property, plant and equipment RM'000	Unutilised tax losses and capital allowances RM'000	Unabsorbed reinvestment allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	18,603	(11,084)	(1,614)	(4,316)	1,589
Recognised in profit or loss	1,153	4,102	(787)	7	4,475
At 31 December 2011	19,756	(6,982)	(2,401)	(4,309)	6,064
At 1 January 2010	19,641	(13,700)	(1,313)	(4,187)	441
Recognised in profit or loss	(1,038)	2,616	(301)	(129)	1,148
At 31 December 2010	18,603	(11,084)	(1,614)	(4,316)	1,589

The following items were not recognised for deferred tax assets as they relate to those loss-making subsidiaries and it is not probable that they will be utilised by taxable profits in the foreseeable future.

	Group 2011 RM'000	Group 2010 RM'000
Unutilised tax losses and capital allowances	79,376	76,875
Unabsorbed reinvestment allowances	8,407	9,046
	87,783	85,921

20. Land held for property development

Land held for development comprises leasehold land which is being pledged to secure bank borrowings as disclosed in Note 28.

21. Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 1 January 2011	581	3,999	25,870	30,450
Cost incurred during the year	-	-	1,931	1,931
Reversal of completed projects	-	(1,002)	(2,581)	(3,583)
At 31 December 2011	581	2,997	25,220	28,798
At 1 January 2010	957	4,095	18,535	23,587
Cost incurred during the year	-	-	10,982	10,982
Reversal of completed projects	(376)	(96)	(3,647)	(4,119)
At 31 December 2010	581	3,999	25,870	30,450

Development costs incurred in the prior year include interest of RM317,000. Capitalisation of interest was based on the actual interest rate of bridging loans obtained for the specific purpose of development amounting to 7.75% per annum.

22. Biological assets

	Group	
	2011 RM'000	2010 RM'000
At cost:		
Hatching eggs	1,960	1,855
Day old chicks	701	1,146
Pullets	1,483	1,165
	4,144	4,166
At cost less amortisation:		
Layers	4,769	4,490
Breeders	7,780	7,101
	12,549	11,591
	16,693	15,757

23. Inventories

	Group	
	2011	2010
	RM'000	RM'000
At cost:		
Raw materials, medical supplies and chemicals	5,754	3,838
Processed chickens	5,000	5,133
Trading eggs	90	49
Consumable supplies	3,140	3,167
Completed houses and shops	2,914	2,297
Ingredient stocks and others	1,944	1,306
	18,842	15,790

24. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
- Third parties	144,337	143,707	-	-
Retention sum	1,948	2,238	-	-
	146,285	145,945	-	-
Less: Allowance for impairment				
- Third parties	(24,921)	(24,731)	-	-
Trade receivables, net	121,364	121,214	-	-
Other receivables				
Amounts due from related companies:				
- Holding company	-	508	-	508
- Subsidiaries	-	-	43,085	43,501
Third parties	6,487	8,197	23	24
Deposits	10,278	8,522	8	8
	16,765	17,227	43,116	44,041
Less: Allowance for impairment:				
- Related companies	-	-	(27,419)	(27,419)
- Third parties	(220)	(584)	-	-
Other receivables, net	16,545	16,643	15,697	16,622
Total trade and other receivables	137,909	137,857	15,697	16,622
Total trade and other receivables	137,909	137,857	15,697	16,622
Add: Cash and bank balances (Note 25)	21,451	15,827	-	-
Total loans and receivables	159,360	153,684	15,697	16,622

24. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2010: 30 to 120 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Neither past due nor impaired	81,610	80,673
1 to 30 days past due not impaired	13,280	7,050
31 to 60 days past due not impaired	10,439	20,246
More than 61 days past due not impaired	16,035	6,804
	39,754	34,100
Impaired	24,921	31,172
	146,285	145,945

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

These receivables are active accounts which the management considers to be recoverable.

24. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Trade receivables - nominal amounts	24,921	31,172
Less: Allowance for impairment	(24,921)	(24,731)
	-	6,441
Movement in allowance accounts:		
At 1 January	24,731	24,379
Charge for the year	208	822
Reversal of impairment losses	(18)	(71)
Written off	-	(399)
At 31 December	24,921	24,731

Trade receivables that are individually determined to be impaired at the reporting date relate to those debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

25. Cash and bank balances

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash at banks and on hand	3,235	3,055	-	-
Deposits with licensed banks	18,216	12,772	-	-
Cash and bank balances	21,451	15,827	-	-
Less: Bank overdrafts (Note 28)	(21,519)	(20,372)	(8,512)	(9,419)
Cash and cash equivalents	(68)	(4,545)	(8,512)	(9,419)

25. Cash and bank balances (continued)

Included in cash at banks of the Group is an amount of RM287,000 (2010: RM247,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Deposits with licensed banks of the Group are pledged to banks to secure banking facilities granted to the Group as disclosed in Note 28.

