



## FARM'S BEST BERHAD

(301653-V)

*(formerly known as/dahulunya dikenali sebagai  
Simmah Resources Berhad)*

'05

annual report  
laporan tahunan

*the BEST rises to the top  
yang TERBAIK akan kekal menjulang*



Once people develop a taste for Quality, there is no mistaking it. Even with a change of name from Sinmah Resources Berhad to **Farm's Best Berhad**, there was immediate acceptance from our corporate customers and the public for both our wide range of products and our new role as an integrated food processor. It is a case of Quality winning above all else, of Quality being synonymous with **Farm's Best**.

# A new name, for established quality

## *Nama baru untuk keunggulan kualiti*

Pengguna pasti dapat membezakan Kualiti produk apabila mereka menyedari keunggulannya. Sungguhpun dengan pertukaran nama daripada Sinmah Resources Berhad kepada **Farm's Best Berhad**, namun produk kami yang berpelbagai dan peranan baru kami sebagai sebuah syarikat memproses makanan bersepadu, akan tetap dikenali dan diterima dengan serta merta oleh para pelanggan korporat kami dan orang ramai. Ini didorong oleh keunggulan Kualiti kami yang mengatasi persaingan. Sesungguhnya, Kualiti menjadi ciri istimewa **Farm's Best**.





## A change in name, and a new benchmark.

**Farm's Best** is now our corporate name as well as our brand name. It signals a transformation in the way we think, the way we do things. Now, as an integrated food processor, we are able to fulfil people's desire for quality in the wide range of chicken products they love. In **Farm's Best**, we combine both the highest commitment to Quality and the assurance that every product carrying our name is peerless.

### *Perubahan nama membawa ukurujuk baru*

**Farm's Best** kini adalah nama korporat serta nama jenama kami. Ia menandakan satu transformasi dalam corak pemikiran serta cara kerja kami. Kini, sebagai sebuah syarikat memproses makanan, kami mampu memenuhi keinginan orang ramai terhadap kualiti dalam pelbagai produk berasaskan ayam yang mereka gemari. Di **Farm's Best**, kami menggabungkan komitmen tertinggi terhadap Kualiti dengan jaminan bahawa setiap produk yang tertera nama kami, tidak mempunyai tandingannya.



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# notice of annual general meeting

**NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of the Company will be held at Bilik Bunga Teratai, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Tuesday, 27 June 2006 at 10.00 a.m. for the following purposes:**

## AGENDA

### ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2005 together with the Reports of the Directors and Auditors thereon.

#### Ordinary Resolution 1

2. To approve the payment of Directors' fees for the financial year ended 31 December 2005.

#### Ordinary Resolution 2

3. To re-elect the following Directors who retire by rotation pursuant to Article 106 of the Company's Articles of Association:-

(a) Mr Fong Kiah Yeow

#### Ordinary Resolution 3

(b) Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong

#### Ordinary Resolution 4

(c) Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias

#### Ordinary Resolution 5

4. To consider and, if thought fit, 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.

#### Ordinary Resolution 7

### ANY OTHER BUSINESS:

6. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board

**NURULUYUN BINTI ABDUL JABAR** (MIA 9113)

**LIEW SENG AUN** (MIA 13109)

Company Secretaries

Melaka

5 June 2006

### Notes:

1. *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.*
2. *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) shareholdings to be represented by each proxy.*
3. *The Proxy Form shall be signed by the appointor or his (her) attorney duly authorized in writing or, if the member is a corporation, must be executed under its common seal or by its authorized attorney or officers.*
4. *The instrument appointing a proxy shall be deposited at the Share Registrar's Office at Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time set for the Meeting or any adjournment thereof.*
5. **Explanatory Notes:-**

#### **Re-appointment of Director over 70 years of age**

*The Ordinary Resolution No. 6 proposed under item (4) above is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to re-appoint Tuan Haji Baharom bin Abd. Wahab who is over 70 years of age as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. The Resolution must be passed by a majority of not less than three-fourths of such Members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.*

# notis mesyuarat agung tahunan

**NOTIS ADALAH DENGAN INI DIBERI bahawa Mesyuarat Agung Tahunan Ke-Dua Belas Syarikat akan diadakan di Bilik Bunga Teratai, Tingkat 7, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka pada hari Selasa, 27 Jun 2006 jam 10.00 pagi untuk menimbang urusan-urusan berikut:-**

## AGENDA

### URUSAN BIASA:

1. Untuk menerima dan melulus Penyata Kewangan Teraudit bagi tahun kewangan berakhir 31 Disember 2005 dan Laporan Pengarah dan Laporan Juruaudit berhubung dengannya.

**Resolusi Biasa 1**

2. Untuk melulus yuran-yuran para Pengarah bagi tahun kewangan berakhir 31 Disember 2005.

**Resolusi Biasa 2**

3. Untuk melantik semula Pengarah-pengarah berikut yang bersara selaras dengan Artikel 106, Tataurusan Pertubuhan Syarikat:-

(a) Encik Fong Kiah Yeow

**Resolusi Biasa 3**

(b) Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong

**Resolusi Biasa 4**

(c) Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias

**Resolusi Biasa 5**

4. Untuk menimbang dan, sekiranya difikirkan wajar, meluluskan Resolusi Biasa selaras dengan Seksyen 129(6) Akta Syarikat, 1965 berikut:

"BAHAWA Tuan Haji Baharom Bin Abd. Wahab, seorang Pengarah yang bersara mengikut Seksyen 129(2) Akta Syarikat, 1965, adalah dan dengan ini dilantik semula sebagai Pengarah Syarikat selaras dengan Seksyen 129(6) Akta Syarikat, 1965 dan untuk memegang jawatan sehingga tamatnya Mesyuarat Agung Tahunan Syarikat yang akan datang.

**Resolusi Biasa 6**

5. Untuk melantik semula Tetuan Ernst & Young sebagai Juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan ganjaran mereka.

**Resolusi Biasa 7**

### LAIN-LAIN URUSAN:

6. Untuk membincang lain-lain urusan biasa yang mana notis telah diberi sewajarnya selaras dengan Artikel Tataurusan Pertubuhan Syarikat dan Akta Syarikat, 1965.

Atas Perintah Lembaga Pengarah

**NURULUYUN BINTI ABDUL JABAR (MIA 9113)**

**LIEW SENG AUN (MIA 13109)**

Setiausaha-setiausaha Syarikat

Melaka

5 Jun 2006

### Nota:

1. *Setiap Ahli yang berhak untuk hadir dan mengundi pada Mesyuarat adalah berhak untuk melantik proksi atau proksi-proksi untuk hadir dan mengundi bagi pihak beliau. Seorang proksi boleh tetapi tidak semestinya merupakan seorang ahli Syarikat dan peruntukan-peruntukan Seksyen 149(1)(a), (b), (c) dan (d) Akta Syarikat, 1965 tidak akan terpakai kepada Syarikat.*
2. *Di mana seorang ahli melantik dua (2) orang atau lebih proksi, pelantikan tidak akan sah kecuali beliau menyatakan bahagian daripada pemegang saham beliau untuk diwakili oleh setiap proksi.*
3. *Borang Proksi hendaklah ditandatangani oleh pelantik atau wakil beliau yang diberi kuasa sewajarnya secara bertulis atau, sekiranya ahli merupakan perbadanan, hendaklah disempurnakan di bawah meterai biasa atau oleh wakil atau pegawai yang dibenarkan.*
4. *Instrumen melantik proksi hendaklah diserahkan di Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, tidak lewat daripada 48 jam sebelum masa yang ditetapkan bagi Mesyuarat atau mana-mana penangguhannya.*
5. **Nota Penjelasan**

### **Perlantikan Semula Pengarah melebihi usia 70 tahun**

*Resolusi Biasa No. 6 dicadangkan di bawah perkara (4) di atas adalah mengikut Seksyen 129(6) Akta Syarikat, 1965 yang memerlukan agar resolusi berasingan diluluskan untuk melantik Tuan Haji Baharom Bin Abd. Wahab yang melebihi usia 70 tahun sebagai Pengarah Syarikat dan untuk memegang jawatan sehingga tamatnya Mesyuarat Agung Tahunan Syarikat yang akan datang. Resolusi hendaklah diluluskan oleh majoriti tidak kurang daripada tiga perempat daripada Ahli-ahli tertentu Syarikat yang berhak untuk mengundi secara sendiri atau di mana proksi dibenarkan, melalui proksi pada Mesyuarat Agung Tahunan Syarikat.*

# statement accompanying notice of twelfth annual general meeting

1. Directors who are standing for re-election at the Twelfth Annual General Meeting of Farm's Best Berhad (formerly known as Sinmah Resources Berhad):

- |  |                                |
|--|--------------------------------|
| i. Mr Fong Kiah Yeow                               | <b>(Ordinary Resolution 3)</b> |
| ii. Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong       | <b>(Ordinary Resolution 4)</b> |
| iii. Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias | <b>(Ordinary Resolution 5)</b> |
| iv. Tuan Haji Baharom Bin Abd. Wahab               | <b>(Ordinary Resolution 6)</b> |

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2005:

<b>Name of Directors</b>	<b>Attendance</b>
Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	6 out of 7
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	7 out of 7
Mr Fong Kok Yong	7 out of 7
Mr Fong Kiah Yeow	7 out of 7
Mr Fong Ngan Teng	7 out of 7
Mr Fong Choon Kai	7 out of 7
Mr Ng Cheu Kuan	6 out of 7
Tuan Haji Baharom Bin Abd. Wahab	7 out of 7
Encik Mohd Khasan Bin Ahmad	6 out of 7

3. Place, date and time of the Twelfth Annual General Meeting:

<b>Date of Meeting</b>	<b>Time of Meeting</b>	<b>Place of Meeting</b>
27 June 2006 (Tuesday)	10.00 a.m.	Bilik Bunga Teratai, 7th Floor Renaissance Melaka Hotel Jalan Bendahara, 75100, Melaka

# penyata mengiringi notis mesyuarat agung tahunan ke-dua belas

1. Pengarah-pengarah yang menawarkan diri untuk pelantikan semula pada Mesyuarat Agung Tahunan Ke-Dua Belas Farm's Best Berhad (dahulunya dikenali sebagai Sinmah Resources Berhad)

- |  |                    |
|--|--------------------|
| i. Encik Fong Kiah Yeow                            | (Resolusi Biasa 3) |
| ii. Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong       | (Resolusi Biasa 4) |
| iii. Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias | (Resolusi Biasa 5) |
| iv. Tuan Haji Baharom Bin Abd. Wahab               | (Resolusi Biasa 6) |

2. Butir-butir kehadiran pengarah-pengarah pada Mesyuarat Lembaga diadakan bagi tahun kewangan berakhir 31 Disember 2005:

## Nama Pengarah

## Kehadiran

Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	6 daripada 7
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	7 daripada 7
Mr Fong Kok Yong	7 daripada 7
Mr Fong Kiah Yeow	7 daripada 7
Mr Fong Ngan Teng	7 daripada 7
Mr Fong Choon Kai	7 daripada 7
Mr Ng Cheu Kuan	6 daripada 7
Tuan Haji Baharom Bin Abd. Wahab	7 daripada 7
Encik Mohd Khasan Bin Ahmad	6 daripada 7

3. Tempat, tarikh dan masa Mesyuarat Agung Tahunan Ke-Dua Belas:

Tarikh Mesyuarat	Masa Mesyuarat	Tempat Mesyuarat
27 Jun 2006 (Selasa)	10.00 pagi	Bilik Bunga Teratai, Tingkat 7 Renaissance Melaka Hotel Jalan Bendahara, 75100 Melaka

# corporate structure

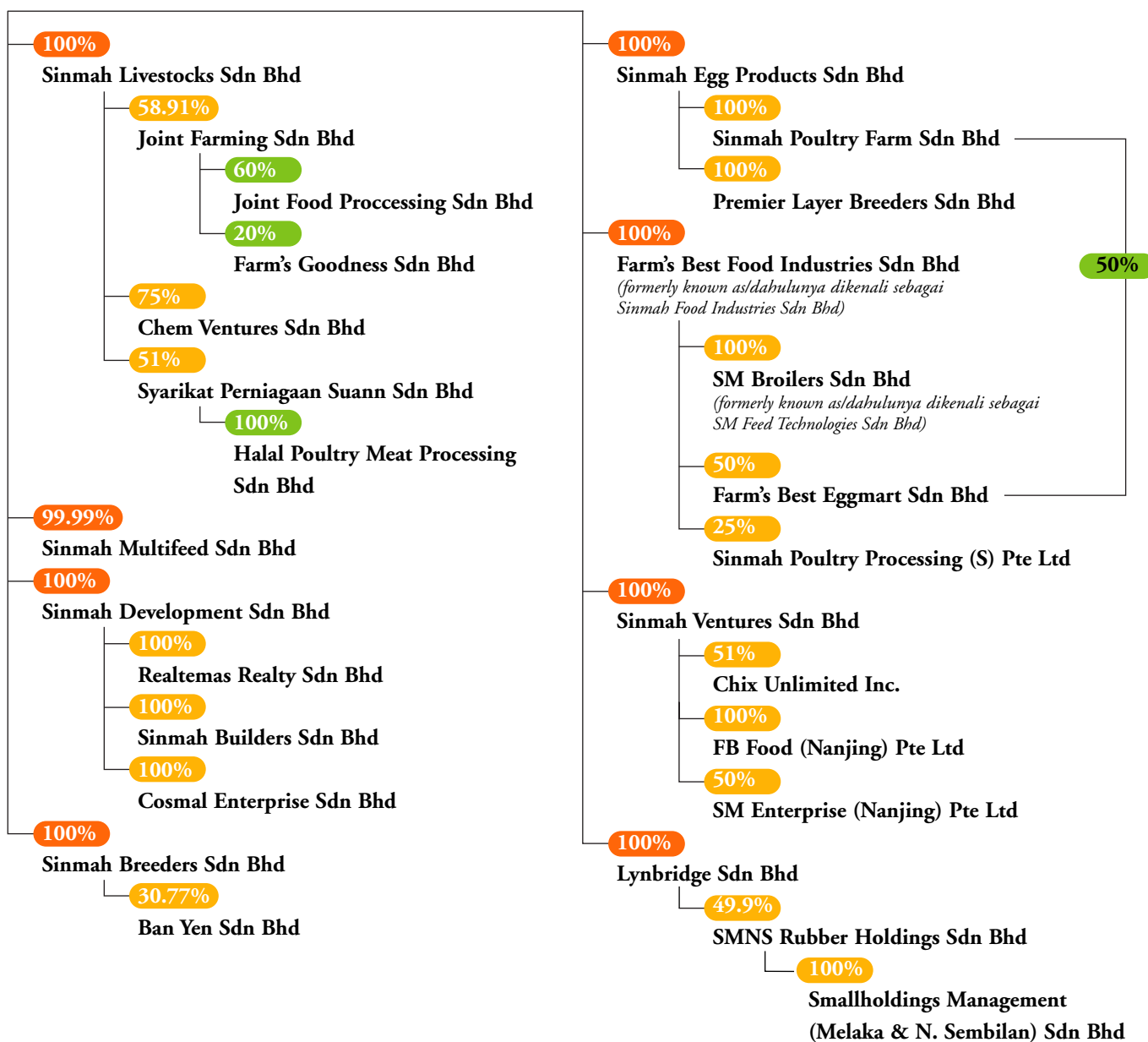
## struktur korporat



### FARM'S BEST BERHAD

(301653-V)

(formerly known as/dahulunya dikenali sebagai Sinmah Resources Berhad)





# corporate information

## maklumat korporat

### BOARD OF DIRECTORS

#### LEMBAGA PENGARAH

**Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias**  
**Mr Fong Kok Yong**  
**Mr Fong Kiah Yeow**  
**Mr Fong Ngan Teng**  
**Mr Fong Choon Kai**  
**Mr Ng Cheu Kuan**  
**Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong**  
**Tuan Haji Baharom Bin Abd. Wahab**  
**Encik Mohd Khasan Bin Ahmad**

Chairman/Pengerusi  
Managing Director/Pengarah Urusan  
Executive Director/Pengarah Eksekutif  
Executive Director/Pengarah Eksekutif  
Executive Director/Pengarah Eksekutif  
Executive Director/Pengarah Eksekutif  
Executive Director/Pengarah Eksekutif  
Executive Director/Pengarah Eksekutif  
Independent Non-Executive Director/Pengarah Bukan Eksekutif  
Independent Non-Executive Director/Pengarah Bukan Eksekutif

### COMPANY SECRETARIES

#### SETIAUSAHA-SETIAUSAHA SYARIKAT

Nuruluyun Binti Abdul Jabar (*MIA 9113*)  
Liew Seng Aun (*MIA 13109*)

### REGISTRAR

#### PENDAFTAR

Symphony Share Registrars Sdn. Bhd.  
Level 26, Menara Multi-Purpose  
Capital Square  
No.8 Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 03-2721 2222  
Fax : 03-2721 2530/1

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS PEJABAT BERDAFTAR DAN ALAMAT TEMPAT PERNIAGAAN

AG 5730  
Alor Gajah Industrial Estate  
78000 Alor Gajah, Melaka  
Tel : 06-556 1293  
Fax : 06-556 2445

### AUDITORS

#### JURUAUDIT

Ernst & Young  
Akauntan Bertauliah/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-BANK UTAMA

Hong Leong Bank Berhad  
Affin Bank Berhad  
EON Bank Berhad  
Bumiputra-Commerce Bank Berhad

### STOCK EXCHANGE LISTING PENYENARAIAAN DI BURSA SAHAM

Bursa Malaysia Securities Berhad  
– Second Board/Papan Kedua

# directors' profile

## profil para pengarah



### Y. BHG. DATUK WIRA HAJI ABDUL RAZAK BIN ALIAS

*Chairman, Independent Non-Executive Director  
& Chairman of Audit Committee  
67 years of age – Malaysian*

*Pengerusi, Pengarah Bukan Eksekutif Bebas  
& Pengerusi Jawatankuasa Audit  
Berumur 67 tahun – Warganegara Malaysia*

Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias was appointed to the Board of Farm's Best Berhad (formerly known as Sinmah Resources Berhad) ("Farm's Best") on 2 August 1996 and later became the Chairman of Farm's Best on 24 July 2001. He is the Chairman and the member of the Audit and Nomination Committees and is also a member of the Remuneration Committee of Farm's Best.

Y. Bhg. Datuk Wira Haji Abdul Razak completed his secondary education in Tampin, Negeri Sembilan. He was the Speaker of the Melaka State Assembly from 1982 to 1986, a member of the Melaka State Executive Committee from 1978 to 1982 and a State Assemblyman from 1974 to 1986. Since then, he has been actively involved in welfare activities and is currently holding various positions such as President of the Majlis Bekas Wakil Rakyat (MUBARAK) Malaysia and the Chairman of the Melaka Branch. Besides that, he is also the Deputy Chairman of Veteran Umno Malaysia and the Chairman of the Melaka State. In addition, he is also the Chairman of various Parents & Teachers Associations and Co-operative Societies. He also sits on the boards of several private limited companies.

As at the date of this annual report, Y. Bhg. Datuk Wira Haji Abdul Razak does not have any interest in Farm's Best. Y. Bhg. Datuk Wira Haji Abdul Razak has attended six (6) of the seven (7) board meetings held during the financial year ended 31 December 2005.

Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias dilantik ke Lembaga Pengarah Farm's Best Berhad (dahulunya dikenali sebagai Sinmah Resources Berhad ("Farm's Best")) pada 2 Ogos 1996 dan kemudian menjadi Pengerusi Farm's Best pada 24 Julai 2001. Beliau merupakan Pengerusi dan ahli-ahli Jawatankuasa Audit dan Penamaan dan juga ahli Jawatan kuasa Imbuhan Farm's Best.

Y. Bhg. Datuk Wira Haji Abdul Razak tamat pendidikan menengah beliau di Tampin, Negeri Sembilan. Beliau adalah Speaker Dewan Undangan Negeri Melaka dari 1982 hingga 1986, ahli Jawatankuasa Eksekutif Negeri Melaka dari 1978 hingga 1982 dan Wakil Rakyat dari 1974 hingga 1986. Sejak daripada itu, beliau telah secara aktifnya terlibat dengan kegiatan kebajikan dan pada masa ini memegang beberapa jawatan seperti Presiden Majlis Bekas Wakil Rakyat (MUBARAK) Malaysia dan Pengerusi Cawangan Melaka. Selain daripada itu, beliau juga adalah Timbalan Pengerusi Veteran Umno Malaysia dan Pengerusi Negeri Melaka. Selain daripada itu, beliau juga Pengerusi bagi beberapa Persatuan Ibu Bapa & Guru-guru dan Pertubuhan Ko-operasi. Beliau juga menganggotai lembaga beberapa syarikat sendiri berhad.

Pada tarikh laporan tahunan ini, Y. Bhg. Datuk Wira Haji Abdul Razak tidak mempunyai apa-apa kepentingan dalam Farm's Best. Datuk Wira Haji Abdul Razak telah menghadiri enam (6) daripada tujuh (7) mesyuarat lembaga dalam tahun kewangan berakhir 31 Disember 2005.

## FONG KOK YONG

*Managing Director  
55 years of age – Malaysian*

*Pengarah Urusan  
Berusia 55 tahun – Warganegara Malaysia*



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.

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 Farm's Best Group's operations.

He is currently,

- i. Advisor to the Federation of Livestock Farmers' Associations of Malaysia (since 1995)
- ii. Member, National Agricultural Development Panel, which is chaired by the honourable Minister of Agriculture and Agro-based Industries
- iii. Member, Malaysian Institute of Management (since 1990)
- iv. Member, Agricultural Institute of Malaysia (since 1985)

Fong Kok Yong had 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)

As at the date of this annual report, Fong Kok Yong has an indirect interest of 20,348,705 shares in Farm's Best. He has attended all seven (7) board meetings held during the financial year ended 31 December 2005.

Fong Kok Yong dilantik ke Lembaga Farm's Best pada 10 Februari 1995 dan pada masa ini adalah Pengarah Urusan Farm's Best. Beliau juga adalah ahli Jawatankuasa Imbuhan Farm's Best.

Fong Kok Yong tamat pengajian dari University of Singapore pada 1975 dengan ijazah Sarjana Muda Pentadbiran Perniagaan. Beliau menyertai Sinmah Multifeed Sdn Bhd, sebuah anak syarikat milik penuh Farm's Best pada 18 Oktober 1976 sebagai Pengarah. Pada masa ini beliau menyelia operasi Kumpulan Farm's Best.

Beliau pada masa ini adalah,

- i. Penasihat kepada Persekutuan Persatuan Peladang Ternakan Malaysia (sejak 1995)
- ii. Ahli, Panel Pembangunan Pertanian Negara, yang dipengerusikan oleh yang berhormat Menteri Pertanian dan Industri Berasaskan Tani.
- iii. Ahli, Institut Pengurusan Malaysia (sejak 1990)
- iv. Ahli, Institut Pertanian Malaysia (sejak 1985)

Fong Kok Yong telah berkhidmat dalam beberapa jawatan/badan dalam tahun-tahun yang lepas:-

- i. Ketua Setiausaha, Persekutuan Persatuan Peladang Ternakan Malaysia (1986 – 1991)
- ii. Presiden, Persekutuan Persatuan Peladang Ternakan Malaysia (1991 – 1995)
- iii. Presiden, Persekutuan Pengeluar Ayam Itik Asean ( Mac 2003 – Mac 2005)
- iv. Pengarah, Dewan Perniagaan dan Industri China Selangor (1991 – 1995)
- v. Pengarah, Dewan Perniagaan dan Industri China Melaka (1995 – 2000)

Pada tarikh laporan tahunan ini, Fong Kok Yong mempunyai kepentingan tidak langsung sebanyak 20,348,705 saham dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga yang diadakan pada tahun kewangan berakhir 31 Disember 2005.



## FONG KIAH YEOW

*Executive Director  
51 years of age – Malaysian*

*Pengarah Eksekutif  
Berusia 51 tahun – Warganegara Malaysia*

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.

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, 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.

As at the date of this annual report, Fong Kiah Yeow has an indirect interest of 20,348,705 shares in Farm's Best. He has attended all seven (7) board meetings held during the financial year ended 31 December 2005.

Fong Kiah Yeow dilantik ke Lembaga Pengarah Farm's Best pada 10 Februari 1995. Beliau juga adalah ahli Jawatankuasa Imbuhan Farm's Best.

Fong Kiah Yeow tamat kursus perakaunan pada 1975 dari Tottenham College of Technology, United Kingdom. Beliau juga pernah menjadi ahli bersekutu Chartered Association of Certified Accountants, United Kingdom. Sebaik sahaja, tamat pengajian beliau, Fong Kiah Yeow menyertai perniagaan keluarganya dan telah bertanggungjawab bagi perniagaan penjualan borong beras keluarganya. Beliau kemudiannya telah dilantik ke Lembaga Pengarah Sinmah Multifeed Sdn Bhd pada 31 Januari 1980. Pada masa ini beliau bertanggungjawab bagi hal ehwal korporat dan hal-hal kewangan Kumpulan. Beliau juga menganggotai lembaga beberapa syarikat sendirian berhad.

Pada tarikh laporan tahunan ini, Fong Kiah Yeow mempunyai kepentingan tidak langsung sebanyak 20,348,705 saham dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.

## FONG NGAN TENG

*Executive Director  
48 years of age – Malaysian*

*Pengarah Eksekutif  
Berusia 48 tahun – Warganegara Malaysia*



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 Farm's Best 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 seven (7) board meetings held during the financial year ended 31 December 2005.

Fong Ngan Teng dilantik ke Lembaga Pengarah Farm's Best pada 10 Februari 1995. Beliau tamat pengajian pada 1982 dengan ijazah Sarjana Muda Sastera (Kepujian) dari The City of London Polytechnic di United Kingdom. Beliau menyertai Sinmah Multifeed Sdn Bhd selepas beliau tamat pengajian dan telah dilantik sebagai Pengarah Sinmah Multifeed Sdn Bhd pada 1 Mac 1983. Pada masa ini beliau adalah Pengarah Pemasaran Kumpulan dan juga bertanggungjawab bagi pembiakan, penetasan dan perladangan kontrak Kumpulan Farm's Best. Beliau juga menganggotai lembaga beberapa syarikat sendirian berhad.

Pada tarikh laporan tahunan ini, Fong Ngan Teng mempunyai kepentingan tidak langsung sebanyak 20,348,705 saham dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga dalam tahun kewangan berakhir 31 Disember 2005.



## FONG CHOON KAI

*Executive Director  
44 years of age – Malaysian*

*Pengarah Eksekutif  
Berusia 44 tahun – Warganegara Malaysia*

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 Farm's Best 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 seven (7) board meetings held during the financial year ended 31 December 2005.

Fong Choon Kai dilantik ke Lembaga Farm's Best pada 10 Februari 1995. Beliau tamat pengajian pada 1985 dengan ijazah Sarjana Muda Sains Aktuari (Kepujian) dari London School of Economics, United Kingdom dan kemudiannya pada 1987, dengan ijazah Sarjana dalam Analisis Sistem dan Rekabentuk dari The City University, United Kingdom. Selepas itu, beliau telah berkhidmat dengan firma perakaunan bertauliah awam, Lewis, Berman & Partners di United Kingdom selama 2 tahun. Sebelum beliau dilantik ke Lembaga Sinmah Multifeed Sdn Bhd pada 15 Januari 1992, beliau telah terlibat dengan syarikat pembinaan dan pembangunan hartanah, Hanover Construction Ltd, serta dalam perniagaan eksport dan impot Hanover Trading Ltd, United Kingdom selama 2 tahun. Fong Choon Kai pada masa ini bertanggungjawab bagi semua hal-hal pentadbiran dalam Kumpulan Farm's Best. Beliau juga menganggotai lembaga beberapa syarikat sendirian berhad.

Pada tarikh laporan tahunan ini, Fong Choon Kai mempunyai kepentingan tidak langsung sebanyak 20,348,705 saham dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.

## NG CHEU KUAN

*Executive Director  
51 years of age – Malaysian*

*Pengarah Eksekutif  
Berusia 51 tahun – Warganegara Malaysia*



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 the 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 six (6) of the seven (7) board meetings held during the financial year ended 31 December 2005.

Ng Cheu Kuan dilantik ke Lembaga Farm's Best pada 10 Februari 1995 dan bertanggungjawab bagi operasi pembangunan hartanah Kumpulan. Beliau tamat pengajian dengan ijazah Kejuruteraan Awam (Kepujian) dari University of Southampton, United Kingdom pada Julai 1977. Beliau merupakan Jurutera Profesional berdaftar dengan Lembaga Jurutera, Malaysia dan telah dikurniakan keahlian Fellow Institusi Kejuruteraan Malaysia pada 1990, menjadikan beliau ahli Fellow termuda Institusi ketika itu. Beliau juga adalah Pengerusi Institusi Jurutera, Cawangan Melaka dari 1988 hingga 1990. Selepas beliau tamat pengajian pada 1977, beliau menyertai Dewan Bandaraya, Kuala Lumpur sebagai jurutera projek dan pada 1980 beliau menjadi jurutera rekabentuk di Angkasa Gutteridge Haskins & Davey Consulting Engineers, Kuala Lumpur, yang menyediakan perkhidmatan kejuruteraan profesional kepada pelanggan-pelanggan daripada sektor swasta dan awam. Pada 1982, beliau menyertai Bolton Properties Berhad sebagai pengurus projek sebelum menjadi pengurus projek dan kemudian pengurus kanan Supreme Corporation Berhad (sekarang dikenali sebagai Lion Land Berhad) selama 10 tahun. Di antara 1992 dan Mei 1994, beliau berkhidmat di Lion Land Berhad. Beliau kemudiannya memulakan perniagaan pembangunan hartanah dan pembinaan sendiri. Beliau juga adalah pengarah beberapa syarikat sendirian berhad.

Pada tarikh laporan tahunan ini, Ng Cheu Kuan tidak mempunyai apa-apa kepentingan dalam Farm's Best. Beliau telah menghadiri enam daripada tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.



## Y. BHG. DATUK NG PENG HAY @ NG PENG HONG

*Executive Director  
54 years of age – Malaysian*

*Pengarah Eksekutif  
Berusia 54 tahun – Warganegara Malaysia*

Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong was appointed to the Board of Farm's Best on 10 February 1995. He is also a member of the Audit Committee of Farm's Best.

Y. Bhg. Datuk Ng Peng Hay was the State Assemblyman for Tengkeru 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 Coordinator 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, he was conferred the Darjah Mulia Seri Melaka 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. He was also appointed as Vice Chairman of Malacca State Malaysia Crime Prevention Foundation (MCPF) since the year 1997 and as Executive Committee of National Malaysia Crime Prevention Foundation. He is also a Committee Member of Malacca State's Inspectorate of National Service Training Council.

He is also the Independent Non-Executive Director of Bonia Corporation (M) Berhad since 1994, Komarkcorp Berhad since 1997 and Ta Win Holdings Berhad since 2000. In addition, he is also a director of Wellcall Holdings Berhad.

As at the date of this annual report, Y. Bhg. Datuk Ng does not have any interest in Farm's Best. He has attended all seven (7) board meetings held during the financial year ended 31 December 2005.

Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong dilantik ke Lembaga Farm's Best pada 10 Februari 1995. Beliau juga adalah ahli Jawatankuasa Audit Farm's Best.

Y. Bhg. Datuk Ng Peng Hay adalah Ahli Dewan Undangan Negeri bagi Kawasan Tengkeru Barisan Nasional di antara 1982 dan 1986. Beliau kemudian berkhidmat sebagai Senator dalam Parlimen Malaysia dari 1987 hingga 1993. Penglibatan pertama beliau dalam kegiatan sosial adalah selepas tamat pendidikan menengah. Beliau telah dilantik sebagai Penyelaras Pelaburan oleh Perbadanan Pembangunan Negeri Melaka untuk mengendalikan pelaburan langsung dalam Negeri Melaka sejak 1988. Bersama dengan pasukan pegawai beliau dan hubungan awam beliau yang baik, beliau telah membantu dalam menarik ramai pelabur-pelabur Taiwan, Singapura dan Cina ke dalam Negeri Melaka. Sebagai pengiktirafan usaha dan dedikasi beliau, beliau telah dianugerahkan Darjah Mulia Seri Melaka oleh Yang Dipertua, Gabenor Melaka pada 1992. Pada 17 Julai 1999, Kerajaan Taiwan menganugerahkan beliau Piala Ekonomi.

Y. Bhg. Datuk Ng Peng Hay juga adalah Pengerusi MCA, Cawangan Melaka Ketujuh sejak 1982. Beliau juga telah dilantik sebagai Naib Pengerusi Yayasan Pencegahan Jenayah Malaysia (MCPF) Negeri Melaka sejak tahun 1997 dan sebagai Jawatankuasa Eksekutif Yayasan Pencegahan Jenayah Kebangsaan Malaysia. Beliau juga merupakan Ahli Jawatankuasa Pemeriksa Majlis Latihan Khidmat Negara, Negeri Melaka.

Beliau merupakan Pengarah Bukan Eksekutif Bebas Bonia Corporation (M) Berhad sejak 1994, Komarkcorp Berhad sejak 1997 dan Ta Win Holdings Berhad sejak 2000. Selain daripada itu, beliau juga pengarah Wellcall Holdings Berhad.

Pada tarikh laporan tahunan ini, Y. Bhg. Datuk Ng tidak mempunyai apa-apa kepentingan dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.



## HAJI BAHAROM BIN ABD. WAHAB

*Independent Non-Executive Director  
71 years of age – Malaysian*

*Pengarah Bukan Eksekutif Bebas  
Berusia 71 tahun – Warganegara Malaysia*



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. During his attachment with the Ministry of Education, he had been assigned to assist in solving several crisis for a few schools. 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 by His Excellency, the Governor 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 all seven (7) board meetings held during the financial year ended 31 December 2005.

Haji Baharom Bin Abd. Wahab dilantik ke Lembaga Farm's Best pada 14 Jun 1999. Beliau juga adalah ahli-ahli Jawatankuasa Audit, Penamaan dan Imbuan Farm's Best.

Haji Baharom memulakan kerjaya mengajar beliau sejak 1955 dan telah berada dalam bidang perguruan lebih daripada 35 tahun. Beliau kemudiannya telah dinaikkan pangkat kepada jawatan guru besar pada 1976 dan memegang jawatan ini sehingga beliau memilih persaraan awal pada 1990. Beliau menghadiri kursus-kursus bagi "Pentadbiran dan Pengurusan moden bagi Guru-Guru Besar" di Universiti Sains Malaysia Pulau Pinang, pada 1976 dan "Pengurusan dan Kepimpinan Pendidikan" di Universiti Malaya, Kuala Lumpur pada 1982. Dalam tahun beliau berkhidmat dengan Kementerian Pendidikan, beliau telah ditugaskan untuk membantu dalam menyelesaikan beberapa krisis untuk beberapa sekolah. Haji Baharom telah secara aktif terlibat dengan kedua-dua kerja politik dan komuniti sejak awal lagi. Haji Baharom telah secara aktif terlibat dalam koperasi dan telah dilantik sebagai pengarah bagi Koperasi Guru-guru Melayu Melaka dari 1986 hingga 1991. Sebagai mengiktiraf sumbangan beliau kepada persatuan, Haji Baharom telah dianugerahkan P.J.K (Pingat Jasa Kebaktian) pada 1985 oleh Yang Dipertua, Gabenor Melaka. Sejak persaraan beliau pada 1990, Haji Baharom telah dilantik dan menganggotai Lembaga beberapa syarikat sendirian berhad.

Pada tarikh laporan tahunan ini, Haji Baharom memegang 4,500 saham dalam Farm's Best. Beliau telah menghadiri kesemua tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.



## MOHD KHASAN BIN AHMAD

*Independent Non-Executive Director  
45 years of age – Malaysian*

*Pengarah Bukan Eksekutif Bebas  
Berusia 45 tahun – Warganegara Malaysia*

Mohd Khasan Bin Ahmad was appointed to the Board of Farm's Best on 10 January 2002. He is also 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 MOL Accessportal Berhad as an Independent Non-Executive Director. In addition, he is also a director of Salwan Corporation Berhad and Wellcall Holdings Berhad.

As at the date of this annual report, Mohd Khasan does not have any interest in Farm's Best. He has attended six (6) of the seven (7) board meetings held during the financial year ended 31 December 2005.

Mohd Khasan Bin Ahmad dilantik ke Lembaga Farm's Best pada 10 Januari 2002. Beliau juga adalah Pengerusi Jawatankuasa Imbuan dan ahli-ahli Jawatankuasa Audit dan Penamaan Farm's Best.

Mohd Khasan mendapat sijil diploma dalam Perakaunan dan kemudian tamat pengajian dengan ijazah dalam Perakaunan dari Universiti Teknologi Mara. Beliau adalah ahli Institut Akauntan Malaysia ("MIA"). Beliau berkhidmat dengan Bank Negara Malaysia bagi tempoh selama 7 tahun, 2 tahun terakhir yang mana beliau telah berkhidmat dengan Jawatankuasa Terbitan Modal ("CIC") sebagai Penolong Setiausaha Utama. Kemudiannya, beliau menyertai Suruhanjaya Sekuriti bagi tempoh selama 6 tahun dan jawatan terakhir beliau adalah sebagai Penolong Pengurus dalam Bahagian Terbitan dan Pelaburan. Semasa memegang jawatan-jawatan di atas, beliau telah terlibat dalam beberapa langkah korporat dari tawaran awam awal, percantuman dan pengambilalihan, pengambilalihan terbalik, penerbitan bon dan lain-lain langkah mendapatkan modal. Beliau menyertai sektor swasta pada 1997 dan memegang beberapa jawatan pengurusan kanan. Mohd Khasan juga menganggotai Lembaga Ta Win Holdings Berhad, Crest Builder Holdings Berhad dan MOL Accessportal Berhad sebagai Pengarah Bukan Eksekutif Bebas. Tambahan ini, beliau juga adalah pengarah Salwan Corporation Berhad dan Wellcall Holdings Berhad.

Pada tarikh laporan tahunan ini, Mohd Khasan tidak mempunyai apa-apa kepentingan dalam Farm's Best. Beliau telah menghadiri enam (6) daripada tujuh (7) mesyuarat lembaga yang diadakan dalam tahun kewangan berakhir 31 Disember 2005.

## 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)

Except for Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai, none of the directors have any convictions for any offences other than traffic offences. On 11 December 2001, Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai were publicly reprimanded by the Securities Commission ("SC") under Section 32 of the Securities Commission Act 1993 for the non-completion of Farm's Best proposed rights issue. In addition, the SC had also taken the decision not to accept any form of proposals under Section 32 of the Securities Commission Act 1993 submitted by any companies in which Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai have substantial interest for a period of 3 years from the date of the above mentioned letter. Hence, this restriction has elapsed since 10 December 2004.

## MAKLUMAT TAMBAHAN

### (i) Percanggahan kepentingan

Tiada pengarah mempunyai apa-apa percanggahan kepentingan dengan Syarikat.