Cash at banks earns interest at floating rates based on daily bank deposits rates. Short term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2011 for the Group was 3.06% (2010: 2.90%) per annum.

26. Other current assets

	Group	
	2011 RM'000	2010 RM'000
Advances to transport provider	1,015	958
Amounts due from customers on contract (Note 27)	973	31
Deposits paid for acquisition of property, plant and equipment	681	-
Prepayments	1,107	1,170
	3,776	2,159

27. Customers on contract

	Group	
	2011 RM'000	2010 RM'000
Construction contract costs incurred to date	26,868	22,364
Attributable profits	2,623	2,037
	29,491	24,401
Less: Progress billings	(28,518)	(24,370)
Customers on contract (Note 26)	973	31

28. Loans and borrowings

		Group		Company	
		2011	2010	2011	2010
	Maturity	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Bank overdrafts (Note 25)	On demand	21,519	20,372	8,512	9,419
Bankers' acceptances	2012	39,520	45,940	-	-
Revolving credits	2012	66,969	87,482	-	-
Trust receipts	2012	8,159	8,168	-	-
Term loans	2012	8,374	10,511	1,708	3,025
Obligations under finance leases (Note 35)	2012	1,262	1,647	-	-
		145,803	174,120	10,220	12,444
Non-current					
Secured:					
Term loans	2013 to 2018	54,901	34,043	-	-
Obligations under finance leases (Note 35)	2013 to 2017	1,761	2,123	-	-
		56,662	36,166	-	-
Total loans and borrowings		202,465	210,286	10,220	12,444
Comprising financial liabilities:					
- At fair value through profit or loss		199,442	206,516	10,220	12,444
- At amortised cost (Note 29)		3,023	3,770	-	-
		202,465	210,286	10,220	12,444

The remaining maturities of the borrowings as at 31 December 2011 are as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year	145,803	174,120	10,220	12,444
Later than 1 year and not later than 2 years	8,570	7,203	-	-
Later than 2 years and not later than 5 years	30,004	17,847	-	-
Later than 5 years	18,088	11,116	-	-
	202,465	210,286	10,220	12,444

28. Loans and borrowings (continued)

Bank overdrafts and revolving credits

Bank overdrafts and revolving credits are denominated in RM, bear interest at base lending rate ("BLR") + 1.40% and BLR + 1.50% per annum, on an average of 8.01% and 8.10% (2010: 8.45% and 8.55%) per annum respectively.

Bankers' acceptances and trust receipts

These are used to finance purchases of the Group denominated in RM and are short term in nature. The weighted average effective interest rate are 4.05% and 9.60% (2010: 2.98% and 9.25%) per annum respectively.

Term loans

The term loans were obtained for the purposes of construction of layer farms and broiler house, purchases of property and shoplots, and for working capital. The loans are repayable over a period of 7 years. The weighted average effective interest rate is 7.69% (2010: 6.98%) per annum.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The average discount rate implicit in the leases is 3.93% (2010: 3.73%) per annum.

The borrowings of the Group are secured by way of fixed and floating charges over certain assets and also negative pledges over certain assets as disclosed in Notes 12 and 25. The borrowings of the subsidiaries are additionally guaranteed by the Company.

The term loans of the Company are additionally secured by the following:

(i) Corporate guarantees from the Company's certain existing operating subsidiaries;

(ii) Undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations;

(iii) Cross defaults, rights of set-off, negative pledges and pari passu ranking with all other debts of the Company, except where the obligations are preferred by applicable laws.

29. Trade and other payables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables				
Third parties	28,157	26,446	-	-
Retention sum	3,205	3,454	-	-
	31,362	29,900	-	-
Other payables				
Amounts due to related companies	361	1,300	6,346	5,955
Third party	13,632	19,889	-	-
Accrued operating expenses	6,451	6,508	291	299
	20,444	27,697	6,637	6,254
Total trade and other payables	51,806	57,597	6,637	6,254
Total trade and other payables	51,806	57,597	6,637	6,254
Add: Obligations under finance leases (Note 28)	3,023	3,770	-	-
Total financial liabilities carried at amortised cost	54,829	61,367	6,637	6,254

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 day (2010: 30 to 90 day) terms.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of six months (2010: average term of six months).

(c) Amounts due to related companies

The amounts are unsecured, non-interest bearing and repayable on demand.

30. Other current liabilities

These represent progress billings in respect of the Group's development projects currently in progress.

31. Share capital

	Group and Company		Group and Company	
	2011	2010	2011	2010
	'000	'000	RM'000	RM'000
Authorised shares of RM1 each				
At beginning and end of the year	500,000	500,000	500,000	500,000
Issued and fully paid up ordinary shares of RM1 each				
At beginning and end of the year	55,530	55,530	55,530	55,530

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

32. Share premium

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium in prior years.

33. Other reserves

	Group	
	2011	2010
	RM'000	RM'000
Foreign currency translation reserve	(350)	(321)
Minority discount on acquisition of non-controlling interest	68	-
	(282)	(321)

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record exchange differences arising from monetary items which forms part of Group's net investment in foreign operations until the disposal of the foreign operations, at which time they are recognised in profit or loss.

(b) Minority discount on acquisition of non-controlling interest

The minority discount on acquisition of non-controlling interest represents differences between the consideration and the book value of the interest acquired from non-controlling interest.

34. Related party transactions

Transactions entered in the normal course of business and established upon negotiated terms and conditions with related parties during the year were as follows:

	Group 2011 RM'000	Group 2010 RM'000
With other related parties		
Rental paid to a director of a subsidiary	32	32
Companies connected to certain directors:		
- Transport charges	17	16
- Purchases	-	1

	Company 2011 RM'000	Company 2010 RM'000
With subsidiaries		
Advances from subsidiaries	2,400	3,740
Advances to subsidiaries	1,247	400
Repayment through contra within subsidiaries	509	1,316
Payments on behalf for subsidiaries	54	300
Payments on behalf by subsidiaries	287	113
Gross dividend from subsidiaries	1,820	1,000
Interest recouped from subsidiaries	-	122
Allocation of centralised service costs by subsidiaries	336	267

Compensation of key management personnel

The remuneration of key management personnel is disclosed in Note 8.

35. Commitments

(a) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, office equipment and plant and machinery (Note 12). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

35. Commitments (continued)

(a) Finance lease commitments (continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	1,434	1,865
Later than 1 year but not later than 2 years	985	1,189
Later than 2 years but not later than 5 years	1,131	1,121
Total minimum lease payments	3,550	4,175
Less: Amounts representing finance charges	(527)	(405)
Present value of minimum lease payments	3,023	3,770
Present value of payments:		
Not later than 1 year	1,262	1,647
Later than 1 year but not later than 2 years	892	1,069
Later than 2 years but not later than 5 years	869	1,054
Present value of minimum lease payments	3,023	3,770
Less: Amount due within 12 months (Note 28)	(1,262)	(1,647)
Amount due after 12 months (Note 28)	1,761	2,123

(b) Operating lease commitments - as lessee

Other commitments are in respect of non-cancellable operating lease arrangements for the use of land, buildings and farm equipments. These leases have an average life of 10 years with a renewal option to extend for a further 3 years at a rental to be re-negotiated.

Future minimum rentals payable under non-cancellable operating leases (excluding land use rights) at the reporting date are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than 1 year	1,875	1,875	-	-
Later than 1 year but not later than 5 years	3,134	5,009	-	-
	5,009	6,884	-	-

35. Commitments (continued)

(c) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	5,402	-

36. Fair values of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's and of the Company's financial instruments that are carried in the financial statements.

Group	2011 Carrying amount RM'000	2011 Fair value RM'000	2010 Carrying amount RM'000	2010 Fair value RM'000
Financial assets				
Quoted investments	25	25	26	26
Trade and other receivables	137,909	137,909	137,857	137,857
Cash and bank balances	21,451	21,451	15,827	15,827
Total	159,385	159,385	153,710	153,710
Financial liabilities				
Interest-bearing loans and borrowings:				
- Finance lease commitments	3,023	3,023	3,770	3,770
- Borrowings, representing total financial liabilities at fair value through profit or loss	199,442	199,442	206,516	206,516
Trade and other payables	51,806	51,806	57,597	57,597
Total	254,271	254,271	267,883	267,883
Company				
Financial assets				
Trade and other receivables	15,697	15,697	16,622	16,622

36. Fair values of financial assets and liabilities (continued)

Company	2011 Carrying amount RM'000	2011 Fair value RM'000	2010 Carrying amount RM'000	2010 Fair value RM'000
Financial liabilities				
Interest-bearing loans and borrowings, representing total financial liabilities at fair value through profit or loss	10,220	10,220	12,444	12,444
Trade and other payables	6,637	6,637	6,254	6,254
Total	16,857	16,857	18,698	18,698