### (ii) Perhubungan keluarga dengan mana-mana Pengarah dan/atau Pemegang Saham Utama

Tiada pengarah mempunyai apa-apa perhubungan keluarga dengan mana-mana Pengarah dan/atau pemegang saham utama Syarikat kecuali bagi Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng dan Fong Choon Kai yang merupakan adik-beradik.

### (iii) Sabitan bagi kesalahan (dalam tempoh 10 tahun yang lepas, selain daripada kesalahan trafik)

Kecuali bagi Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng dan Fong Choon Kai, tidak ada seorang pun daripada para Pengarah mempunyai apa-apa sabitan bagi apa-apa kesalahan selain daripada kesalahan trafik. Pada 11 Disember 2001, Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng dan Fong Choon Kai telah menerima celaan awam daripada Suruhanjaya Sekuriti ("SC") di bawah Seksyen 32 Akta Suruhanjaya Sekuriti 1993 bagi ketakselesaian cadangan terbitan hak Farm's Best. Selain daripada itu, SC juga telah membuat keputusan untuk tidak menerima apa-apa jenis cadangan di bawah Seksyen 32 Akta Suruhanjaya Sekuriti 1993 dikemukakan oleh mana-mana Syarikat dalam mana Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng dan Fong Choon Kai mempunyai kepentingan utama bagi tempoh 3 tahun dari tarikh surat tersebut di atas. Oleh itu, larangan yang tersebut di atas telah pun luput sejak 10 Disember 2004.



On behalf of the Board of Directors of FARM'S BEST BERHAD's (formerly known as Sinmah Resources Berhad) group of Companies ("FARM'S BEST" or "the Group"), 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 2005.

Bagi pihak Lembaga Pengarah kumpulan Syarikat FARM'S BEST BERHAD (dahulunya dikenali sebagai Sinmah Resources Berhad) ("FARM'S BEST" atau "Kumpulan"), saya dengan sukacita membentangkan kepada anda Laporan Tahunan dan Penyata Kewangan Beraudit Syarikat dan Kumpulan bagi tahun kewangan berakhir 31 Disember 2005.

## chairman's statement

### *penyata penggerusi*

#### PERFORMANCE REVIEW

##### Introduction

For the financial year ended 31 December 2005, the Group had experienced one of its most remarkable years ever since its listing on Bursa Malaysia Securities Berhad in May 1995. The Group achieved a profit after taxation and minority interest of RM24.96 million for the financial year ended 31 December 2005 on the back of sales revenue of RM378.0 million. There was a growth of nearly 10.6% in the turnover of the Group when compared to the turnover of RM341.8 million reported in the previous financial period. It is also the first time since the Group's listing on Bursa Malaysia Securities Berhad that it had reported a double-digit profit after taxation and minority interest exceeding RM20.0 million. This impressive set of results translates to earnings per share of 49.3 sen for the financial year under review.

#### TINJAUAN PRESTASI

##### Pengenalan

Tahun kewangan berakhir 31 Disember 2005 adalah salah satu tahun paling cemerlang pernah dicatat oleh Kumpulan sejak ia disenaraikan di Bursa Malaysia Securities Berhad pada bulan Mei 1995. Bagi tahun kewangan berakhir 31 Disember 2005, Kumpulan telah mencapai keuntungan selepas cukai dan kepentingan minoriti sebanyak RM24.96 juta daripada jumlah hasil jualan sebanyak RM378.0 juta. Pertumbuhan hampir 10.6% telah dicatat dalam perolehan Kumpulan berbanding perolehan sebanyak RM341.8 juta yang dilaporkan pada tempoh kewangan sebelumnya. Ini juga merupakan kali pertama Kumpulan melaporkan keuntungan selepas cukai dan kepentingan minoriti dua digit dengan jumlah melebihi RM20.0 juta sejak ia disenaraikan di Bursa Malaysia Securities Berhad. Keputusan yang begitu memberangsangkan ini menghasilkan pendapatan sesaham sebanyak 49.3 sen bagi tahun kewangan yang ditinjau.

During the financial year under review, the Company had also changed its name to FARM'S BEST BERHAD to reflect our transformation from a farming company to an integrated food processor using poultry meat as a basal ingredient. The change of name to FARM'S BEST BERHAD will therefore better reflect the Company's activities and ownership and it also serves to enhance the Group's "FARM'S BEST" brand image.

### **Integrated Poultry Operations**

The Group entered into the financial year under review surrounded by very encouraging circumstances. Prices of imported raw feedstuffs such as corn and soya bean meal, which began to fall in the fourth quarter of 2004, continued to decrease in the first quarter of the financial year under review. This resulted in a lower cost of production of poultry feed which directly reduces the cost of production of broilers and eggs thereby producing increased profit margins. Furthermore, live broilers and eggs fetched good selling prices during the first quarter of the financial year under review.

During the second quarter of the financial year under review, prices of imported raw feedstuffs fell further and selling prices for live broilers and eggs gradually increased. This resulted in a higher contribution from the integrated poultry operations during the second quarter of the financial year under review.

Prices of imported raw feedstuffs and selling prices of eggs and broilers remained stable throughout the third and fourth quarters of the financial year. Hence, the integrated poultry operations also produced profits for the third and fourth quarter of the financial year under review. The financial year 2005 also marks the first time that the integrated poultry operations contributed positively during all four quarters of its financial reporting period.

### **Housing Development**

The contribution from the housing development division was lower during the current financial year, as it reported a turnover of only about RM13.9 million, a significant decrease if compared to the RM30.7 million achieved in the previous financial period.

The property development division under Sinmah Development Sdn Bhd ("S/Dev") had launched Taman Saujana Indah (Phase 1) in the previous financial years consisting of 564 units of residential houses. From the total units available, 392 units are single and double storey houses where 92% of the units launched have been sold with work fully completed; 172 units are low cost and medium cost townhouses of which 85% of units launched have been sold with work fully completed. 40 units of terrace houses are still in progress and expected to be completed in the coming financial year while 26 units of low cost townhouses and 20 units of terrace houses are expected to be launched in the coming financial year. This will have a gross development value ("GDV") of RM10.03 million.

Pada tahun kewangan yang ditinjau, Syarikat telah turut menukar namanya kepada FARM'S BEST BERHAD untuk mencerminkan transformasi kami daripada sebuah syarikat penternakan kepada sebuah syarikat memproses makanan bersepadu yang menggunakan daging penternakan sebagai bahan asas. Perubahan nama kepada FARM'S BEST BERHAD menggambarkan dengan lebih tepat aktiviti dan hakmilik Syarikat dan ia juga berperanan untuk mempertingkatkan imej jenama Kumpulan "FARM'S BEST".

### **Operasi Penternakan Bersepadu**

Kumpulan telah memasuki tahun kewangan yang ditinjau dengan dikelilingi oleh keadaan yang amat menggalakkan. Harga bahan makanan ternakan mentah yang diimport seperti jagung dan makanan kacang soya yang telah mula jatuh pada suku keempat tahun 2004, terus menurun pada suku pertama tahun kewangan yang ditinjau. Ini menghasilkan kos pengeluaran bahan makanan ternakan mentah yang lebih rendah dan secara langsung telah mengurangkan kos pengeluaran makanan ternakan dan telur; justeru, menghasilkan margin keuntungan yang lebih tinggi. Tambahan pula ayam daging hidup dan telur memperoleh harga jualan yang baik pada suku pertama tahun kewangan yang ditinjau.

Pada suku kedua tahun kewangan yang ditinjau, harga bahan makanan ternakan mentah yang diimport terus jatuh dan harga jualan ayam daging hidup dan telur beransur-ansur naik. Ini menghasilkan sumbangan yang lebih tinggi daripada operasi penternakan bersepadu pada suku kedua tahun kewangan yang ditinjau.

Harga bahan makanan ternakan mentah yang diimport dan harga jualan telur dan penternakan kekal stabil pada sepanjang suku ketiga dan keempat tahun kewangan. Oleh itu, operasi penternakan bersepadu turut menghasilkan keuntungan untuk suku ketiga dan keempat tahun kewangan yang ditinjau. Tahun kewangan 2005 juga menandakan kejayaan operasi penternakan bersepadu menyumbang secara positif untuk kali pertama sepanjang keempat-empat suku tahun pada tempoh kewangannya yang ditinjau.

### **Pembangunan Perumahan**

Sumbangan daripada bahagian pembangunan perumahan adalah lebih rendah pada tahun kewangan semasa dengan perolehan yang dilaporkan hanya berjumlah kira-kira RM13.9 juta, menurun dengan ketara berbanding RM30.7 juta yang dicapai pada tempoh kewangan sebelumnya.



S/Dev's subsidiary, Cosmal Enterprise Sdn Bhd ("Cosmal"), launched the adjacent Taman Saujana Indah (Phase II) in the previous financial years consisting of 350 units of residential houses. From the total units available, 56 units are semi-detached houses where 98% of the units have been sold with work fully completed; 117 units of single storey terrace houses where 92% of the units have been sold with work fully completed. 71 units are double storey terrace houses where 77% of the units have been sold with an average of 63% work completed. Cosmal, as part of their social obligation has also allocated 106 units of low cost houses in their project where 92% of the units have been sold, of which 78% have been sold with work fully completed.

### **Consolidation and Management of Rubber Smallholdings**

Meanwhile, the Group's management of rubber smallholdings continued to churn out profits in the current financial year under review. This was mainly due to increases in the prices of rubber, acreage and yield. Rubber prices were high throughout the entire financial year under review.

Total acreage tapped during the financial year under review increased compared to that during the previous financial year as the division expanded its tapping acreage into the state of Kedah.

### **CORPORATE EXERCISE**

In the fourth quarter of the financial year under review, the Group implemented a private placement exercise ("the exercise") of up to 5,053,263 new ordinary shares of RM1.00 in FARM'S BEST ("Placement Shares") representing approximately 10% of the existing issued and paid-up share capital of the Company as at 7 October 2005 of RM50,530,263 comprising 50,530,263 ordinary shares of RM1.00 each.

The Group obtained approval from the relevant authorities in November 2005. The shareholders of the Group had subsequently on 9 December 2005 approved the exercise and on the same day, the Board of Directors fixed the issue price of the Placement Shares at RM1.11 per share for Bumiputera investors and RM1.35 per share for Non-Bumiputera investors respectively, which represented discounts of approximately 30% and 15% respectively over the five (5)-day weighted average market price of Farm's Best shares up to and including 8 December 2005 of RM1.58 per share.

Bahagian pembangunan hartanah di bawah Sinmah Development Sdn Bhd ("S/Dev") telah melancarkan Taman Saujana Indah (Fasa 1) pada tahun kewangan lepas yang meliputi 564 unit rumah kediaman. Daripada keseluruhan jumlah unit yang tersedia, 392 unit adalah rumah satu dan dua tingkat di mana 92% daripada unit-unit yang dilancarkan telah dijual dengan kerja pembinaan disiapkan sepenuhnya; 172 unit adalah rumah bandar kos rendah dan sederhana di mana 85% daripada unit-unit yang dilancarkan telah dijual dengan kerja pembinaan disiapkan sepenuhnya. 40 unit rumah teres masih dalam pembinaan dan dijangka akan disiapkan pada tahun kewangan akan datang di mana 26 unit rumah bandar kos rendah dan 20 unit rumah teres dijangka akan dilancarkan pada tahun kewangan akan datang. Ini akan merangkumi nilai pembangunan kasar ("GDV") sebanyak RM10.03 juta.

Cosmal Enterprise Sdn Bhd ("Cosmal"), syarikat subsidiari S/Dev, telah melancarkan pembangunan di tapak bersebelahan bernama Taman Saujana Indah (Fasa II) pada tahun kewangan lepas yang meliputi 350 unit rumah kediaman. Daripada keseluruhan unit disediakan, 56 unit adalah rumah berkembar di mana 98% daripadanya telah dijual dengan kerja pembinaan siap sepenuhnya; 117 unit rumah teres setingkat dengan 92% daripada jumlah tersebut telah dijual dengan kerja pembinaan siap sepenuhnya. 71 unit adalah rumah teres dua tingkat di mana 77% daripada unit-unit tersebut telah dijual dengan 63% kerja pembinaan disiapkan. Sebagai sebahagian daripada tanggungjawab sosialnya, Cosmal juga telah memperuntukkan 106 unit rumah kos rendah dalam projek mereka di mana 92% daripada unit-unit tersebut telah dijual di mana kerja pembinaan bagi 78% daripada unit yang dijual telah siap sepenuhnya.

### **Penyatuan dan Pengurusan Pegangan Kecil Getah**

Pada masa yang sama, pengurusan Kumpulan bagi pegangan kecil getah terus menghasilkan keuntungan pada tahun kewangan semasa yang ditinjau. Ini sebahagian besarnya datang daripada kenaikan harga getah, jumlah keluasan dan hasil. Harga getah berada di paras yang tinggi sepanjang keseluruhan tahun kewangan yang ditinjau.

Jumlah keluasan kawasan torehan pada tahun kewangan yang ditinjau telah meningkat berbanding tahun kewangan sebelumnya hasil daripada pengluasan kawasan torehan ke negeri Kedah.

### **PELAKSANAAN KORPORAT**

Pada suku keempat tahun kewangan yang ditinjau, Kumpulan telah menjalankan satu pelaksanaan penempatan swasta ("pelaksanaan") bagi 5,053,263 saham biasa baru berharga RM1.00 dalam FARM'S BEST ("Saham Penempatan"), mewakili kira-kira 10% daripada modal saham diterbitkan dan berbayar Syarikat pada 7 Oktober 2005 berjumlah RM50,530,263 yang terdiri daripada 50,530,263 saham biasa bernilai RM1.00 sesaham.

Kumpulan telah memperolehi kelulusan daripada pihak-pihak berkuasa berkaitan pada bulan November 2005. Kemudian, pada 9 Disember 2005, para pemegang saham Kumpulan telah meluluskan pelaksanaan tersebut dan pada hari yang sama, Lembaga Pengarah telah menetapkan harga terbitan bagi Saham Penempatan tersebut pada RM1.11 sesaham bagi para pelabur Bumiputera dan RM1.35 sesaham bagi pelabur Bukan Bumiputera, yang masing-masing mewakili diskaun sebanyak lebih kurang 30% dan 15% sepanjang 5 (lima) hari purata wajaran harga saham Farm's Best sehingga dan termasuk 8 Disember 2005 sebanyak RM1.58 sesaham.





The first tranche of the Placement Shares of 2,500,000 shares was issued on 22 December 2005 at the fixed price of RM1.35 per share and was listed on Bursa Malaysia Securities Berhad on 29 December 2005.

The second tranche of the Placement Shares of 2,500,000 was issued to a Bumiputera placee on 3 January 2006 at the fixed price of RM1.11 per share and was listed on Bursa Malaysia Securities Berhad on 9 January 2006. The Board of FARM'S BEST did not place out the remaining 53,026 shares pursuant to the Placement Shares and the exercise was deemed to have been completed on 9 January 2006.

The total funds raised from the exercise amounted to RM6,150,000, of which RM3,375,000 was received during the financial year and RM2,775,000 was received subsequent to the end of the financial year. As at the date of writing this, all the proceeds from the exercise have been fully utilized to defray the expenses for the exercise with the balance for working capital purposes.

In addition to the above, the Group is continuously taking steps to reduce its gearing position. As such, the Group is currently undertaking the following corporate exercise to raise funds which will be partially utilised to reduce bank borrowings:

- i) Proposed share split involving the subdivision into two (2) new ordinary shares of RM0.50 each for every one (1) existing ordinary share of RM1.00 each in the Company;
- ii) Proposed renounceable rights issue of up to a maximum of 70,329,523 new ordinary shares of RM0.50 each in the Company ("Rights Shares") (Assuming that all of the existing outstanding warrants are exercised on or before the Entitlement Date) on the basis of one (1) rights share for every two (2) existing ordinary shares of RM0.50 each held in the Company on a date to be determined, at an indicative issue price of RM0.55 per rights share.
- iii) Proposed bonus issue of up to 70,329,523 new ordinary shares of RM0.50 each in the Company ("Bonus Shares") (Assuming that all of the existing outstanding warrants are exercised on or before the Entitlement Date) on the basis of one (1) bonus share for every one (1) rights share subscribed pursuant to the proposed rights issue; and

Kelompok pertama Saham Penempatan sebanyak 2,500,000 saham telah diterbitkan pada 22 Disember 2005 pada harga yang ditetapkan iaitu, RM1.35 sesaham dan disenaraikan di Bursa Malaysia Securities Berhad pada 29 Disember 2005.

Kelompok kedua Saham Penempatan sebanyak 2,500,000 telah diterbitkan kepada seorang pelabur Bumiputera pada 3 Januari 2006 pada harga yang ditetapkan iaitu, RM1.11 sesaham dan disenaraikan di Bursa Malaysia Securities Berhad pada 9 Januari 2006. Lembaga FARM'S BEST tidak menempatkan baki 53,026 saham menurut Saham Penempatan dan pelaksanaan tersebut dianggap telah diselesaikan pada 9 Januari 2006.

Jumlah dana yang dikutip daripada pelaksanaan tersebut adalah sebanyak RM6,150,000 di mana RM3,375,000 daripadanya telah diterima pada tahun kewangan ini dan RM2,775,000 telah diterima selepas akhir tahun kewangan. Sehingga tarikh penulisan ini, kesemua kutipan daripada pelaksanaan tersebut telah pun digunakan sepenuhnya untuk melangsaikan perbelanjaan bagi pelaksanaan tersebut dengan baki untuk kegunaan modal kerja.

Selain daripada yang di atas, Kumpulan sentiasa mengambil langkah untuk mengurangkan kedudukan penggegarannya. Justeru, Kumpulan pada masa ini sedang menjalankan pelaksanaan korporat berikut untuk mengumpul dana yang sebahagiannya akan digunakan bagi mengurangkan pinjaman bank:

- i) Cadangan pemecahan saham melibatkan pembahagian saham biasa baru berharga RM0.50 sesaham kepada dua (2) bagi setiap satu (1) saham biasa sedia ada yang bernilai RM1.00 sesaham dalam Syarikat;
- ii) Cadangan penerbitan hak tidak boleh ditarik balik sehingga jumlah maksimum sebanyak 70,329,523 saham baru bernilai RM0.50 sesaham dalam Syarikat ("Saham Hak") (Dengan mengangap bahawa semua waran tertunda pada masa ini dilaksanakan pada atau sebelum Tarikh Kelayakan) pada asas satu (1) saham hak untuk setiap dua (2) saham biasa sedia ada bernilai RM0.50 sesaham yang dipegang dalam Syarikat pada satu tarikh yang akan ditentukan, pada harga terbitan yang diberi sebanyak RM0.55 sesaham kelayakan.
- iii) Cadangan terbitan bonus sehingga 70,329,532 saham biasa baru berharga RM0.50 sesaham dalam Syarikat ("Saham Bonus") (Dengan mengangap kesemua waran tertunda dilaksana pada atau sebelum Tarikh Kelayakan) pada asas satu (1) saham bonus untuk setiap satu (1) saham hak yang dilanggan menurut cadangan terbitan hak; dan

- iv) Proposed employees' option scheme of up to 16.0 million new ordinary shares of RM0.50 each in the Company to the eligible employees, executive directors and non-executive directors of the Company and its subsidiaries.

At the time of this writing, the above exercises are pending approval from the relevant authorities. Whilst waiting for approvals from the relevant authorities, an Extraordinary General Meeting ("EGM") is to be held on 22 May 2006 to obtain approval of shareholders for the above proposed corporate exercise.