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Fair value of quoted investments is based on price quotations at the reporting date.
- Trade and other receivables, cash and bank balances, and trade and other payables and finance lease commitments approximate their carrying amounts either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.
- The fair value of loans and borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Fair value hierarchy

As at 31 December 2011, the Group and the Company held the following financial instruments carried at fair value on the statement of financial position:

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. Fair values of financial assets and liabilities (continued)

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
As at 31 December 2011			
Assets measured at fair value			
Quoted investments at fair value through profit or loss	25	-	25
Liabilities measured at fair value			
Borrowings carried at fair value through profit or loss	-	199,442	199,442
As at 31 December 2010			
Assets measured at fair value			
Quoted investments at fair value through profit or loss	26	-	26
Liabilities measured at fair value			
Borrowings carried at fair value through profit or loss	-	206,516	206,516
Company			
As at 31 December 2011			
Liabilities measured at fair value			
Borrowings carried at fair value through profit or loss	-	10,220	10,220
As at 31 December 2010			
Liabilities measured at fair value			
Borrowings carried at fair value through profit or loss	-	12,444	12,444

During the reporting periods ended 31 December 2011 and 31 December 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

37. Financial risk management objectives and policies (continued)

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group's key management personnel. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including quoted investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk:</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

(i) The carrying amount of each class of financial assets recognised in the statements of financial position, with positive fair values; and

(ii) A nominal amount of RM188,031,000 (2010: RM182,072,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 24(a).

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial asset except for the Company's exposure to amounts due from its holding company and subsidiaries which account for 98% (2010: 98%) of the gross receivables of the Company.

<u>Financial assets that are neither pass due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with licensed banks and quoted investment are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

37. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are either pass due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group strives to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group maintains available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the capital market and financial institutions. The Group prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness and where necessary, re-schedules the repayment terms of certain borrowings to ease cashflow commitments.

Analysis of financial instruments by remaining contractual maturities

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2011				
Trade and other payables	51,806	-	-	51,806
Bank borrowings	150,815	52,318	19,405	222,538
Total undiscounted financial liabilities	202,621	52,318	19,405	274,344
As at 31 December 2010				
Trade and other payables	57,597	-	-	57,597
Bank borrowings	176,988	31,109	13,030	221,127
Total undiscounted financial liabilities	234,585	31,109	13,030	278,724

37. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

Company	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2011				
Trade and other payables, excluding financial guarantees *	6,637	-	-	6,637
Bank borrowings	10,220	-	-	10,220
Total undiscounted financial liabilities	16,857	-	-	16,857
As at 31 December 2010				
Trade and other payables, excluding financial guarantees *	6,254	-	-	6,254
Bank borrowings	12,444	-	-	12,444
Total undiscounted financial liabilities	18,698	-	-	18,698

* At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings and actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against interest rate hikes. Except for finance lease payables whose interest rates are fixed until maturity, the other interest-bearing financial instruments are subject to floating interest rates which are contractually repriced at intervals of less than 6 months except for term loans which are repriced annually.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM997,000 (2010: RM1,033,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

37. Financial risk management objectives and policies (continued)

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in United States Dollar ("USD") and from sales that are denominated in Singapore Dollars ("SGD").

The net unhedged financial assets and financial liabilities for the Group companies as at 31 December 2011 and 31 December 2010 that are not denominated in their functional currencies are as follows:

	Net financial assets/(liabilities) held in non-functional currencies		
	USD RM'000	**SGD RM'000**	**Total RM'000**
Group			
As at 31 December 2011			
Trade and other receivables	406	-	406
Cash and bank balances	-	3	3
Trade and other payables	(1,278)	-	(1,278)
Borrowings	(1,708)	-	(1,708)
	(2,580)	3	(2,577)
As at 31 December 2010			
Trade and other receivables	-	11,088	11,088
Trade and other payables	(2,043)	-	(2,043)
Borrowings	(3,025)	-	(3,025)
	(5,068)	11,088	6,020
Company			
As at 31 December 2011			
Borrowings	(1,708)	-	(1,708)
As at 31 December 2010			
Borrowings	(3,025)	-	(3,025)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates at the reporting date against the RM, with all other variables held constant.

37. Financial risk management objectives and policies (continued)

(d) Foreign exchange risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Group Increase/(decrease)		Company Increase/(decrease)	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
USD - strengthened by 5%	(129)	(252)	(85)	(151)
- weakened by 5%	129	252	85	151
SGD - strengthened by 5%	-	532	-	-
- weakened by 5%	-	(532)	-	-

38. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within acceptable levels. The Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the parent.

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Borrowings	202,465	210,286	10,220	12,444
Trade and other payables	51,806	57,597	6,637	6,254
Less: - Cash and bank balances	(21,451)	(15,827)	-	-
Net debt	232,820	252,056	16,857	18,698
Equity attributable to owners of the parent	90,012	80,675	75,228	74,920
Total capital	90,012	80,675	75,228	74,920
Capital and net debt	322,832	332,731	92,085	93,618
Gearing ratio	72%	76%	18%	20%

39. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Poultry - This consists of manufacturing and wholesale of animal feeds, poultry breeding, hatchery operations, contract farming, poultry processing and trading of feeds, day-old chicks, medications and vaccines.

(ii) Housing development - This consists of development and construction of residential and commercial properties.

(iii) Other business segments include investment holding and provision of management services, and trading of chemicals, medication and related equipment, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

31 December 2011

	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue						
External sales	385,718	14,707	6,327	-		406,752
Inter-segment sales	676,318	9,767	5,342	(691,427)	A	-
Total revenue	1,062,036	24,474	11,669	(691,427)		406,752
Results						
Interest income	318	-	-	-		318
Depreciation and amortisation	8,692	104	164	-		8,960
Share of results of associates	116	-	(63)	-		53
Segment profit	22,076	3,775	342	(10,490)	B	15,703
Assets						
Investment in associates	3,983	-	931	(1,539)		3,375
Additions to non-current assets	6,868	292	1	-	C	7,161
Segment assets	457,959	62,370	114,766	(265,433)	D	369,662
Liabilities						
Segment liabilities	386,215	45,515	58,619	(216,545)	E	273,804

39. Segment information (continued)

31 December 2010

	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue						
External sales	320,934	4,772	5,449	-		331,155
Inter-segment sales	557,100	9,289	5,553	(571,942)	A	-
Total revenue	878,034	14,061	11,002	(571,942)		331,155
Results						
Interest income	192	-	-	-		192
Depreciation and amortisation	9,661	77	83	-		9,821
Share of results of associates	(65)	-	(213)	-		(278)
Segment profit	3,096	(597)	403	695	B	3,597
Assets						
Investment in associates	3,867	-	994	-		4,861
Additions to non-current assets	2,899	4	-	-	C	2,903
Segment assets	462,274	70,415	120,851	(283,911)	D	369,629
Liabilities						
Segment liabilities	405,768	54,510	62,004	(239,927)	E	282,355

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income.

	2011 RM'000	2010 RM'000
Share of results of associate	53	(278)
Finance costs	(13,995)	(14,853)
	(13,942)	(15,131)

39. Segment information (continued)

C Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	7,161	2,903

D The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax assets	2,602	2,668
Tax recoverable	1,787	1,947
Investments in associate	3,375	4,861
Goodwill	8,556	11,538
	16,320	21,014

E The following items are added to segment liabilities to arrive at total liabilties reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax liabilities	8,666	4,257
Loans and borrowings	202,465	210,286
	211,131	214,543

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the directors on 26 April 2012.

41. Supplementary information – Breakdown of realised and unrealised profits and losses

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2011 into realised and unrealised profits and losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Total accumulated losses of the Company and its subsidiaries:				
- Realised	86,035	104,053	42,943	43,251
- Unrealised	3,959	(510)	-	-
	89,994	103,543	42,943	43,251
Total share of accumulated losses of associates				
- Realised	732	785	-	-
	90,726	104,328	42,943	43,251
Less: Consolidation adjustments	(62,849)	(67,153)	-	-
Accumulated losses as per financial statements	27,877	37,175	42,943	43,251

AS AT 4 MAY 2012

AUTHORISED SHARE CAPITAL	:	RM 500,000,000
ISSUED AND FULLY PAID UP CAPITAL	:	RM 55,530,263
CLASS OF SHARES	:	ORDINARY SHARES OF RM 1.00 EACH
VOTING RIGHTS	:	ONE VOTE PER ORDINARY SHARE

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholdings	%	No. of Shares	%
Less than 100	120	5.43	1,590	0.00
100 to 1,000	523	23.67	358,582	0.65
1,001 to 10,000	1,163	52.62	5,223,626	9.41
10,001 to 100,000	360	16.29	11,889,260	21.41
100,001 to less than 5% of issued shares	42	1.90	10,171,305	18.32
5% of issued shares and above	2	0.09	27,885,900	50.22
Total	**2,210**	**100.00**	**55,530,263**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
1	JF APEX Nominees (Tempatan) Sdn Bhd Pledged Securities Account for F.C.H. Holdings Sdn Bhd (MARGIN)	20,000,000	36.02
2	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG London (PB Priam)	7,885,900	14.20
3	Koon Woh	1,470,900	2.65
4	Koon Woh	810,500	1.46
5	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yong Kwee Lian	500,000	0.90
6	Onn Kok Puay (Weng Guopei)	483,700	0.87
7	Foo Moong Moi @ Foo Mong Mooi	450,800	0.81
8	Low Ah Lin	350,000	0.63
9	MERCSEC Nominees (Tempatan) Sdn Bhd F.C.H. Holdings Sdn Bhd	348,705	0.63
10	Toh Cheng Hai	304,200	0.55
11	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong (E-TMR)	300,000	0.54