On assumptions that all the 14,799,260 outstanding warrants are exercised, the Group is expected to raise RM38.7 million. Should all the outstanding warrants not be exercised, the Group is expected to raise RM30.5 million. Out of the total funds expected to be raised from the above proposed corporate exercise, RM11.4 million and RM10.0 million has been ear-marked for repayment of bank borrowings of the Group, as well as, to finance the construction of a new factory and acquisition of equipment for a fully-cooked food plant respectively. Besides, the total RM21.4 million mentioned earlier, another RM1.0 million raised from the proposed corporate exercise will be used to defray expenses incurred on the proposed corporate exercise and the balance of funds raised shall be utilised for working capital purposes.

## GOING FORWARD

The poultry industry was rocked by declarations of bird flu outbreaks on 20 February 2006, 15 March 2006 and 20 March 2006 in certain areas in the states of Selangor, Perak and Penang respectively. However, the affected areas named has been declared bird flu free (AI-free) again and the Group is confident that the demand for its products will remain vibrant. The prices of imported raw feedstuffs have remained stable and consumption confidence towards poultry products is recovering. With this, the coming financial year is expected to be another good year for the Group's poultry operations as the Group believes that the demand for poultry products will increase.

Meanwhile, for the property division, the Group expects this division to continue contributing into the next financial year. This division has increased its land bank for future development through the acquisition of a piece of vacant leasehold land held under No. H.S.

- iv) Cadangan skim opsyen pekerja bagi 16.0 juta saham biasa baru berharga RM0.50 sesaham dalam Syarikat kepada kakitangan, para pengarah eksekutif dan pengarah bukan eksekutif Syarikat dan syarikat-syarikat subsidiarinya yang layak.

Pada waktu penulisan ini, pelaksanaan-pelaksanaan di atas sedang menunggu kelulusan daripada pihak-pihak berkuasa berkaitan. Sementara menunggu kelulusan daripada pihak-pihak berkuasa berkaitan, satu Mesyuarat Agung Luar Biasa ("EGM") akan diadakan pada 22 Mei 2006 untuk mendapatkan kelulusan pemegang saham bagi cadangan pelaksanaan korporat di atas.

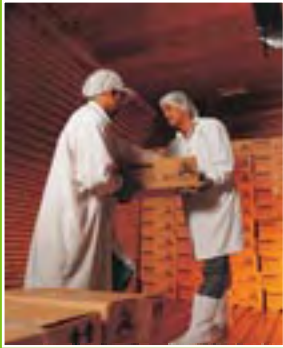
Dengan menganggap bahawa kesemua 14,799,260 waran tertunda tersebut telah dilaksanakan, Kumpulan dijangka akan mengutip RM38.7 juta. Jika semua waran tertunda tersebut tidak dilaksanakan, Kumpulan dijangka akan mengutip RM30.5 juta. Daripada jumlah keseluruhan dana yang akan dikumpul daripada cadangan pelaksanaan korporat diatas, RM11.4 juta dan RM10.0 juta, masing-masing telah diperuntukkan untuk pembayaran semula pinjaman bank Kumpulan, serta untuk membiayai pembinaan sebuah kilang baru dan membeli peralatan untuk loji makanan dimasak sepenuhnya. Selain daripada RM21.4 juta yang disebut di atas, sebanyak RM1.0 juta lagi daripada jumlah yang dikumpul daripada cadangan pelaksanaan korporat akan digunakan untuk melangsaikan perbelanjaan yang digunakan untuk cadangan pelaksanaan korporat dan baki dana yang dikumpul akan digunakan untuk kegunaan modal kerja.

## MELANGKAH KE HADAPAN

Industri perternakan telah dikejutkan oleh pengisytiharan wabak selesema burung pada 20 Februari 2006, 15 Mac 2006 dan 20 Mac 2006 di kawasan-kawasan tertentu, masing-masing di negeri Selangor, Perak dan Pulau Pinang. Walau bagaimanapun, kawasan yang terjejas tersebut telah diisytiharkan bebas daripada selesema burung (Bebas AI) dan Kumpulan yakin bahawa permintaan bagi produk-produknya akan kekal menggalakkan. Harga bagi bahan makanan ternakan yang diimport telah kekal stabil dan keyakinan penggunaan produk-produk perternakan semakin pulih. Oleh itu, tahun kewangan yang akan datang dijangka akan menjadi satu lagi tahun yang baik bagi operasi perternakan Kumpulan kerana Kumpulan percaya bahawa permintaan bagi produk perternakan akan meningkat.







(D) No. 43175, No. P.T. 2113, Mukim Krubong, Daerah Melaka Tengah, Negeri Melaka measuring approximately 24.282 hectares. The property division expects to fully develop these 24.282 hectares of land by 2010 and the GDV from this project is estimated to be about RM150 million. The first phase of our Krubong project is expected to be launched in the fourth quarter of the coming financial year.

In respect to the joint venture (“JV”) business of rubber smallholdings’ management, the Group expects the high prices of rubber to continue into the year 2006 and consequently this business segment is expected to contribute positively to the Group’s bottom line in the coming financial year. This division has identified several new areas in the Northern part of Peninsular Malaysia and the management of this division is currently negotiating and hopes to commence tapping operations in these areas as the Group enters into the third quarter of the coming financial year.

Overall, the next financial year promises to be a good year for the Group which will continue to focus its attention on developing new markets, both domestic and foreign, to grow its food-based activities.

## ACKNOWLEDGEMENT

On behalf of the Board, I wish to take this opportunity to thank our employees, management and staff, customers, suppliers, bankers and shareholders for their continued support. Our deepest appreciation also goes to the State Government of Melaka, Department of Veterinary Services, the Agriculture Ministry, MITI, MIDA, Immigration Department and other ministries and agencies for their guidance and assistance.

Bagi bahagian hartanah pula, Kumpulan menjangka ia akan terus menyumbang pada tahun kewangan yang akan datang. Bahagian ini telah meningkatkan simpanan tanahnya untuk pembangunan masa depan melalui pembelian sebidang tanah kosong pegangan pajakan di bawah No. H.S. (D) No. 43175, No. P.T. 2113, Mukim Krubong, Daerah Melaka Tengah, Melaka seluas kira-kira 24.282 hektar. Bahagian hartanah dijangka akan membangunkan kawasan tersebut menjelang tahun 2010 dan GDV daripada projek ini dianggarkan sebanyak RM150 juta. Fasa pertama projek Krubong dijangka akan dilancarkan pada suku keempat tahun kewangan akan datang.

Bagi perniagaan usahasama (“JV”) pengurusan pegangan kecil getah, Kumpulan menjangka harga getah yang tinggi akan berterusan pada tahun 2006 dan segmen perniagaan ini dijangka akan menyumbang secara positif kepada asas Kumpulan pada tahun kewangan akan datang. Bahagian ini telah mengenalpasti beberapa kawasan baru di bahagian Utara Semenanjung Malaysia dan pada masa ini, pengurusan bahagian tersebut sedang berbincang dan berharap akan dapat memulakan operasi memungut hasil di kawasan-kawasan tersebut apabila Kumpulan memasuki suku ketiga tahun kewangan akan datang.

Secara keseluruhan, tahun kewangan akan datang menjanjikan tahun menggalakkan bagi Kumpulan yang akan terus menumpukan perhatiannya untuk membangunkan pasaran baru, baik domestik mahupun asing, untuk mengembangkan aktiviti berasaskan makanannya.

## PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengambil peluang ini untuk mengucapkan ribuan terima kasih kepada para pekerja, pengurusan dan kakitangan, pelanggan, pembekal, pihak-pihak bank dan pemegang saham atas sokongan berterusan mereka. Penghargaan tulus ikhlas juga ingin kami ucapkan kepada Kerajaan Negeri Melaka, Jabatan Perkhidmatan Veterinari, Kementerian Pertanian, MITI, MIDA, Jabatan Imigresen dan kementerian serta agensi lain atas panduan dan bantuan mereka.

Thank you/Terima kasih

**DATUK WIRA HAJI ABDUL RAZAK BIN ALIAS**  
Chairman/Pengerusi

## Burger & Specialty Snacks



# FARM'S BEST IS A AND WE HAVE A LONG

FARM'S BEST diiktiraf sebagai SUPERBRAND berdasarkan pelbagai kriteria

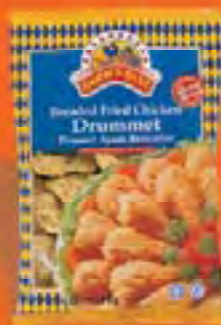
We have only one level of Quality: the **BEST**. Every **Farm's Best** product is testimony to that. After all, we love living up to our name.

Kami mempunyai hanya satu tahap Kualiti: **TERBAIK**. Setiap produk **Farm's Best** menjadi bukti keunggulan tersebut. Tambahan pula, kami sentiasa ingin memberi gambaran sebenar kepada nama kami.



## Frankfurters & Cocktails

## Breaded Bone-in Products



## Specialty Frankfurters



# SUPERBRAND. LIST OF REASONS WHY.

## Breadcrumbs Products



## BBQ Quick Serve Products



## Marinated Bone-in Chicken



## Meatballs



# corporate governance statement

The Board of Directors is committed to ensure the highest standard of corporate governance is practised throughout Farm's Best Berhad (formerly known as Sinmah Resources Berhad) ("Farm's Best") and its 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 on the manner of 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, 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 many communities 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. Encik Mohd Khasan bin Ahmad acts as the Senior Independent Non-Executive Director of the Board to whom any concerns 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 required. It meets two (2) months after the end of every quarter of the financial year, whereat, the Group's financial statements are deliberated and considered.

During the financial year ended 31 December 2005, the Board met a total of seven (7) times. Details of the attendance are as follows:

No. Directors	Description	No. of Board Meetings Attended
1 Y. Bhg. Datuk Wira Haji Abdul Razak bin Alias	Chairman, Independent Non-Executive Director	6 out of 7
2 Fong Kok Yong	Managing Director	7 out of 7
3 Fong Kiah Yeow	Executive Director	7 out of 7
4 Fong Ngan Teng	Executive Director	7 out of 7
5 Fong Choon Kai	Executive Director	7 out of 7
6 Ng Cheu Kuan	Executive Director	6 out of 7
7 Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	Executive Director	7 out of 7
8 Tuan Haji Baharom bin Abd. Wahab	Independent Non-Executive Director	7 out of 7
9 Mohd Khasan bin Ahmad	Independent Non-Executive Director	6 out of 7

### 1.3 Supply of Information

All Directors are provided with an agenda and a set of Board papers seven (7) days prior to Board meetings to enable the Directors to obtain further information or explanations, where necessary, in order to be properly briefed before the meeting. The Minutes of the previous Board meetings are also circulated to the Directors and confirmed at each meeting. Minutes of the Board meetings are maintained by the Company Secretary.

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 and annual budgets, 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.

Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense and all Directors have access to the advice and services of the Company Secretary in carrying out 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. 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.

## 2. BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the execution of its 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 auditor. The Committee has full access to the auditors, who in turn, have access at all times to the Chairman of the Committee.

The Audit Committee terms of reference together with the Audit Committee Report are disclosed on pages 42 to 44 of the Annual Report. The activities of the Audit Committee during the year ended 31 December 2005 are also set out under the Audit Committee Report.

### 2.2 Remuneration Committee

The Remuneration Committee for the financial year ended 31 December 2005 comprises the following members:

No.	Directors	Description
1	Mohd Khasan Bin Ahmad	Chairman, Independent Non-Executive Director
2	Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	Independent Non-Executive Director
3	Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director
4	Fong Kok Yong	Executive Director
5	Fong Kiah Yeow	Executive Director

The Committee is responsible for developing a remuneration policy and determining remuneration packages for Executive Directors of Farm's Best. The Committee makes recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors.

The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

### 2.3 Nomination Committee

For the financial year ended 31 December 2005 the Committee comprises the following members:

No.	Directors	Description
1	Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	Chairman, Independent Non-Executive Director
2	Tuan Haji Baharom Bin Abd. Wahab	Independent Non-Executive Director
3	Mohd Khasan Bin Ahmad	Independent Non-Executive Director

The Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Committee is also entrusted with the task of assessing the performance of the existing Directors on an ongoing basis. The Nomination Committee also considers the balance of the board membership and determines the core competencies and skills required of the Board.

#### 2.4 Employees' Share Option Scheme ("ESOS") Committee

There was an ESOS Committee set up to administer any of the Company's Employees' Share Option Scheme ("the Scheme"). The ESOS Committee comprises of the senior management staff. As at the date of this report, none of the Directors of the Company sits in the ESOS Committee.

The ESOS Committee has the power to administer the Scheme and to issue options in respect of the ESOS at any time upon such terms and conditions in accordance with the provisions of the By-Laws as approved by the relevant authorities and for such purposes as the ESOS Committee may deem fit.

### 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 fourth quarter of the financial year ended 31 December 2005, the Company invited an international poultry industry expert who is a global poultry industry analyst, to give a half-day talk on the development of the global poultry business both in Malaysia and in the international poultry market, to the Board of Directors of the Company as well as Senior Management of the Group. The speaker also touched briefly on the effects of bird flu disease towards the poultry market in Malaysia and other countries in South East Asia.

Besides the above, all the Directors have also attended and successfully completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analyst Malaysia ("RIIAM").

### 4. DIRECTORS' REMUNERATION

The details of the total remuneration of the Directors during the financial year are as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Total remuneration			
Fees	–	84	84
Salaries & other emoluments	2,061	–	2,061
Pension costs – defined contribution plan	247	–	247
	2,308	84	2,392

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
RM450,001 to RM500,000	4	–	4

## 5. SHAREHOLDERS' COMMUNICATIONS 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 mean 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.

## 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 fair assessment of the Group's financial position. The Audit Committee assists the Board in scrutinizing 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 exist within 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 38 to 39 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 42 to 44 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 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 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 15.27(a) of the Listing Requirements to issue a statement explaining their responsibility 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 profit and loss of the Company and of the Group for the financial year. 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
- Stated whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclosed with reasonable accuracy at any time the financial position of the Company and of the Group and to 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. OTHER INFORMATION

### 9.1 Corporate Exercise

On 17 October 2005, the Company made an announcement to Bursa Malaysia Securities Berhad ("Bursa"), stating its intention to implement a private placement exercise ("exercise") of up to 5,053,263 new ordinary shares of RM1.00. in Farm's Best ("Placement Shares") representing approximately 10% of the existing issued and paid-up share capital of the Company as at 7 October 2005 of RM50,530,263 comprising 50,530,263 ordinary shares of RM1.00 each. The exercise was approved by Bursa, Securities Commission ("SC") and Ministry of International Trade and Industry ("MITI") in November 2005.

The shareholders of the Company had subsequently on 9 December 2005 approved the exercise and on the same day, the Board of Directors fixed the issue price of the Placement Shares at RM1.11 per share for Bumiputera investors and RM1.35 per share for Non-Bumiputera investors respectively. The issue prices of RM1.11 and RM1.35 per Placement Shares represent discounts of approximately 30% and 15% respectively over the five (5)-day weighted average market price of Farm's Best shares up to and including 8 December 2005 of RM1.58 per share.

The first tranche of the Placement Shares of 2,500,000 shares was issued on 22 December 2005 at the fixed price of RM1.35 per share and granted listing on the Second Board of Bursa Malaysia Securities Berhad on 29 December 2005.

The second tranche of the Placement Shares of 2,500,000 was issued to a Bumiputera placee on 3 January 2006 at the fixed price of RM1.11 per share and granted listing on the Second Board of Bursa Malaysia Securities Berhad on 9 January 2006. The Board of Farm's Best did not place out the remaining 53,026 shares pursuant to the Placement Shares and the private placement exercise was deemed to be completed on 9 January 2006.



The total proceeds from the private placement exercise amounted to RM6,150,000, of which RM3,375,000 was received during the financial year and RM2,775,000 was received subsequent to the end of the financial year. As at the date of this Annual Report, all the proceeds from the private placement exercise have been fully utilized to defray the expenses for the exercise with the balance for working capital purposes.

## **9.2 Share Buy-Back**

During the financial year, there were no share buy-backs made by the Company.

## **9.3 Options, Warrants or Convertible Securities**

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

## **9.4 American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme**

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

## **9.5 Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority for the financial year ended 31 December 2005.

## **9.6 Non-Audit Fee**

There was a total amount of non-audit fees of RM19,000 for internal audit function which was paid or payable to the external auditors and their affiliate companies for the financial year ended 31 December 2005.

## **9.7 Variation in Results**

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 14 February 2006 announcement of unaudited results for the financial year ended 31 December 2005 and the audited financial statements of the Group for the financial year ended 31 December 2005.

## **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 its subsidiaries involving Directors' and major shareholders' interest which were still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial period.

## **9.10 Revaluation Policy on Landed Properties**

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

# penyata tadbir urus korporat

Lembaga Pengarah komited untuk memastikan agar standard tertinggi urus tadbir korporat diamalkan pada seluruh peringkat di Farm's Best Berhad (dahulunya sebagai Sinmah Resources Berhad) ("Farm's Best") dan Kumpulan anak-anak syarikatnya sebagai sebahagian penting dalam melaksanakan tanggungjawabnya untuk mengawal dan mengukuhkan nilai pemegang saham dan prestasi kewangan Kumpulan.

Lembaga Pengarah dengan sukacitanya melaporkan kepada pemegang-pemegang saham mengenai cara Kumpulan mengamalkan prinsip-prinsip, dan tahap pematuhan amalan dan urus tadbir terbaik sebagaimana dikemukakan dalam Bahagian 1 dan Bahagian 2 Kod Malaysia mengenai Urus Tadbir Korporat ("Kod").

## 1. LEMBAGA PENGARAH

### 1.1 Lembaga

Farm's Best diketuai dan diuruskan oleh Lembaga yang berpengalaman terdiri daripada ahli dengan pelbagai pengalaman dalam bidang yang relevan seperti penternakan, pentadbiran perniagaan, perancangan, pembangunan dan pemasaran. Lembaga terdiri daripada sembilan (9) orang ahli.

Tiga (3) daripada sembilan (9) orang ahli Lembaga adalah Pengarah bukan eksekutif bebas. Dengan yang demikian, satu pertiga (1/3) daripada Lembaga terdiri

### 1.2 Mesyuarat Lembaga

Lembaga bermesyuarat sekurang-kurangnya empat (4) kali setahun dan mesyuarat tambahan diadakan pada dan apabila diperlukan. Ianya bermesyuarat dua (2) bulan selepas akhir setiap suku tahunan kewangan, dimana, keputusan kewangan suku tahunan Kumpulan Farm's Best akan dibincang dan dipertimbangkan.

Dalam tahun kewangan berakhir 31 Disember 2005, Lembaga bermesyuarat sebanyak tujuh (7) kali. Butir-butir kehadiran adalah seperti berikut:

No. Pengarah	Jawatan	Bil. Mesyuarat Lembaga yang Dihadiri
1 Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	Pengerusi, Pengarah Bukan Eksekutif Bebas	6 daripada 7
2 Fong Kok Yong	Pengarah Urusan	7 daripada 7
3 Fong Kiah Yeow	Pengarah Eksekutif	7 daripada 7
4 Fong Ngan Teng	Pengarah Eksekutif	7 daripada 7
5 Fong Choon Kai	Pengarah Eksekutif	7 daripada 7
6 Ng Cheu Kuan	Pengarah Eksekutif	6 daripada 7
7 Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	Pengarah Eksekutif	7 daripada 7
8 Tuan Haji Baharom Bin Abd. Wahab	Pengarah Bukan Eksekutif Bebas	7 daripada 7
9 Mohd Khasan Bin Ahmad	Pengarah Bukan Eksekutif Bebas	6 daripada 7

daripada Pengarah bukan eksekutif bebas. Kehadiran Pengarah-pengarah bukan eksekutif bebas memenuhi peranan penting dalam kebertanggungjawapan korporat. Sungguhpun semua Pengarah mempunyai tanggungjawab yang sama terhadap Kumpulan, peranan Pengarah-pengarah bukan eksekutif bebas ini secara khususnya penting memandangkan mereka menyediakan pandangan nasihat dan pemikiran yang tidak berat sebelah dan bebas, untuk mengambil kira bukan sahaja kepentingan Kumpulan, tetapi juga kepentingan pemegang saham, kakitangan, pelanggan dan banyak komuniti dalam mana Kumpulan menjalankan perniagaannya. Syarikat mengiktiraf sumbangan Pengarah bukan eksekutif sama seperti ahli Lembaga ke arah pembangunan strategi Syarikat, menjaga kepentingan pemegang-pemegang saham awam dan menyediakan pandangan yang seimbang dan bebas kepada Lembaga. Kesemua Pengarah bukan eksekutif adalah bebas daripada pengurusan dan tidak terikat dengan apa-apa perhubungan yang boleh mengganggu pembuatan keputusan bebas mereka.

Pengarah Bukan Eksekutif menyumbang secara ketara dalam bidang-bidang seperti polisi dan strategi, pengawasan prestasi, peruntukan sumber, serta juga mempertingkatkan urus tadbir dan kawalan. Encik Mohd Khasan Bin Ahmad bertindak sebagai Pengarah Bebas Bukan Eksekutif Kanan Lembaga kepada siapa dimana apa-apa kebimbangan boleh dikemukakan.

### 1.3 Bekalan Maklumat

Semua Pengarah disediakan dengan agenda dan satu set kertas Lembaga tujuh (7) hari sebelum mesyuarat Lembaga bagi membolehkan para Pengarah mendapat maklumat atau penerangan lanjut, apabila diperlukan, untuk diberi penerangan ringkas sewajarnya sebelum mesyuarat. Minit-minit mesyuarat Lembaga yang sebelumnya juga diedarkan kepada Pengarah dan disahkan pada setiap mesyuarat. Minit-minit mesyuarat Lembaga disimpan oleh Setiausaha Syarikat.

Terdapatnya jadual mengenai perkara-perkara yang secara khususnya dirizab untuk keputusan Lembaga, termasuk keputusan kewangan Kumpulan Farm's Best, rancangan perniagaan, arah tuju Kumpulan, pelaburan baru dan cadangan perniagaan, pengurusan atau prestasi perniagaan anak-anak syarikat, rancangan korporat dan belanjawan tahunan, pengambilalihan dan pelupusan usahaniaga dan hartanah yang mempunyai nilai yang besar, pelaburan utama dan keputusan kewangan, perubahan kepada pengurusan dan struktur kawalan dalam Kumpulan, termasuk polisi dan prosedur penting dan had kuasa budi bicara.

Pengarah mendapat nasihat profesional bebas dalam melanjutkan tugas-tugas mereka, atas perbelanjaan Syarikat dan semua Pengarah mempunyai akses kepada nasihat dan khidmat Setiausaha Syarikat dalam membantu menjalankan tugas-tugas mereka.

### 1.4 Pelantikan Semula Para Pengarah

Selaras dengan Tataurus Pertubuhan Syarikat, satu pertiga (1/3) atau hampir dengan satu pertiga (1/3) daripada para Pengarah yang pada masa ini akan bersara daripada jawatannya dan menjadi layak untuk pelantikan semula, dengan syarat tetap bahawa semua para Pengarah hendaklah bersara daripada jawatan mereka sekurang-kurangnya sekali dalam setiap tiga (3) tahun. Manamana orang yang dilantik oleh Lembaga samaada untuk mengisi kekosongan biasa atau sebagai tambahan kepada para Pengarah sedia ada, akan memegang jawatan hanya sehingga mesyuarat agung tahunan yang akan datang dan akan selepas itu layak untuk Pelantikan Semula.

## 2. JAWATANKUASA LEMBAGA

Jawatankuasa Lembaga berikut telah ditubuhkan untuk membantu Lembaga dalam penyempurnaan tanggungjawab mereka. Semua Jawatankuasa disenaraikan di bawah tidak mempunyai kuasa eksekutif tetapi akan melapor kepada Lembaga bagi semua perkara yang dipertimbangkan dan mengemukakan pengesyoran untuk kelulusan Lembaga (kecuali kuasa Jawatankuasa Audit untuk melaporkan kepada Bursa Malaysia Securities Berhad ("Bursa Sekuriti") dalam keadaan-keadaan yang diterangkan dalam Laporan Jawatankuasa Audit):

### 2.1 Jawatankuasa Audit

Jawatankuasa Audit mengkaji isu-isu polisi perakaunan dan pembentangan bagi pelaporan kewangan luar, mengawasi fungsi audit dalaman dan memastikan objektif dan hubungan profesional dikekalkan dengan juruaudit luar. Jawatankuasa mempunyai akses penuh kepada juruaudit, yang sebaliknya, mempunyai akses pada sepanjang masa kepada Pengerusi Jawatankuasa.

Bidang tugas Jawatankuasa Audit dinyatakan pada muka surat-muka surat 45 hingga 47 Laporan Tahunan. Kegiatan Jawatankuasa Audit dalam tahun berakhir 31 Disember 2005 juga dibentangkan di bawah Laporan Jawatankuasa Audit.

### 2.2 Jawatankuasa Imbuan Pengarah

Jawatankuasa Imbuan bagi tahun kewangan berakhir tahun 31 Disember 2005 adalah terdiri daripada seperti berikut:

No. Pengarah	Jawatan
1 Mohd Khasan Bin Ahmad	Pengerusi, Pengarah Bebas Bukan Eksekutif
2 Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	Pengarah Bebas Bukan Eksekutif
3 Tuan Haji Baharom Bin Abd. Wahab	Pengarah Bebas Bukan Eksekutif
4 Fong Kok Yong	Pengarah Eksekutif
5 Fong Kiah Yeow	Pengarah Eksekutif

Jawatankuasa bertanggungjawab untuk membangunkan polisi imbuan dan menentukan pakej imbuan bagi Pengarah-pengarah Eksekutif Farm's Best. Jawatankuasa membuat pengesyoran kepada Lembaga bagi kesemua elemen imbuan, terma-terma pekerjaan, struktur ganjaran dan faedah sampingan kepada Pengarah Eksekutif.

Penentuan imbuan para Pengarah Bukan Eksekutif merupakan urusan Lembaga secara keseluruhannya.

### 2.3 Jawatankuasa Penamaan

Bagi tahun kewangan bertakhir 31 Disember 2005, Jawatankuasa adalah terdiri daripada seperti berikut:

No. Pengarah	Jawatan
1 Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	Pengerusi, Pengarah Bebas Bukan Eksekutif
2 Tuan Haji Baharom Bin Abd. Wahab	Pengarah Bebas Bukan Eksekutif
3 Mohd Khasan Bin Ahmad	Pengarah Bebas Bukan Eksekutif

Jawatankuasa bertanggungjawab untuk mengenal pasti dan mengesyorkan nomini baru kepada Lembaga serta Jawatankuasa Lembaga. Selain daripada itu, Jawatankuasa juga diberi kepercayaan dengan tugas menilai prestasi Pengarah-pengarah sedia ada atas dasar berterusan. Jawatankuasa Penamaan juga menimbangkan imbalan keahlian lembaga dan menentukan keupayaan dan kemahiran teras yang diperlukan daripada Lembaga.

#### 2.4 Jawatankuasa Skim Opsyen Saham Kakitangan (“ESOS”)

Terdapat Jawatankuasa ESOS ditubuhkan untuk mentadbir sebarang Skim Opsyen Saham Kakitangan Syarikat (“ESOS”). Jawatankuasa ESOS terdiri daripada kakitangan pengurusan kanan. Pada tarikh laporan ini, tidak ada para Pengarah Syarikat yang menduduki Jawatankuasa ESOS.

Jawatankuasa ESOS mempunyai kuasa untuk mentadbir Skim dan untuk menerbitkan opsyen berhubung dengan ESOS pada bila-bila masa tertakluk kepada terma-terma dan syarat-syarat tertentu selaras dengan Peruntukan Undang-undang Kecil sebagaimana diluluskan oleh pihak berkuasa relevan dan untuk tujuan tertentu sebagaimana Jawatankuasa ESOS mungkin anggap wajar.

### 3. LATIHAN PENGARAH

Sebagai elemen penting proses pelantikan Pengarah baru, Lembaga memastikan agar terdapat program orientasi dan pendidikan untuk ahli-ahli Lembaga yang baru. Ini disokong dengan lawatan ke lokasi-lokasi penting dan bermesyuarat dengan eksekutif-eksekutif kanan penting yang lain. Pengarah juga mendapat latihan selanjutnya dari masa ke masa, khususnya mengenai undang-undang dan peraturan baru yang berkaitan serta risiko-risiko komersil yang sentiasa berubah.

Dalam suku keempat tahun kewangan berakhir 31 Disember 2005, Syarikat mempelawa pakar industri penternakan antarabangsa yang merupakan juruanalisis industri penternakan global, untuk memberi ceramah setengah hari mengenai perkembangan perniagaan penternakan global di kedua-dua pasaran penternakan di Malaysia dan antarabangsa, kepada Lembaga Pengarah Syarikat serta Pengurusan Kanan Kumpulan. Penceramah juga menyentuh secara ringkas mengenai kesan penyakit selsema burung terhadap pasaran penternakan di Malaysia dan negara-negara lain di Asia Tenggara.

Selain daripada yang di atas, semua Pengarah telah menghadiri dan dengan jayanya menamatkan Program Pentauliah Mandatori (“MAP”) yang dijalankan oleh Institusi Penyelidikan Juru Analisis Pelaburan Malaysia (“RIIAM”).

### 4. IMBUHAN PENGARAH

Butir-butir jumlah imbuhan para Pengarah dalam tahun kewangan adalah seperti berikut:

	Pengarah Eksekutif RM'000	Pengarah Bukan Eksekutif RM'000	Jumlah RM'000
Jumlah imbuhan			
Yuran	–	84	84
Gaji & lain-lain emolumen	2,061	–	2,061
Kos pencen – pelan caruwan dinyatakan	247	–	247
	2,308	84	2,392

Bilangan Pengarah-pengarah yang imbuhan mereka termasuk dalam kumpulan berikut:

	Pengarah Eksekutif	Pengarah Bukan Eksekutif	Jumlah
Bawah RM50,000	–	3	3
RM200,001 hingga RM250,000	2	–	2
RM450,001 hingga RM500,000	4	–	4

## 5. KOMUNIKASI PEMEGANG SAHAM DAN HUBUNGAN PELABUR

Lembaga mengiktiraf keperluan bagi pemegang-pemegang saham untuk dimaklumkan mengenai kesemua perkara perniagaan yang secara materialnya melibatkan Syarikat. Dengan yang demikian, Syarikat berkomunikasi dengan pemegang-pemegang sahamnya, pelabur-pelabur institusi dan berpotensi melalui pelbagai pengumuman yang dibuat dalam tahun semasa. Selain daripada itu, Lembaga juga memastikan penyiaran keputusan-keputusan kewangan tepat pada masa atas dasar suku tahunan untuk menyediakan pemegang-pemegang sahamnya dengan gambaran keseluruhan prestasi kewangan dan operasi Kumpulan Farm's Best.

Mesyuarat Agung Tahunan ("AGM") Syarikat juga adalah satu cara komunikasi dengan pemegang-pemegang sahamnya. Pemegang-pemegang saham yang tidak dapat hadir dibenarkan untuk melantik proksi bagi menghadiri dan mengundi bagi pihak mereka. Ahli-ahli Lembaga, serta juga juruaudit luar dan penasihat undang-undang Syarikat hadir untuk menjawab soalan yang ditimbulkan pada mesyuarat. Lembaga juga menggalakkan penyertaan daripada pemegang-pemegang saham melalui sesi soal dan jawab dalam AGM, di mana para Pengarah bersedia untuk menjawab soalan mengenai prestasi kewangan, operasi perniagaan dan prospek Kumpulan.

## 6. KEBERTANGGUNGJAWAPAN DAN AUDIT

### 6.1 Pelaporan Kewangan

Bagi pelaporan kewangan melalui laporan suku tahunan kepada Bursa Sekuriti dan laporan tahunan kepada pemegang-pemegang saham, para Pengarah mempunyai tanggungjawab untuk membentangkan penilaian yang adil mengenai kedudukan kewangan Kumpulan. Jawatankuasa Audit membantu Lembaga dalam meneliti maklumat bagi pendedahan untuk memastikan ketepatan dan kesempurnaan maklumat.

### 6.2 Kawalan Dalaman

Lembaga bertanggungjawab dalam memastikan bahawa sistem kawalan dalaman Kumpulan dilaksanakan dan keberkesanannya dikaji secara kerap bagi memastikan kecukupan sistem ini.

Sebagai sebahagian daripada kawalan dalaman dan dalam pengurusan risiko harian, sistem-sistem berikut mengenai pelaporan dan proses serta prosedur standard wujud dalam Kumpulan:-

- a) Pelaporan sebenar bulanan – menyediakan prestasi kewangan yang relevan, boleh dipercayai dan terkini berbanding belanjawan, bulan sebelumnya dan tahun terdahulu termasuk penerangan terperinci mengenai apa-apa perbezaan yang besar.
- b) Pembahagian jelas autoriti yang wujud di antara Pengurusan anak-anak syarikat dan Lembaga Pengarah Kumpulan. Sejauh mana yang mungkin, anak-anak syarikat diberi autonomi manakala beroperasi dalam persekitaran kawalan dalaman yang mantap.

Kajian mengenai sistem kawalan dalaman dinyatakan di bawah Penyata Kawalan Dalaman pada muka surat 40 hingga 41 Laporan Tahunan.

### 6.3 Hubungan dengan Juruaudit

Peranan Jawatankuasa Audit berhubung dengan juruaudit luar diterangkan dalam Laporan Jawatankuasa Audit di muka surat-muka surat 45 hingga 47 Laporan Tahunan. Syarikat akan sentiasa mengekalkan perhubungan yang rapat dan telus dengan juruaudit-juruaudit luarnya dalam mendapatkan nasihat profesional dan memastikan pematuhan piawaian-piawaian perakaunan di Malaysia.

### 6.4 Perhubungan dengan Pengurusan

Lembaga mengekalkan perhubungan yang rapat dan telus dengan semua kakitangan pengurusan. Lembaga dibekalkan dengan semua maklumat berhubung dengan pengurusan operasi melalui pelbagai laporan yang disediakan oleh kakitangan pengurusan. Ini akan membolehkan mereka untuk memahami operasi dengan lebih baik dan membuat keputusan dalam memandu Syarikat ke arah perniagaan yang menguntungkan. Selain itu, para Pengarah Eksekutif juga sering mengadakan mesyuarat pengurusan bulanan dengan kakitangan pengurusan untuk membincangkan dan merancang untuk operasi Kumpulan.

## 7. PENYATAAN PEMATUHAN DENGAN AMALAN TERBAIK KOD

Syarikat komited untuk mencapai standard tinggi urus tadbir korporat di semua peringkat Kumpulan dan tahap ketulusan dan standard etika tertinggi dalam kesemua urusan perniagaannya. Lembaga menganggap bahawa ia telah mematuhi pada sepanjang tahun kewangan dengan Prinsip dan Amalan Terbaik sebagaimana dikemukakan dalam Kod.

## 8. PENYATA TANGGUNGJAWAB PARA PENGARAH

Lembaga Pengarah dikehendaki di bawah Perenggan 15.27(a) Syarat-syarat Penyenaraian untuk mengeluarkan pernyataan yang menjelaskan tanggungjawab mereka dalam penyediaan penyata kewangan tahunan. Para Pengarah dikehendaki oleh Akta Syarikat 1965 untuk menyediakan penyata kewangan bagi setiap tahun kewangan yang memberi gambaran sebenar dan saksama akan hal ehwal Syarikat dan Kumpulan pada akhir tahun kewangan dan untung rugi Syarikat dan Kumpulan bagi tahun kewangan. Dalam menyediakan penyata-penyata kewangan ini, para Pengarah telah:

- Menggunakan polisi perakaunan yang sesuai dan menggunakannya secara konsisten;
- Membuat keputusan dan anggaran yang munasabah dan berhemah; dan
- Menyatakan sama ada piawai perakaunan terpakai telah diikuti, tertakluk kepada apa-apa pemesanan material yang dinyatakan dan dijelaskan dalam penyata kewangan

Para Pengarah bertanggungjawab bagi menyimpan rekod perakaunan, yang dinyatakan dengan ketepatan munasabah pada bila-bila masa akan kedudukan kewangan Syarikat dan Kumpulan dan yang membolehkan mereka untuk memastikan bahawa penyata kewangan mematuhi Akta Syarikat 1965 dan piawai perakaunan terpakai di Malaysia.

Para Pengarah juga bertanggungjawab untuk mengambil langkah tertentu munasabah yang terbuka kepada mereka untuk melindungi aset-aset Kumpulan dan untuk mencegah dan mengesan fraud dan lain-lain yang di luar aturan.

## 9. LAIN-LAIN MAKLUMAT

### 9.1 Pelaksanaan Korporat

Pada 17 Oktober 2005, Syarikat membuat pengumuman kepada Bursa Malaysia Securities Berhad ("Bursa"), menyatakan hasratnya untuk melaksanakan langkah penempatan swasta ("perlaksanaan") sehingga 5,053,263 saham biasa baru bernilai RM1.00 dalam Farm's Best ("Saham Penempatan") mewakili lebih kurang 10% daripada modal saham sedia ada Syarikat yang diterbitkan dan berbayar pada 7 Oktober 2005 sebanyak RM50,530,263 terdiri daripada 50,530,263 saham biasa bernilai RM1.00 sesaham. Pelaksanaan telah diluluskan oleh Bursa, Suruhanjaya Sekuriti ("SC") dan Kementerian Perdagangan Antarabangsa dan Industri ("MITI") pada November 2005.

Pemegang-pemegang saham Syarikat kemudiannya telah pada 9 Disember 2005 meluluskan langkah tersebut dan pada hari yang sama, Lembaga Pengarah menetapkan harga terbitan Saham Penempatan masing-masing pada RM1.11 setiap saham untuk pelabur-pelabur Bumiputera dan RM1.35 setiap saham untuk pelabur-pelabur Bukan Bumiputera. Harga terbitan sebanyak RM1.11 dan RM1.35 setiap Saham Penempatan mewakili diskaun masing-masing sebanyak lebih kurang 30% dan 15% sepanjang lima (5) hari purata pasaran harga pasaran saham Farm's Best sehingga dan termasuk 8 Disember 2005 sebanyak RM1.58 setiap saham.

Tranche pertama Saham Penempatan sebanyak 2,500,000 saham telah diterbitkan pada 22 Disember 2005 pada harga tetap RM1.35 setiap saham dan diberikan penyenaraian pada Papan Kedua Bursa Malaysia Securities Berhad pada 29 Disember 2005.

Tranche kedua Saham Penempatan sebanyak 2,500,000 telah diterbitkan kepada seorang pelabur Bumiputera pada 3 Januari 2006 pada harga tetap RM1.11 setiap saham dan diberikan penyenaraian pada Papan Kedua Bursa Malaysia Securities Berhad pada 9 Januari 2006. Lembaga Farm's Best tidak menempatkan baki 53,026 saham selaras dengan Saham Penempatan dan langkah penempatan swasta dianggap sebagai selesai dilaksanakan pada 9 Januari 2006.