AS AT 4 MAY 2012

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
12	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Teck Lee	298,000	0.54
13	Lim Pang Hoo	291,300	0.52
14	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Wai Yuan (MY0867)	247,000	0.44
15	Tan Cha Koo	230,000	0.41
16	Teo Kim Fai	210,000	0.38
17	HSBC Nominees (Tempatan) Sdn Bhd Ng Song Hey (HBMB301-67)	188,000	0.34
18	Neo Heap (Hiap) Eng	186,000	0.33
19	Chong Mei	183,000	0.33
20	Khoo Tien Ming	173,900	0.31
21	Khoo Ting Hock	170,900	0.31
22	Lee Tiow Ghee	170,000	0.31
23	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Chin Hua (T MLKRAYA-CL)	155,000	0.28
24	Lai Thiam Poh	155,000	0.28
25	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rajinder Kaur A/P Piara Singh (MI1280-003)	149,000	0.27
26	Chua Kok Sian	140,000	0.25
27	MAYBANK Nominees (Tempatan) Sdn Bhd Chong Yoon Loong	139,800	0.25
28	Onn Ping Lan	139,300	0.25
29	Lee Cheng Oon @ Lee Tiong Oon	133,000	0.24
30	Lim Gah Beng	129,200	0.23
	TOTAL	**36,393,105**	**65.54**

AS AT 4 MAY 2012

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	20,348,705*	36.64
Datuk Fong Kiah Yeow	108,000	0.19	20,348,705*	36.64
Fong Ngan Teng	-	-	20,348,705*	36.64
Fong Choon Kai	-	-	20,348,705*	36.64
Ng Cheu Kuan	-	-	-	-
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Tuan Haji Baharom Bin Abd. Wahab	4,500	0.01	-	-
Mohd Khasan Bin Ahmad	-	-	-	-

* Deemed interest by virtue of his interest in F.C.H. Holdings Sdn Bhd.

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
F.C.H. Holdings Sdn Bhd	20,348,705	36.64	-	-
Dato' Fong Kok Yong	-	-	20,348,705*	36.64
Datuk Fong Kiah Yeow	108,000	0.19	20,348,705*	36.64
Fong Ngan Teng	-	-	20,348,705*	36.64
Fong Choon Kai	-	-	20,348,705*	36.64
Priam Holdings Limited	7,885,900	14.20	-	-

* Deemed interest by virtue of his interest in F.C.H. Holdings Sdn Bhd.

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
THE COMPANY AND 100% OWNED SUBSIDIARIES				
Lot No. 799 & 800 Mukim of Sungai Siput District of Alor Gajah, Melaka	Breeder Farm	Freehold	2,747,309	1987
Lot No. 2893 - 2899 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	3,573,071	1993
Lot 142 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,931,230	1983
Lot No. 401 & 731 Mukim of Ramuan Cina Besar District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,164,879	1981
Lot 1618, 1854, 1855, 0963, 959, 639 & 640 EMR 1660 Grant No. 4926, 4905, 3113, 2374 EMR 1122 & 1059 Mukim Lenga, Muar, Johor	Breeder Farm	Freehold	1,340,478	1996
Lot 458 & 459 C.T. No. 8770 & 8771 Tebong, Tampin, Negeri Sembilan	Breeder Farm	Freehold	1,056,020	1994
Lot 9467 Q.T.(M) No. 182 Tanjong Sembrong Batu Pahat, Johor	Broiler Farm	Freehold	1,792,055	1995
GM 2548 and GM 2547 Lot 4160 and Lot 4161 respectively Mukim Gemencheh Tampin, Negeri Sembilan	Broiler Farm	Freehold	1,343,072	2011
GM 1799, Lot 4163 Mukim Gemencheh Tampin, Negeri Sembilan	Broiler Farm	Freehold	1,366,106	2011

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
MLO 8663 H.S.(D) 2631 Mukim Sembrong, Johor	Broiler Farm	Freehold	561,804	1995
Lot 647 & 658 Mukim Tanjong Minyak, Melaka	Vacant Land	Freehold	849,271	1996
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya, Melaka	3 1/2 Storey Intermediate shoplot	Leasehold (expiring in 2075)	375,416	2003
Lot 1599, C.T. 6270 Port Dickson, Negeri Sembilan	Broiler Farm	Freehold	1,744,620	1995
Taman Mewah Alor Gajah, Melaka	6 Units of 2-bedroom Apartment	Leasehold (Expiring in 2091)	124,143	1995
PTD 64217 H.S.(D) 208128 Mukim Tebrau, Johor	1 1/2 Storey Terrace Factory	Freehold	298,570	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	839,251	1994
P.T.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	4,238,308	1994
Lot 3, 4 & 5 Masjid Tanah Ind. Estate Masjid Tanah, Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2095)	10,249,593	1995
Lot No. 7688, HS(M) 1733 Tanjong Sembrong (VII) District of Batu Pahat, Johor	Broiler Farm	Freehold	440,076	1996
MLO No. 8497 H.S.(M) 2270 Mukim Tanjong Sembrong VII Batu Pahat, Johor	Broiler Farm	Freehold	618,911	1997

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Holding No. 2628, SG574/62 Mukim Sungei Baru Tengah Alor Gajah, Melaka	Industrial Land	Freehold	910,944	1997
H.S. (D) 24419, No PT11641 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	673,570	2006
H.S. (D) 24408, No PT11630 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial Land	Freehold	455,678	2005
Block D2-01-01, Type B1 Genting View Resort Phase 4, Bentong, Pahang	1 unit of 2 bedrooms Apartment	Freehold	155,098	1998
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong, Pahang	1 unit of 3 bedrooms Apartment	Freehold	283,566	1998
H.S.(D) 43175, Lot No PT2113 Mukim of Krubong District of Melaka Tengah State of Melaka	Held for Development	Freehold	5,101,699	2006
PTD 2163, H.S.(D) 5124 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	949,214	1997
PTD 2164, H.S.(D) 5125 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	1,270,055	1997
PTD 2165, H.S.(D) 5126 Mukim Grisek District of Muar, Johor	Agricultural Land	Freehold	138,876	1997
PTD 2166, H.S.(D) 5127 Mukim Grisek District of Muar, Johor	Agricultural Land	Freehold	230,071	1997

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
PTD 2167, H.S.(D) 5128 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	855,386	1997
PTD 2168, H.S. (D) 5129 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	979,419	1997
PTD 2169, H.S. (D) 5130 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	627,019	1997
PTD 2170, H.S. (D) 5131 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	716,865	1997
PTD 2171, H.S. (D) 5132 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	467,716	1997
PTD 6321 Grant 4778 Mukim Grisek District of Muar, Johor	Layer Farm	Freehold	447,442	1997
H.S. (D) 302891, Lot No. PTD15511 Mukim of Sedenak District of Johor Bahru, Johor	Broiler Farm	Leasehold (30 years)	29,682	2000
H.S. (D) 436859, Lot No. PTD16818 Mukim of Sedenak District of Johor Bahru, Johor	Broiler Farm	Leasehold (30 years)	541,666	2008
H.S.(M) 2229, 2289 & 2290 Lot Nos. MLO 1367, 7119 & 7120 Lot 7119, Kuala Kabong Mukim Sedenak, Johor	Broiler Farm	Leasehold (99 years)	518,532	2009
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double Storey Shophouse	Freehold	159,919	2006

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
JOINT VENTURE SUBSIDIARIES				
Lot 1310, GN47071 Minyak Beku 6 Batu Pahat, Johor	Poultry Processing Plant & Coldrooms / Office Block	Freehold	2,514,681	1991
H.S.(M) 1745, MLO 8674 Tanjung Sembrong 14 Batu Pahat, Johor	Broiler Farm	Freehold	165,794	1995
Lot 3233, EMR 5066 Minyak Beku 6 Batu Pahat, Johor	Broiler Farm	Freehold	601,939	1997
Lot 1730, CT 2851 Bandar Penggaram District of Batu Pahat, Johor	Double Storey Terrace Shophouse	Freehold	283,989	1998

EIGHTEENTH ANNUAL GENERAL MEETING
FORM OF PROXY

FARM'S BEST BERHAD
(301653-V)

No. of shares held	

I/We ____
(Full Name in Capital Letters)

of ____
(Full Address)

being a member of FARM'S BEST BERHAD hereby appoint ______________________________
(Full Name in Capital Letters)

of ____
(Full Address)

or failing him/her, ______________________________ of ______________
(Full Name in Capital Letters)