Jumlah perolehan daripada langkah penempatan persendirian berjumlah sehingga RM6,150,000, daripada mana sebanyak RM3,375,000 telah diterima dalam tahun kewangan dan sebanyak RM2,775,000 telah diterima selepas akhir tahun kewangan. Pada tarikh Laporan Tahunan ini, kesemua perolehan daripada langkah penempatan persendirian telah digunakan sepenuhnya untuk membiayai perbelanjaan bagi pelaksanaan tersebut dengan bakinya untuk kegunaan modal kerja.

## **9.2 Belian Balik Saham**

Dalam tahun kewangan, tidak ada belian balik saham oleh Syarikat.

## **9.3 Opsyen, Waran atau Sekuriti Boleh Tukar**

Tidak ada opsyen, waran atau sekuriti boleh tukar baru diterbitkan dalam tahun kewangan.

## **9.4 Program American Depository Receipt (“ADR”) atau Global Depository Receipt (“GDR”)**

Syarikat tidak menaja apa-apa program ADR atau GDR dalam tahun kewangan.

## **9.5 Pengenaan Sanksi dan/atau Penalti**

Tidak ada sanksi dan/atau penalti yang dikenakan ke atas Syarikat atau anak-anak syarikatnya, para pengarah atau pengurusan oleh mana-mana pihak berkuasa berkaitan bagi tahun kewangan berakhir 31 Disember 2005.

## **9.6 Yuran Bukan Audit**

Terdapat jumlah yuran bukan audit sebanyak RM19,000 untuk fungsi audit dalaman yang telah dibayar atau perlu dibayar kepada juruaudit luar dan syarikat-syarikat gabungan mereka melalui Kumpulan bagi tahun kewangan berakhir 31 Disember 2005.

## **9.7 Variasi dalam Keputusan**

Tidak ada pelencongan sebanyak 10% atau lebih di antara keuntungan selepas cukai dan kepentingan minoriti dinyatakan dalam pengumuman pada 14 Februari 2006 mengenai keputusan tidak diaudit bagi tahun kewangan berakhir 31 Disember 2005.

## **9.8 Jaminan Keuntungan**

Syarikat tidak memberi apa-apa jaminan keuntungan dalam tahun kewangan.

## **9.9 Kontrak Material**

Tidak ada kontrak material yang ditandatangani oleh Syarikat dan anak-anak syarikatnya yang melibatkan para Pengarah dan pemegang-pemegang saham utama yang masih wujud pada akhir tahun kewangan atau jika tidak wujud pada ketika itu, ditandatangani sejak akhir tempoh kewangan sebelumnya.

## **9.10 Dasar Penilaian Semula ke atas Hartanah**

Syarikat tidak menerima pakai apa-apa dasar penilaian semula ke atas hartanah dalam tahun kewangan.

# statement on internal control

## 1. INTRODUCTION

This Statement on Internal Control is made in accordance with paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad, which requires the Board of listed issuers to make a statement about the state of internal control of the listed issuer, as a group, in the 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.

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 its business objectives. The Group's internal control system encompasses the Board and its various Board Committees with their specific terms of reference; an Executive Management that is accountable for all its actions and also various monitoring and review procedures that are embedded in the Group's processes. The Board also believes that these control processes should be regularly reviewed 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:

- Authority limits are established within the Group to provide a functional framework of authority in approving revenue and capital expenditures;
- Major investments, acquisitions and disposals are appraised prior to approval by the Board;
- A detailed budgetary process is in place where operating units prepare budgets for the forthcoming year and which are approved both at operating unit level and by the Executive Directors. The Group monitors its performance by comparing its monthly results against the budget and performance of the preceeding month, which requires all material variances to be identified, explained and reviewed by Executive Management on a timely basis;
- The Executive Directors review the monthly management accounts of all companies in the Group except for certain associated companies;
- The Executive Directors conduct monthly meetings with Management of all significant business units within the Group except for certain associated companies and foreign subsidiaries. From these monthly management meetings, the Executive Directors identify areas of significant risks and if considered necessary, request the internal audit function to review the financial and operational risks of the business unit concerned;
- The Executive Directors and members of the Management team make regular visits to operating units to ensure that the operating units are properly managed by personnel entrusted with the responsibility;
- The Group outsourced its internal audit function to KPMG Business Advisory Sdn. Bhd., an independent professional firm, which was appointed as the new internal auditor during the year under review, replacing Messrs. Ernst & Young. The scope of work performed by KPMG Business Advisory Sdn. Bhd. includes performing reviews of business processes and carrying out internal audit project 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.
- There is a formal organizational structure with clearly defined lines of authority, responsibility and accountability within the Group;



During the year under review, KPMG Business Advisory Sdn. Bhd. carried out a cycle of internal audit on the breeder operations of the Group, covering the following processes and their underlying risks:

- Day-old-chicks (“DOCs”) production;
- Marketing, sales and distribution of DOCs;
- Human resource management;
- Regulatory management;
- Farm management;
- Procurement of materials;
- Inventory management;
- Maintenance of utilities and ventilation systems;
- Poultry health and quality assurance;
- Maintenance of plant and machinery; and
- Safety, health and environment.

The report on internal audit findings and follow up by Management on the recommendations thereof were reviewed and noted by the Committee during the Audit Committee Meetings held throughout the period under review. Improvement opportunities noted by the internal audit function during the financial year under review have been addressed, or are being addressed by Executive Management. The Board is of the view that there were no weaknesses in the internal control system that resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group’s annual report.

The Board does not regularly review the internal control system of certain of its associated companies as the Board does not have any direct control over their operations. Notwithstanding, the Group’s interests are served through receipt and review of management accounts of the associated companies and enquiries made thereon, as appropriate.

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 its corporate objectives.

#### 4. RISK MANAGEMENT

The Group established a formal risk management framework in 2003 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 are 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. Prior to commencing internal audit work, KPMG Business Advisory Sdn. Bhd. reviewed and updated the Risk Profile of the Group.

The risk management processes were reviewed at Board meetings. The review includes matters relating to significant risks which may impede business objectives.

#### 5. CONCLUSION

The Board, in fulfilling its responsibilities, has ensured that the Group has a proper risk management and control framework that is necessary to achieve a sound system of internal control. The Board is assured that this system of internal control, which is reviewed on an ongoing basis, is adequate for the Group to manage its risks and to achieve its business objectives.

# penyata kawalan dalaman

## 1. PENGENALAN

Penyata mengenai Kawalan Dalaman ini dibuat selaras dengan perenggan 15.27(b) Syarat-syarat Penyenaraian Bursa Malaysia Securities Berhad, yang memerlukan Lembaga penerbit tersenarai untuk membuat penyata berkenaan tahap kawalan dalaman penerbit tersenarai, sebagai kumpulan, dalam laporan tahunan mereka.

## 2. TANGGUNGJAWAB

Lembaga mengakui tanggungjawabnya bagi sistem kawalan dalaman Kumpulan, yang termasuk penubuhan persekitaran kawalan dan rangka kerja yang sesuai serta mengkaji kelayakan dan integriti. Sistem kawalan dalaman ini dimaksudkan untuk mengawal pelaburan pemegang-pemegang saham dan aset-aset Kumpulan dan ia merangkumi kawalan-kawalan kewangan, operasi, pematuhan dan berperaturan serta risiko pengurusan.

Walau bagaimanapun, disebabkan batasan yang sedia ada dalam mana-mana sistem kawalan dalaman, sistem ini direka untuk mengurus, dan bukannya melupuskan, risiko kegagalan untuk mencapai objektif korporat. Selaras dengan itu, ia hanya boleh menyediakan jaminan munasabah tetapi bukan jaminan sepenuhnya terhadap salah nyataan atau kerugian material.

## 3. SISTEM KAWALAN DALAMAN KUMPULAN

Lembaga berpendapat bahawa Kumpulan mempunyai persekitaran kawalan yang mencukupi dan kondusif baginya untuk melaksanakan objektif perniagaannya. Sistem kawalan dalaman Kumpulan merangkumi Lembaga dan beberapa Jawatankuasa Lembaganya dengan bidang-bidang tugas khusus, pengurusan eksekutif yang bertanggungjawab bagi semua tindakannya dan juga beberapa prosedur pengawasan dan kajian yang terdapat dalam proses-proses Kumpulan. Lembaga juga percaya bahawa proses-proses kawalan ini hendaklah disemak secara kerap untuk memastikan agar sistem kawalan dalaman yang berkesan dikekalkan dalam Kumpulan.

Beberapa elemen penting daripada sistem kawalan dalaman Kumpulan digambarkan di bawah:

- Terdapat struktur organisasi rasmi dengan dinyatakan saluran yang dijelaskan tentang kuasa, tanggungjawab dan kebertanggungjawaban dalam Kumpulan.

- Had kuasa telah diwujudkan dalam Kumpulan untuk menyediakan fungsi rangka kerja kuasa dalam meluluskan perbelanjaan hasil dan modal.
- Pelaburan besar, pengambilalihan dan pelupusan telah ditaksir sebelum diluluskan oleh Lembaga
- Butir-butir proses bajet tersedia di mana unit operasi menyediakan bajet untuk tahun akan datang yang telah diluluskan pada kedua-dua peringkat unit operasi dan oleh Pengarah Eksekutif. Kumpulan mengawal prestasinya dengan membandingkan keputusan bulannya terhadap bajet dan terhadap keputusan bulan sebelumnya, yang memerlukan semua varians material untuk dikenal pasti, diterang dan dikaji oleh Pengurusan Eksekutif atas dasar tepat pada masa.
- Pengarah Eksekutif mengkaji akaun pengurusan bulanan semua syarikat seluruh Kumpulan melainkan bagi syarikat-syarikat bersekutu tertentu.
- Pengarah Eksekutif mengendalikan mesyuarat pengurusan bulanan dengan pengurusan semua unit perniagaan penting dalam Kumpulan melainkan bagi syarikat bersekutu tertentu dan anak-anak syarikat asing. Daripada mesyuarat pengurusan bulanan ini, Pengarah Eksekutif akan mengenal pasti bidang risiko-risiko penting dan sekiranya dianggap perlu, meminta fungsi audit dalaman untuk mengkaji risiko kewangan dan operasi perniagaan unit berkenaan.
- Pengarah Eksekutif dan ahli-ahli pasukan Pengurusan membuat lawatan kerap ke unit-unit operasi untuk memastikan bahawa unit-unit operasi telah diuruskan dengan baik oleh personel yang diamanahkan dengan tanggungjawab;
- Kumpulan mendapat khidmat luar ke atas fungsi audit dalaman kepada KPMG Business Advisory Sdn Bhd, firma profesional bebas, yang telah dilantik sebagai juruaudit dalaman baru dalam tahun di bawah kajian, menggantikan Tetuan Ernst & Young. Ruang lingkup kerja yang dijalankan oleh KPMG Business Advisory Sdn Bhd termasuk melaksanakan kajian proses perniagaan dan menjalankan projek audit dalaman untuk menilai kecukupan dan integriti sistem kawalan dalaman, dan menonjolkan kepada Jawatankuasa Audit bidang-bidang bagi peningkatan serta risiko-risiko penting yang memberi kesan ke atas unit-unit perniagaan berkenaan.

Dalam tahun di bawah kajian, KPMG Business Advisory Sdn Bhd., menjalankan kitaran audit dalaman ke atas operasi pembiak baka Kumpulan, meliputi proses-proses berikut dan risiko-risiko mendasari masing-masing:

- Pengeluaran anak ayam sehari ("DOC");
- Pemasaran, jualan dan pengedaran DOC;
- Pengurusan sumber manusia;
- Pengurusan berperaturan;
- Pengurusan penternakan;
- Pemerolehan bahan-bahan;
- Pengurusan inventori;
- Penyelenggaraan utiliti dan sistem pengalihan udara;
- Kesihatan perternakan dan jaminan kualiti;
- Penyelenggaraan loji dan mesin; dan
- Keselamatan, kesihatan dan alam sekitar.

Laporan mengenai penemuan audit dalaman dan susulan oleh pengurusan mengenai pengesyoran ke atasnya telah dikaji dan diambil perhatian oleh Jawatankuasa dalam Mesyuarat Jawatankuasa Audit diadakan sepanjang tempoh di bawah kajian. Peluang peningkatan diambil perhatian oleh fungsi audit dalaman dalam tahun kewangan di bawah kajian yang telah dutangani, atau akan ditangani oleh Pengurusan Eksekutif. Lembaga berpendapat bahawa tidak terdapat kelemahan dalam sistem kawalan dalaman yang telah mengakibatkan sebarang kehilangan material, kontigensi atau tidak pasti yang akan memerlukan pendedahan dalam laporan tahunan Kumpulan.

Lembaga tidak secara kerap mengkaji sistem kawalan dalaman daripada syarikat bersekutunya memandangkan Lembaga tidak mempunyai sebarang kawalan langsung ke atas operasi mereka. Namun demikian, kepentingan Kumpulan diawasi melalui penerimaan dan kajian akaun pengurusan dan pertanyaan mengenainya yang dibuat ke atasnya, sebagaimana sesuai

Berdasarkan yang di atas, Lembaga berpendapat bahawa terdapat dalam Kumpulan sistem kawalan dalaman yang mencukupi yang akan membolehkan pengurusan risiko ke arah pencapaian objektif korporatnya.

#### **4. PENGURUSAN RISIKO**

Kumpulan mewujudkan rangka kerja pengurusan risiko rasmi pada 2003 yang membolehkan Pengurusan Eksekutif dan Lembaga untuk berkongsi model yang sama dalam komunikasi dan penilaian berkesan semua risiko dan kawalan utama. Proses-proses melibatkan pengenalan pasti oleh Pengurusan Eksekutif akan risiko-risiko, penaksiran risiko dan kawalan dan perumusan rancangan tindakan yang sesuai sebelum perkara-perkara ini telah dibawa ke hadapan kepada Lembaga untuk kajian. Risiko-risiko perniagaan yang dikenalpasti telah dihitung bagi kemungkinannya berlaku dan tahap impak ke atas Kumpulan. Sebelum memulakan kerja audit dalaman, KPMG Business Advisory Sdn Bhd., mengkaji dan mengemas kini. Profil Risiko Kumpulan.

Proses pengurusan risiko telah dikaji di mesyuarat Lembaga. Kajian termasuk perkara-perkara berkaitan dengan risiko-risiko penting yang mungkin menghalang objektif perniagaan.

#### **5. KESIMPULAN**

Lembaga dalam memenuhi tanggungjawabnya, telah memberi jaminan bahawa Kumpulan mempunyai rangka kerja pengurusan dan kawalan risiko yang teratur yang perlu untuk mencapai sistem kawalan dalaman yang kukuh. Lembaga diberi jaminan bahawa sistem kawalan dalaman ini, yang dikaji atas dasar berterusan adalah mencukupi bagi Kumpulan untuk mengurus risiko-risikonya dan untuk mencapai objektif perniagaannya.

# report of the audit committee

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial year ended 31 December 2005.

## 1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:-

**Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias**

Chairman of the Committee  
and Independent Non-Executive Director

**Tuan Haji Baharom Bin Abd Wahab**

Independent Non-Executive Director

**Encik Mohd Khasan Bin Ahmad**

Independent Non-Executive Director

**Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong**

Executive Director

## 2. TERMS OF REFERENCE

### 2.1 Composition

The Company shall appoint an Audit Committee member from amongst its directors and shall consist of not less than three (3) in numbers of whom a majority shall be independent directors. No alternate director is appointed as a member of the Committee and at least one (1) member of the Committee:-

- (a) shall 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 member of one of the association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967, or fulfils such other requirements as prescribed by the exchange.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within three (3) months. The Board of Directors 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.

### 2.2 Rights

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

- (a) have 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 pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meeting with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Audit Committee shall promptly report such matter to the Bursa Securities.

## 2.3 Meeting

The Audit Committee shall meet at least once in each quarter of a financial year and such additional meetings as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Committee Members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Committee Members and to other members of the Board of Directors. The Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders. Other Directors and employees must attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

A quorum shall consist of a majority of members present who must be independent directors.

## 2.4 Functions

The functions of the Audit Committee are as follows:-

1. Review the following and report the same to the Board of Directors of the Company:-
  - (a) the audit plan with the external auditor.
  - (b) with the external auditor its evaluation of the system of internal controls.
  - (c) the audit report with the external auditors.
  - (d) the assistance given by the employees of the Company to the external auditor.
2. To recommend the nomination of a person or persons as external auditors.
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
  - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events; and
    - (iii) compliance with accounting standards and other legal requirements.
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
  - (i) any letter of resignation from the external auditors of the Company; and
  - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

### 3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2005 to which the attendance of each Committee Member is as follows:

Names of Committee Members	Total Meetings attended
1 Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	4 out of 5
2 Tuan Haji Baharom Bin Abd Wahab	5 out of 5
3 Encik Mohd Khasan Bin Ahmad	5 out of 5
4 Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	5 out of 5

### 4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities of the Committee included:

- Review the quarterly Group financial result announcements of the Group for each quarter prior to the Board of Directors' approval.
- Review 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.
- Review the audit plan of the external auditors.
- Review the inter-company transactions and any related/ interested party transactions that may arise within the Company and the Group to ensure compliance with Malaysian Accounting Standards Board, Bursa Malaysia Listing Requirements and other relevant statutory authorities and to ensure that such transactions are:-

- Undertaken in the ordinary course of business;
  - Carried out at arm's length and based on normal commercial terms consistent with the Group's usual business practices and policies;
  - On terms not more favourable to the related parties than those generally available to the public; and
  - Not detrimental to the minority shareholders of the Company.
- Review the annual financial statements of the Group and the Company and make the appropriate recommendations relating thereto.
  - Review the internal audit report prepared by KPMG Business Advisory Sdn. Bhd., and the follow up on management's implementation of the recommended actions.

### 5. INTERNAL AUDIT FUNCTION

The Committee is aware that this internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal controls. During the current financial year, the Committee appointed KPMG Business Advisory Sdn. Bhd. to run its internal audit function, replacing Messrs. Ernst & Young, the internal auditors for the previous two financial periods.

The main role of the internal audit function is to review the effectiveness of the system of internal controls and this is performed with impartiality, proficiency and due professional care.

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 page 39 of the Annual Report.

# laporan jawatankuasa audit

Lembaga Pengarah dengan sukacitanya menyampaikan Laporan Jawatankuasa Audit berikut dan kegiatannya bagi tahun kewangan berakhir 31 Disember 2005.

## 1. AHLI JAWATANKUASA

Ahli-ahli Jawatankuasa Audit terdiri daripada ahli-ahli berikut:-

**Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias**

Pengerusi Jawatankuasa dan Pengarah Bukan Eksekutif Bebas

**Tuan Haji Baharom Bin Abd Wahab**

Pengarah Bukan Eksekutif Bebas

**Encik Mohd Khasan Bin Ahmad**

Pengarah Bukan Eksekutif Bebas

**Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong**

Pengarah Eksekutif

## 2. BIDANG TUGAS

### 2.1 Komposisi

Syarikat akan melantik Jawatankuasa Audit daripada kalangan para pengarahnya dan akan terdiri tidak kurang daripada tiga (3) ahli yang mana majoriti merupakan pengarah bebas. Tidak ada pengarah silih ganti boleh dilantik sebagai ahli Jawatankuasa dan sekurang-kurangnya seorang (1) ahli Jawatankuasa:-

- (a) hendaklah merupakan ahli Institut Akauntan Malaysia; atau
- (b) sekiranya beliau bukan merupakan ahli Institut Akauntan Malaysia, beliau hendaklah mempunyai sekurang-kurangnya tiga (3) tahun pengalaman kerja dan:-
  - (i) beliau hendaklah lulus peperiksaan yang ditetapkan dalam Bahagian 1 Jadual Pertama Akta Akauntan 1967; atau
  - (ii) beliau hendaklah ahli salah sebuah persatuan akauntan yang dinyatakan dalam Bahagian II Jadual I Akta Akauntan 1967, atau memenuhi syarat-syarat lain tertentu sebagaimana ditetapkan oleh bursa.

Ahli Jawatankuasa Audit hendaklah memilih seorang Pengerusi daripada bilangan kalangan mereka yang hendaklah merupakan pengarah bebas. Sekiranya mana-mana kekosongan dalam Jawatankuasa mengakibatkan ketidakpatuhan syarat-syarat yang dinyatakan di atas, Syarikat hendaklah mengisi kekosongan dalam masa tiga (3) bulan. Lembaga Pengarah Syarikat hendaklah mengkaji bidang tugas dan prestasi Jawatankuasa Audit dan setiap ahlinya sekurang-kurangnya sekali dalam setiap tiga (3) tahun untuk menentukan sama ada jawatankuasa audit dan ahli tersebut telah melaksanakan tugas mereka selaras dengan bidang-bidang tugas mereka.

### 2.2 Hak

Jawatankuasa Audit hendaklah, selaras dengan prosedur yang akan ditentukan oleh Lembaga Pengarah dan atas kos Syarikat:-

- (a) mempunyai kuasa untuk menyiasat apa-apa perkara dalam bidang-bidang tugasnya;
- (b) mempunyai sumber yang diperlukan untuk melaksanakan tugas-tugasnya;
- (c) mempunyai akses penuh dan tidak terbatas kepada mana-mana maklumat yang berkaitan dengan Syarikat;
- (d) mempunyai saluran komunikasi langsung dengan juruaudit luar dan individu (individu-individu) yang melaksanakan fungsi atau kegiatan audit dalaman (sekiranya ada);
- (e) boleh mendapatkan nasihat profesional bebas atau lain-lain nasihat; dan
- (f) boleh mengadakan mesyuarat dengan juruaudit luar, tanpa kehadiran ahli-ahli jawatankuasa eksekutif, apabila dianggap perlu.

Di mana Jawatankuasa berpendapat bahawa perkara yang dilaporkan olehnya kepada Lembaga Pengarah Syarikat telah tidak diselesaikan secara memuaskan mengakibatkan pemungkiran Syarat-syarat Penyenaraian Bursa Malaysia Sekuriti Berhad ("Bursa Sekuriti"), Jawatankuasa Audit hendaklah dengan segera akan melaporkan perkara sedemikian kepada Bursa Sekuriti.

## 2.3 Mesyuarat

Jawatankuasa Audit hendaklah bermesyuarat sekurang-kurangnya setiap suku tahunan dalam tahun kewangan dan mengadakan mesyuarat tambahan tertentu sebagaimana Pengerusi akan putuskan untuk melaksanakan tugas-tugasnya. Setiausaha Syarikat atau mana-mana orang yang dilantik oleh Jawatankuasa Audit hendaklah bertindak sebagai Setiausaha Jawatankuasa Audit dan akan bertanggungjawab, berunding dengan Pengerusi, untuk menyediakan agenda dan lain-lain dokumentasi penjelasan sokongan bagi edaran kepada Ahli-ahli Jawatankuasa sebelum setiap mesyuarat. Setiausaha juga akan bertanggungjawab bagi menyediakan minit-minit mesyuarat Jawatankuasa Audit, dan mengedarkannya kepada lain-lain Ahli jawatankuasa dan Lembaga Pengarah. Pengerusi Jawatankuasa Audit hendaklah mengadakan mesyuarat Jawatankuasa Audit untuk menimbang apa-apa perkara yang juruaudit luar fikirkan perlu untuk dibawa kepada perhatian Pengarah-pengarah dan pemegang-pemegang saham. Lain-lain Pengarah dan kakitangan hendaklah menghadiri mesyuarat Jawatankuasa Audit tertentu hanya atas pelawaan Jawatankuasa Audit, khusus untuk mesyuarat yang berkaitan.

Korum hendaklah terdiri daripada majoriti ahli-ahli yang hadir yang hendaklah merupakan pengarah-pengarah bebas.

## 2.4 Fungsi

Fungsi Jawatankuasa Audit adalah seperti berikut:-

1. Mengkaji perkara yang berikut dan melaporkan yang sama kepada Lembaga Pengarah syarikat:-
  - (a) rancangan audit dengan juruaudit luar.
  - (b) penilaian sistem kawalan dalaman dengan juruaudit luar.
  - (c) laporan audit dengan juruaudit luar.
  - (d) bantuan yang diberikan oleh kakitangan Syarikat kepada juruaudit luar.
2. Untuk mengesyorkan penamaan seseorang atau beberapa orang sebagai juruaudit luar.
  - (e) kecukupan skop, fungsi dan sumber bagi fungsi audit dalaman dan bahawa ianya mempunyai autoriti yang sewajarnya untuk menjalankan kerjanya.
  - (f) program audit dalaman, proses-proses, keputusan program audit dalaman, proses atau penyiasatan yang dijalankan dan sama ada atau tidak tindakan sewajarnya telah diambil atas pengesyoran fungsi audit dalaman.
  - (g) keputusan suku tahunan dan penyata kewangan akhir tahun, sebelum kelulusan oleh Lembaga Pengarah, dengan menumpukan secara khususnya ke atas:
    - (i) perubahan dalam atau pelaksanaan mana-mana perubahan penting polisi perakaunan;
    - (ii) peristiwa penting dan luar biasa; dan
    - (iii) pematuhan dengan piawaian-piawaian perakaunan dan lain-lain syarat undang-undang.
  - (h) mana-mana urusan pihak berkaitan dan keadaan percanggahan kepentingan yang mungkin timbul dalam Syarikat atau Kumpulan termasuk apa-apa urusan, prosedur atau perjalanan tindakan yang menimbulkan soalan-soalan ketulusan pengurusan.
    - (i) apa-apa surat perletakan jawatan juruaudit luar Syarikat; dan
    - (j) sama ada terdapat sebab (disokong oleh alasan-alasan) untuk mempercayai bahawa juruaudit luar Syarikat tidak sesuai untuk pelantikan semula; dan



### 3. MESYUARAT

Terdapat lima (5) mesyuarat Jawatankuasa Audit dalam tahun kewangan berakhir 31 Disember 2005 yang mana kehadiran setiap Ahli Jawatankuasa adalah seperti berikut:

Nama Ahli Jawatankuasa	Jumlah Mesyuarat yang dihadiri
1 Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	4 daripada 5
2 Tuan Haji Baharom Bin Abd. Wahab	5 daripada 5
3 Encik Mohd Khasan Bin Ahmad	5 daripada 5
4 Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	5 daripada 5

### 4. KEGIATAN JAWATANKUASA AUDIT

Dalam tahun kewangan, kegiatan Jawatankuasa termasuk:

- Mengkaji pengumuman keputusan kewangan suku tahunan Kumpulan bagi setiap suku tahunan sebelum kelulusan Lembaga Pengarah.
- Mengkaji laporan juruaudit luar berhubung dengan audit dan isu-isu perakaunan yang timbul daripada audit, dan mengemas kini perkembangan baru ke atas piawaian-piawaian perakaunan yang dikeluarkan oleh Lembaga Piawaian Perakaunan Malaysia.
- Mengkaji rancangan audit juruaudit luar.
- Mengkaji urusan antara syarikat dan mana-mana urusan pihak berkaitan/berkepentingan yang mungkin timbul dalam Syarikat dan Kumpulan untuk memastikan pematuhan dengan Lembaga Piawaian Perakaunan Malaysia, Syarat-syarat Penyenaian Bursa Malaysia dan lain-lain pihak berkuasa berkanun yang relevan dan untuk memastikan bahawa urusan sedemikian:-

- Dilaksanakan dalam perjalanan biasa perniagaan;
  - Dijalankan atas terma-terma komersil biasa dan berdasarkan terma-terma komersil yang seimbang dengan amalan dan polisi perniagaan biasa Kumpulan;
  - Atas terma-terma yang tidak begitu memihak kepada pihak-pihak berkaitan yang secara keseluruhannya tersedia kepada orang awam; dan
  - Tidak mendatangkan kemudatan kepada pemegang-pemegang saham minoriti Syarikat;
- Mengkaji penyata kewangan tahunan Kumpulan dan Syarikat dan membuat pengesyoran sewajarnya yang berkaitan mengenainya.
  - Mengkaji laporan audit dalaman yang telah disediakan oleh KPMG Business Advisory Sdn Bhd dan susulan ke atas pelaksanaan pengurusan terhadap tindakan-tindakan yang disyorkan.

### 5. FUNGSI AUDIT DALAMAN

Jawatankuasa menyedari bahawa fungsi audit dalaman adalah penting untuk membantu dalam mendapatkan jaminan yang ia perlukan berhubung dengan keberkesanan sistem kawalan dalaman. Dengan yang demikian, dalam tahun kewangan di bawah kajian, jawatankuasa melantik KPMG Business Advisory Sdn Bhd untuk menjalankan fungsi audit dalamannya, menggantikan Tetuan Ernst & Young, juruaudit dalam bagi selepas dua tempoh kewangan.

Peranan utama fungsi audit dalaman adalah untuk mengkaji keberkesanan sistem kawalan dalaman dan ini dilaksanakan dengan adil, cekap dan dengan sifat berjaga-jaga profesional sewajarnya.

Ringkasan kegiatan audit dalaman dilaksanakan oleh KPMG Business Advisory Sdn Bhd dalam tahun kewangan di bawah kajian dinyatakan dalam Penyata Kawalan Dalaman pada muka surat 41 Laporan Tahunan.



## financial statements

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# directors' report

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 2005.

## 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 12 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(loss) after taxation	27,296	(1,471)
Minority interests	(2,332)	-
Net profit/(loss) for the year	<u>24,964</u>	<u>(1,471)</u>

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

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 period. 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:

Fong Kok Yong  
Fong Kiah Yeow  
Fong Ngan Teng  
Fong Choon Kai  
Ng Cheu Kuan  
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong  
Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias  
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, other than those relating to warrants held by certain directors entitling them to subscribe for new ordinary shares of RM1 each in the Company at an exercise price of RM5.95 per share.

Since the end of the previous financial period, 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 as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company or from those transactions disclosed in Note 29 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.

## DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each			31.12.2005
	1.1.2005	Bought	Sold	
<b>The holding company – F.C.H. Holdings Sdn. Bhd. ("FCH")</b>				
<b>Direct interest</b>				
Fong Kok Yong	85,000	–	–	85,000
Fong Kiah Yeow	85,000	–	–	85,000
Fong Ngan Teng	85,000	–	–	85,000
Fong Choon Kai	85,000	–	–	85,000
<b>The Company</b>				
<b>Direct interest</b>				
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	13,500	–	–	13,500
Ng Cheu Kuan	19,000	–	–	19,000
Baharom Bin Abd Wahab	4,500	–	–	4,500
<b>Indirect interest</b>				
Fong Kok Yong	20,348,705	–	–	20,348,705
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

## DIRECTORS' INTERESTS (CONT'D)

The Company	1.1.2005	Number of Warrants		31.12.2005
		Bought	Sold	
<b>Direct interest</b>				
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	400	–	–	400
Baharom Bin Abd Wahab	4,000	–	–	4,000
<b>Indirect interest</b>				
Fong Kok Yong	7,482	–	–	7,482
Fong Kiah Yeow	7,482	–	–	7,482
Fong Ngan Teng	7,482	–	–	7,482
Fong Choon Kai	7,482	–	–	7,482

By virtue of their interests in FCH, Fong Kok Yong, 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.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or in its related corporations during the financial year.

## SHARE CAPITAL

During the financial year, the Company increased its issued and paid up ordinary share capital from RM50,530,263 to RM53,030,263 by way of the issuance of 2,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.35 per ordinary share through private placement for cash to provide additional working capital. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## WARRANTS

On 21 October 1997, the Company issued 14,799,260 warrants in conjunction with the issue of RM50 million Redeemable Guaranteed Bonds which have since been redeemed. Each warrant entitles the holder to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM5.95 per share within a period of four and a half years from the date of issue. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll.

Pursuant to a Supplemental Deed Poll dated 16 August 1999, the subscription period of the said warrants was extended by a further five and a half years to expire on 17 September 2007.

As at 31 December 2005, the entire 14,799,260 warrants remained unexercised.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- 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 there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their value 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.

## **OTHER STATUTORY INFORMATION (CONT'D)**

- (b) At the date of this report, the directors are not aware of any circumstances which would:
  - (i) require any amount to be written off as bad debts or render the amount of the provision for doubtful debts 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) 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 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

**FONG KOK YONG**

Melaka, Malaysia  
24 April 2006

**FONG KIAH YEOW**

# statement by directors

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

We, FONG KOK YONG and FONG KIAH YEOW, being two of the directors of FARM'S BEST BERHAD (formerly known as Sinmah Resources Berhad), do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 55 to 93 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

**FONG KOK YONG**

Melaka, Malaysia  
24 April 2006

**FONG KIAH YEOW**

# statutory declaration

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

I, FONG KOK YONG, being the director primarily responsible for the financial management of FARM'S BEST BERHAD (formerly known as Sinmah Resources Berhad), do solemnly and sincerely declare that the accompanying financial statements set out on pages 55 to 93 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, FONG KOK YONG, at )  
Melaka in the State of Melaka )  
on 24 April 2006 ) **FONG KOK YONG**

Before me,

**A. SUPRAMANIAM PIS**  
Commissioner for Oaths

# report of the auditors

to the members of Farm's Best Berhad (formerly known as Sinmah Resources Berhad)

We have audited the accompanying financial statements set out on pages 55 to 93. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) 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.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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.

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

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements which discloses that the accompanying financial statements have been prepared assuming that the Group and the Company will continue as a going concern. As at 31 December 2005, current liabilities exceeded current assets by approximately RM35.0 million for the Group and RM12.3 million for the Company. The ability of the Group and the Company to continue as a going concern is dependent upon the ability of the Group and of the Company in achieving future profitable operations and generating sufficient cashflows from such operations to enable the Group and the Company to meet their liabilities as and when they fall due. As disclosed in Note 30 to the financial statements, the Company had, subsequent to the year end, raised additional working capital through private placement of shares and has proposed to undertake a corporate exercise to raise additional funds through a rights issue of shares, the approval of which is still pending from the Securities Commission and the Company's shareholders in general meeting.

The financial statements of the Group and of the Company do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as a going concern.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

Melaka, Malaysia  
24 April 2006

**LEE AH TOO**  
No. 2187/09/07(J)  
Partner



# income statements

for the year ended 31 December 2005

	Note	Group		Company	
		1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Revenue	3	377,968	341,783	434	1,590
Cost of sales	4	(303,323)	(331,847)	–	–
Gross profit		74,645	9,936	434	1,590
Other operating income		3,080	1,739	104	28
Selling, marketing, administrative and general expenses		(37,395)	(31,700)	(921)	(1,352)
Other operating expenses		–	(2,408)	–	(19,263)
Profit/(loss) from operations	5	40,330	(22,433)	(383)	(18,997)
Interest income		157	105	–	–
Interest expense	8	(12,073)	(12,067)	(1,088)	(75)
Share of profit of associates		622	34	–	–
Profit/(loss) before taxation		29,036	(34,361)	(1,471)	(19,072)
Taxation:					
Company and subsidiaries		(1,689)	(414)	–	–
Associates		(51)	(22)	–	–
	9	(1,740)	(436)	–	–
Profit/(loss) after taxation		27,296	(34,797)	(1,471)	(19,072)
Minority interests		(2,332)	1,286	–	–
Net profit/(loss) for the year/period		24,964	(33,511)	(1,471)	(19,072)
Earnings/(loss) per share:					
Basic (sen)	10	49.3	(66.3)		

The accompanying notes form an integral part of the financial statements.

# balance sheets

as at 31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11	153,600	160,864	967	1,030
Investment in subsidiaries	12	–	–	75,561	28,061
Investment in associates	13	9,369	8,555	–	–
Other investments	14	62	62	–	–
Land held for property development	15	2,552	2,552	–	–
Goodwill on consolidation	16	8,346	–	–	–
		<u>173,929</u>	<u>172,033</u>	<u>76,528</u>	<u>29,091</u>
<b>CURRENT ASSETS</b>					
Property development costs	15	5,836	11,026	–	–
Inventories	17	42,683	50,261	–	–
Trade receivables	18	100,483	102,870	–	–
Other receivables	19	15,201	15,212	14,217	63,033
Tax recoverable		1,421	1,680	766	649
Cash and bank balances	20	7,610	6,818	1	1
		<u>173,234</u>	<u>187,867</u>	<u>14,984</u>	<u>63,683</u>
<b>CURRENT LIABILITIES</b>					
Short term borrowings	21	133,221	146,615	16,456	17,153
Trade payables	23	56,408	72,473	–	–
Other payables	24	18,246	29,706	10,907	3,716
Tax payable		389	745	–	–
		<u>208,264</u>	<u>249,539</u>	<u>27,363</u>	<u>20,869</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>					
		<u>(35,030)</u>	<u>(61,672)</u>	<u>(12,379)</u>	<u>42,814</u>
		<u>138,899</u>	<u>110,361</u>	<u>64,149</u>	<u>71,905</u>
<b>FINANCED BY:</b>					
Share capital	25	53,030	50,530	53,030	50,530
Share premium	26	62,397	61,584	62,397	61,584
Foreign exchange reserve	27	(224)	(131)	–	–
Accumulated losses		(25,093)	(50,057)	(63,991)	(62,520)
Shareholders' equity		<u>90,110</u>	<u>61,926</u>	<u>51,436</u>	<u>49,594</u>
Minority interests		13,023	6,234	–	–
		<u>103,133</u>	<u>68,160</u>	<u>51,436</u>	<u>49,594</u>
Long term borrowings	21	32,967	38,944	12,713	22,311
Deferred tax liabilities	28	2,799	3,257	–	–
Non-current liabilities		<u>35,766</u>	<u>42,201</u>	<u>12,713</u>	<u>22,311</u>
		<u>138,899</u>	<u>110,361</u>	<u>64,149</u>	<u>71,905</u>

The accompanying notes form an integral part of the financial statements.

# statements of changes in equity

for the year ended 31 December 2005

	Share capital RM'000	Share premium RM'000	Foreign exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
<b>Group</b>					
At 1 February 2004	50,530	61,584	(238)	(16,546)	95,330
Currency translation differences representing net loss not recognised in the income statement	–	–	107	–	107
Net loss for the period	–	–	–	(33,511)	(33,511)
At 31 December 2004	50,530	61,584	(131)	(50,057)	61,926
Currency translation differences representing net profit not recognised in the income statement	–	–	(93)	–	(93)
Issuance of shares	2,500	875	–	–	3,375
Share issue expenses	–	(62)	–	–	(62)
Net profit for the year	–	–	–	24,964	24,964
At 31 December 2005	53,030	62,397	(224)	(25,093)	90,110
<b>Company</b>					
At 1 February 2004	50,530	61,584	–	(43,448)	68,666
Net loss for the period	–	–	–	(19,072)	(19,072)
At 31 December 2004	50,530	61,584	–	(62,520)	49,594
Issuance of shares	2,500	875	–	–	3,375
Share issue expenses	–	(62)	–	–	(62)
Net loss for the year	–	–	–	(1,471)	(1,471)
At 31 December 2005	53,030	62,397	–	(63,991)	51,436

The accompanying notes form an integral part of the financial statements.