____
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at Bilik Bunga Teratai, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Thursday, 28 June 2012 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolution No.	Ordinary Business	For	Against
Ordinary Resolution 1	To receive the Audited Financial Statements and Directors' and Auditors' Reports.		
Ordinary Resolution 2	To approve the payment of Directors' fees.		
Ordinary Resolution 3	To re-elect Datuk Fong Kiah Yeow as Director.		
Ordinary Resolution 4	To re-elect Mr Fong Ngan Teng as Director.		
Ordinary Resolution 5	To re-elect Datuk Ng Peng Hay @ Ng Peng Hong as Director.		
Ordinary Resolution 6	To re-appoint Tuan Haji Baharom Bin Abd Wahab as Director.		
Ordinary Resolution 7	To re-appoint Messrs Ernst & Young as the Company's Auditors.		
Resolution No.	**Special Business**	**For**	**Against**
Ordinary Resolution 8	To re-appoint Tuan Haji Baharom Bin Abd Wahab as Independent Non-Executive Director.		
Ordinary Resolution 9	To re-appoint En Mohd Khasan Bin Ahmad as Independent Non-Executive Director.		
Ordinary Resolution 10	Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965		

Dated this ______ day of ________________ , 2012.

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(Signature/Common Seal of Shareholder)

Notes :-

(i) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his (her) behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

(ii) Where a member appoints two (2) or more proxies, the appointment shall not be valid unless he (she) specifies the proportion of his (her) shareholdings to be represented by each proxy.

(iii) The Proxy Form shall be signed by the appointor or his (her) attorney duly authorised in writing or, if the member is a corporation, it must be executed under its common seal or by its authorised attorney or officers.

(iv) The instrument appointing a proxy shall be deposited at the office of the Company's Share Registrar at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.

(v) For the purpose of determining a member who shall be entitled to attend and vote in the forthcoming Eighteenth Annual General Meeting, the Company shall be requesting the Record of Depositors in accordance with Article 71(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 June 2012. Only a depositor whose name appears on the Record of Depositors as at 22 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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Stamp

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor

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FARM'S BEST DEPOTS/OFFICES IN PENINSULAR MALAYSIA AND OVERSEAS OFFICES

FARM'S BEST BERHAD
(301653-V)

DEPOTS

Rawang 1
25, Jalan BJ 7
Taman Perindustrian Belmas Johan
48000 Rawang, Selangor
Tel : 03-6092 2024
Fax : 03-6091 9936

Rawang 2
1, Jalan BJ 7
Taman Perindustrian Belmas Johan
48000 Rawang, Selangor
Tel : 03-6093 2997
Fax : 03-6091 6819

Seremban
No. 1, Taman Harapan Baru
Jalan Rasah
70300 Seremban
Tel : 06-632 5708
Fax : 06-632 5706

Butterworth
No. 8, (Plot 48)
Taman Industri Beringin @
Juru Industrial Park
Juru Mukim 13
Seberang Prai Tengah
14100 Pulau Pinang
Tel : 04-507 6449
Fax : 04-507 7068

Temerloh
53, Jalan Ahmad Shah
28000 Temerloh
Pahang
Tel : 09-296 8223
Fax : 09-296 6223

Kuantan
B-32, Jalan Air Putih
25300 Kuantan
Pahang
Tel : 09-567 0223
Fax : 09-567 0221

Johor Bahru
9, Jalan Bayu 2/5
Taman Perindustrian Tampoi Jaya
81200 Johor Bahru, Johor
Tel : 07-235 0310
Fax : 07-235 0306

MARKETING OFFICE

Rawang
28, Jalan BJ 6
Taman Perindustrian Belmas Johan
48000 Rawang, Selangor
Tel : 03-6092 6077
Fax : 03-6092 3908

REPRESENTATIVE OFFICES

Kota Bharu
No. 11, Jalan Hospital
Kedai MPKB, Barek 12
15200 Kota Bharu
Kelantan

Melaka
No. 1-12, Block Dahlia 2
Jalan Zahir 6
Taman Malim Jaya
75250 Melaka

Ipoh
80, Jalan Leong Boon Siew
30000 Ipoh, Perak

OVERSEAS ADDRESSES

Chix Unlimited Inc.
Brgy. Casilagan, Mangatarem
Pangasinan 2413, Philippines
Tel : 00 639 737 54004
Fax : 00 639 737 54004

FB Food (Nanjing) Pte Ltd
SM Enterprise (Nanjing) Pte Ltd
Room 5212, 25th Floor
Jiangsu International Mansion
50 Zhong Hua Lu
Nanjing, Jiangsu 210001 China
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