# cash flow statements

for the year ended 31 December 2005

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before taxation	29,036	(34,361)	(1,471)	(19,072)
Adjustments for:				
Depreciation	11,717	11,128	140	124
Property, plant and equipment written off	4	–	–	–
Gain on disposal of property, plant and equipment	(353)	(1,642)	(58)	(2)
Impairment of goodwill	–	2,408	–	–
Impairment of property, plant and equipment	1,056	–	–	–
Provision for doubtful debts	511	1,985	–	19,263
Dividend income	–	(2)	–	–
Interest expense	12,073	12,067	1,088	75
Interest income	(157)	(105)	–	–
Share of (profit)/loss of associates	(622)	(34)	–	–
Operating profit/(loss) before working capital changes	53,265	(8,556)	(301)	388
Decrease in property development costs	5,190	10,413	–	–
Decrease/(increase) in inventories	7,578	(2,986)	–	–
Decrease/(increase) in receivables	1,887	10,343	278	(514)
(Decrease)/increase in payables	(27,525)	25,692	(2,586)	(724)
Cash generated from/(used in) operations	40,395	34,906	(2,609)	(850)
Interest paid	(12,073)	(12,067)	(1,088)	(75)
Tax paid	(2,244)	(1,627)	–	–
Net cash from/(used in) operating activities	26,078	21,212	(3,697)	(925)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(5,981)	(4,891)	(17)	(38)
Purchase of additional shares in subsidiary	(2,800)	–	–	–
Acquisition of associate	(243)	(160)	–	–
Proceeds from disposal of property, plant and equipment	4,682	3,260	82	528
Dividend received	–	2	–	–
Interest received	157	105	–	–
Net cash (used in)/from investment activities	(4,185)	(1,684)	65	490

# cash flow statements

for the year ended 31 December 2005 (cont'd)

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Subsidiaries' accounts	–	–	10,698	5,170
Payment of dividend to minority shareholders	(1,056)	–	–	–
Proceeds from issuance of ordinary shares	3,313	–	3,313	–
Repayment of hire purchase payables	(3,423)	(1,295)	(62)	(27)
Drawdown of term loan	–	11,750	–	–
Repayment of term loan	(3,583)	(5,904)	(10,200)	(4,200)
Short term borrowings	(13,772)	(18,205)	–	–
Net cash (used in)/from financing activities	(18,521)	(13,654)	3,749	943
<b>CASH AND CASH EQUIVALENTS</b>				
Net increase during the year/period	3,372	5,874	117	508
Effects of foreign exchange rate changes	12	115	–	–
At beginning of the year/period	(26,523)	(32,512)	(9,308)	(9,816)
At end of the year/period (Note 20)	(23,139)	(26,523)	(9,191)	(9,308)

The accompanying notes form an integral part of the financial statements.

# notes to the financial statements

31 December 2005

## 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company incorporated and domiciled in Malaysia and is listed on the Second Board 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 directors regard F.C.H. Holdings Sdn. Bhd., a company incorporated in Malaysia, to be its immediate and ultimate holding company.

The numbers of employees in the Group and in the Company at the end of the year/period were 1,928 (2004: 1,990) and NIL (2004: 31) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2006.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements have been prepared assuming that the Group and the Company will continue as a going concern. As at 31 December 2005, current liabilities exceeded current assets by approximately RM35.0 million for the Group and RM12.3 million for the Company. The ability of the Group and the Company to continue as a going concern is dependent upon the ability of the Group and of the Company in achieving future profitable operations and generating sufficient cashflows from such operations to enable the Group and the Company to meet their liabilities as and when they fall due. As disclosed in Note 25 and Note 30 to the financial statements, the Company had, subsequent to the year end, raised additional working capital through private placement of shares and has proposed to undertake a corporate exercise to raise additional funds through a rights issue of shares, the approval of which is still pending from the Securities Commission and the Company's shareholders in general meeting.

The financial statements of the Group do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Basis of Consolidation (cont'd)

#### (i) Subsidiaries (cont'd)

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

As allowed by the transitional provisions of MASB 21 Business Combination, minority interest is measured at the minorities' share of the pre-acquisition carrying values of the identifiable assets and liabilities of subsidiaries acquired on or prior to 31 January 2002. For subsidiaries acquired subsequent to 31 January 2002, minority interest is measured at the minorities share of the post-acquisition fair values of the identifiable assets and liabilities of the subsidiaries.

#### (ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

### (c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition, while negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition over the cost of acquisition.

Goodwill is stated at cost less impairment losses and negative goodwill is stated at cost. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o). Goodwill or negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill or negative goodwill arising on the acquisition of associate is included within the carrying amount of investment in associates. Goodwill or negative goodwill is not amortised.

### (d) Investments in Subsidiaries and Associates

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

On disposal of such investments, the difference between the net disposal proceeds and their carrying amounts is recognised in the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated on a straight line basis over the periods of the respective leases which range from 80 years to 99 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Buildings	2% – 10%
Motor vehicles	10% – 20%
Piping, fencing and tubewell	15%
Plant and machinery	2% – 20%
Electrical installation	5% – 10%
Furniture, fixtures and fittings	10%
Office equipment	5% – 20%
Renovation and improvement	5%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

### (f) 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

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.

#### (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 the income statement 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (f) Land Held for Property Development and Property Development Costs (cont'd)

#### (ii) Property development costs (cont'd)

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 income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

### (g) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### (h) Inventories

Inventories are stated at the lower of cost and net realisable values. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Cost of raw materials, medical and consumable supplies and finished goods (determined on the weighted average basis) consists of the original purchase price plus the costs of bringing the stocks to their present location.

Breeder and layer stocks are stated at cost (determined on a first-in, first-out basis) adjusted for amortisation which is calculated based on the economic egg-laying lives less net realisable value. Cost includes cost of day old chicks, feed, medication, labour and attributable overheads to the point of maturity.

Pullet and broiler stocks consist of original purchase price of day-old chicks plus growing costs which include feed and vaccines, direct labour costs and a proportion of farm overheads.

Cost of hatching eggs, processed chickens and feed (determined on the weighted average basis) include materials, labour and a proportion of overhead costs.

Cost of completed shops and houses include land costs, construction costs and direct expenses incurred during the period of development (determined on the specific identification basis).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### (j) Hire Purchase

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practicable to determine; otherwise, the incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(e).

### (k) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### (l) Employee Benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (m) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Sale of goods

Revenue relating to sale of goods is recognised net of sales taxes and trade discounts upon the transfer of risks and rewards.

#### (ii) Income from property development and construction

Income from sale of development properties and construction contracts are accounted for under the stage of completion method. The stage of completion is determined by reference to the proportion of total cost incurred to-date to the total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses are fully provided for.

#### (iii) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

#### (iv) Dividend income

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

#### (v) Rental income

Rental income is recognised on the accrual basis.

#### (vi) Revenue from management services

Management fee is recognised net of any service taxes and discounts as and when the services are performed.

### (n) Foreign Currencies

#### (i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at exchange rates ruling at the dates of transaction. At each balance sheet date, foreign currency monetary items are reported in Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are recorded using the historical rate as of the date of acquisition and non-monetary items which are carried at fair values are recorded using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

#### (ii) Foreign entities

Financial statements of foreign consolidated subsidiaries are translated at exchange rates ruling at the balance sheet date with respect to the assets and liabilities, and at exchange rates ruling at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill arising on the acquisition of a foreign entity are treated as assets of the Group and translated at the exchange rates ruling at the date of the transaction.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (n) Foreign Currencies (cont'd)

#### (ii) Foreign entities (cont'd)

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used for translation of foreign currency financial statements are as follows:

	2005 RM	2004 RM
Philippines Peso	0.07	0.07
China, Yuan Renminbi	0.42	0.46

### (o) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

### (p) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(o).

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

#### (ii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (iii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (p) Financial Instruments (cont'd)

#### (iv) Interest-Bearing Borrowings

Interest-bearing loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

#### (v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

## 3. REVENUE

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Sales of goods net of discounts	364,021	311,059	–	–
Property development	13,947	30,724	–	–
Management fees receivable	–	–	14	330
Procurement and project management fee	–	–	–	1,260
Gross dividends received from subsidiaries	–	–	420	–
	<u>377,968</u>	<u>341,783</u>	<u>434</u>	<u>1,590</u>

## 4. COST OF SALES

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Inventories sold	288,486	315,549	–	–
Development properties sold	14,837	16,298	–	–
	<u>303,323</u>	<u>331,847</u>	<u>–</u>	<u>–</u>

## 5. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging/(crediting):

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Auditors' remuneration				
– statutory audits	140	134	12	12
– other services	19	138	19	65
Bad debts recovered	(90)	–	–	–
Depreciation	11,717	11,128	140	124
Provision for doubtful debts				
– amount due from subsidiaries	–	–	–	19,263
– others	531	1,985	–	–
Executive directors' emoluments (Note 6)	3,901	3,801	–	–
Non-executive directors' emoluments (Note 6)	84	84	84	84
Gross dividend income from shares quoted in Malaysia	–	(2)	–	–
Impairment of goodwill	–	2,408	–	–
Impairment of property, plant and equipment	1,056	–	–	–
Gain on disposal of property, plant and equipment	(353)	(1,642)	(58)	(2)
Gain on foreign exchange (realised)	(612)	(399)	(33)	–
Rental expenses	7,791	5,412	–	–
Rental income	(342)	(286)	–	(26)
Other staff costs (Note 7)	27,547	27,026	147	683
Property, plant and equipment written off	4	–	–	–

## 6. DIRECTORS' EMOLUMENTS

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
<b>Directors of the Company</b>				
Salaries and other emoluments	2,061	2,061	–	–
Fees	84	84	84	84
Pension costs – defined contribution plan	247	247	–	–
	2,392	2,392	84	84
<b>Other directors of subsidiaries</b>				
Salaries and other emoluments	1,441	1,340	–	–
Pension costs – defined contribution plan	152	153	–	–
	1,593	1,493	–	–
Total directors' emoluments	3,985	3,885	84	84
<b>Analysis</b>				
Executive directors' emoluments (Note 5)	3,901	3,801	–	–
Non-executive directors' emoluments (Note 5)	84	84	84	84
	3,985	3,885	84	84

## 6. DIRECTORS' EMOLUMENTS (CONT'D)

The emoluments of the Group do not include the monetary value of benefits-in-kind in respect of the directors of the Company amounting to RM32,175 (2004 : RM5,000) and of other directors of subsidiaries of RM33,000 (2004 : RM33,000) respectively.

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

	Number of directors	
	2005	2004
<b>Executive directors:</b>		
RM200,001 to RM250,000	2	2
RM450,001 to RM500,000	4	4
<b>Non-executive directors:</b>		
Below RM50,000	3	3
	9	9

## 7. OTHER STAFF COSTS

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Wages and salaries	23,445	23,646	125	578
Pension costs – defined contribution plan	2,089	1,910	15	69
Other staff related expenses	1,496	1,470	7	36
	27,030	27,026	147	683

## 8. INTEREST EXPENSE

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Interest paid	12,073	12,144	2,337	1,986
Interest recouped from:				
– holding company	–	(77)	–	(77)
– subsidiaries	–	–	(1,249)	(1,834)
	12,073	12,067	1,088	75

## 9. TAXATION

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Tax expense for the year/period:				
Malaysian income tax	2,198	1,891	–	–
Overprovided in prior years	–	(169)	–	–
	<u>2,198</u>	<u>1,722</u>	<u>–</u>	<u>–</u>
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	(451)	(1,431)	–	–
Under/(over)provided in prior years	(7)	145	–	–
	<u>(458)</u>	<u>(1,286)</u>	<u>–</u>	<u>–</u>
	<u>1,740</u>	<u>436</u>	<u>–</u>	<u>–</u>

Domestic income tax is calculated at Malaysian statutory tax rate of 28% (2004 : 28%) of the estimated assessable profit for the year/period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Profit/(loss) before taxation	29,036	(34,361)	(1,471)	(19,072)
Taxation at Malaysian statutory tax rate of 28% (2004 : 28%)	8,130	(9,621)	(412)	(5,340)
Effect of income at Malaysian tax rate of 20% (2004 : 20%)	(87)	(160)	–	–
Effect of expenses not deductible for tax purposes	2,680	2,232	419	5,466
Effect of income not subject to tax	(399)	–	–	–
Deferred tax asset recognised on:				
– brought forward capital allowances	(1,210)	(105)	(7)	–
– brought forward reinvestment allowances	(97)	–	–	–
– current year's tax losses	(1,021)	–	–	–
– current year's reinvestment allowances	(233)	–	–	–
– other temporary differences	(11)	–	–	–
Deferred tax asset not recognised on:				
– tax losses and capital allowances	–	2,675	–	–
– brought forward capital allowances	–	5,866	–	13
– brought forward investment tax allowances	(1,130)	–	–	–
– other temporary differences	13	–	–	–
Effect of utilisation of:				
– brought forward tax losses and capital allowances	(1,273)	(182)	–	(139)
– current year's reinvestment allowances	(321)	(245)	–	–
– brought forward reinvestment allowances	(3,294)	–	–	–
(Over)/underprovision of tax in prior years	(7)	(24)	–	–
Tax expense for the period/year	<u>1,740</u>	<u>436</u>	<u>–</u>	<u>–</u>
Tax saving arising from utilisation of brought forward tax losses	1,273	57	–	–



## 10. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the Group's net profit for the year of RM24,964,000 (2004 : net loss of RM33,511,000) by 50,598,756 (2004 : 50,530,263) weighted average ordinary shares in issue during the financial year/period.

Fully diluted earnings per share on the basis of assumed conversion of warrants has not been disclosed as the effect is anti-dilutive.

## 11. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	** Other assets RM'000	Total RM'000
<b>Group</b>					
<b>Cost</b>					
At 1 January 2005	108,618	127,095	18,265	13,267	267,245
Additions	3,252	3,032	2,536	1,160	9,980
Disposals	(4,260)	(204)	(1,909)	(62)	(6,435)
Translation difference	60	(115)	23	29	(3)
At 31 December 2005	107,670	129,808	18,915	14,394	270,787
<b>Accumulated Depreciation</b>					
At 1 January 2005	29,510	55,013	12,932	8,926	106,381
Charge for the year	3,465	5,866	1,546	840	11,717
Impairment	1,056	–	–	–	1,056
Disposals	(94)	(63)	(1,892)	(53)	(2,102)
Translation difference	48	60	3	24	135
At 31 December 2005	33,985	60,876	12,589	9,737	117,187
<b>Net Book Value</b>					
At 31 December 2005	73,685	68,932	6,326	4,657	153,600
At 31 December 2004	79,108	72,082	5,333	4,341	160,864
<b>Details at 1 February 2004</b>					
Cost	108,550	124,256	18,042	13,053	263,901
Accumulated depreciation	26,072	49,745	12,561	8,217	96,595
<b>Depreciation charge for 2004</b>					
1.2.2004 to 31.12.2004	3,866	5,274	1,268	720	11,128

\*\* 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 capital work-in-progress included herein amounts to RM350,000 (2004 : RM Nil).

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### \* Analysis of land and buildings

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Planting and development expenditure RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2005	25,283	9,761	73,371	203	108,618
Additions	(2)	33	3,194	27	3,252
Disposals	(3,715)	–	(315)	(230)	(4,260)
Translation difference	–	3	57	–	60
At 31 December 2005	21,566	9,797	76,307	–	107,670
<b>Accumulated Depreciation</b>					
At 1 January 2005	–	977	28,531	2	29,510
Charge for the year	–	43	3,422	–	3,465
Impairment	–	1,056	–	–	1,056
Disposals	–	–	(92)	(2)	(94)
Translation difference	–	–	48	–	48
At 31 December 2005	–	2,076	31,909	–	33,985
<b>Net Book Value</b>					
At 31 December 2005	21,566	7,721	44,398	–	73,685
At 31 December 2004	25,283	8,784	44,840	201	79,108
<b>Details at 1 February 2004</b>					
Cost	25,603	9,628	73,144	175	108,550
Accumulated depreciation	–	456	25,616	–	26,072
<b>Depreciation charge for 2004</b>					
1.2.2004 to 31.12.2004	–	521	3,343	2	3,866

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
<b>Company</b>				
<b>Cost</b>				
At 1 January 2005	600	515	574	1,689
Additions	–	99	2	101
Disposal	–	(180)	(4)	(184)
At 31 December 2005	600	434	572	1,606
<b>Accumulated Depreciation</b>				
At 1 January 2005	77	304	278	659
Charge for the year	12	70	58	140
Disposal	–	(159)	(1)	(160)
At 31 December 2005	89	215	335	639
<b>Net Book Value</b>				
At 31 December 2005	511	219	237	967
At 31 December 2004	523	211	296	1,030
<b>Details at 1 February 2004</b>				
Cost	1,207	495	548	2,250
Accumulated depreciation	139	297	226	662
<b>Depreciation charge for 2004</b>				
1.2.2004 to 31.12.2004	19	53	52	124

- (a) The net book values of property, plant and equipment of the Group pledged to financial institutions for bank borrowings as referred to in Note 21 are as follows:

	2005 RM'000	2004 RM'000
Land and buildings	7,431	11,062
Plant and machinery	3,639	8,010
Other assets	9,244	450
	20,314	19,522

Certain assets of the Group with net book value amounting to RM111,249,000 (2004 : RM115,882,000) were subject to negative pledges in relation to banking facilities granted to the Group.

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Property, plant and equipment acquired during the year/period were by way of the following:

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
Outright purchase	5,981	4,891	17	38
Hire purchase financing	3,999	1,421	84	54
	<u>9,980</u>	<u>6,312</u>	<u>101</u>	<u>92</u>

(c) The net book values of property, plant and equipment held under hire purchase are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Farm construction	578	627	–	–
Motor vehicles	3,939	2,715	141	191
Plant and machinery	2,578	2,671	–	–
	<u>7,095</u>	<u>6,013</u>	<u>141</u>	<u>191</u>

- (d) Certain freehold land and motor vehicles of the Group with net book value of RM443,000 (2004 : RM476,000) are held in trust by third parties and certain directors of subsidiaries, namely Siah Kim Hew @ Sia Kian Heng and Ng Hua Boon.
- (e) Title deeds for certain long term leasehold land and building of the Group and of the Company with net book value of RM8,659,000 (2004 : RM8,197,000) and RM511,000 (2004 : RM523,000) respectively are pending issuance from the relevant authorities.
- (f) During the year, the Group obtained the release of charge on 2 pieces of freehold land, stated at cost of RM2,000,000 (2004 : RM2,000,000), and transferred the 2 pieces of freehold land back to the original vendors in full discharge of the amount due to them as disclosed in Note 24.

## 12. INVESTMENT IN SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares at cost	78,261	30,761
Less: Impairment in value	(2,700)	(2,700)
	<u>75,561</u>	<u>28,061</u>

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
<b>Subsidiaries of the Company</b>				
Sinmah Multifeed Sdn. Bhd.	Malaysia	99.99	99.99	Manufacturing and wholesale of animal feeds
Sinmah Breeders Sdn. Bhd.	Malaysia	100	100	Poultry breeding and hatchery operations
Sinmah Livestocks Sdn. Bhd.	Malaysia	100	100	Contract farming and trading of feeds, day-old-chicks and vaccines
Farm's Best Food Industries Sdn. Bhd. (formerly known as Sinmah Food Industries Sdn. Bhd.)	Malaysia	100	100	Poultry processing, contract farming, marketing and distribution of poultry products
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Egg Products Sdn. Bhd.	Malaysia	100	100	Investment holding
Sinmah Ventures Sdn. Bhd.	Malaysia	100	100	Investment holding
Farm's Best Eggmart Sdn. Bhd.	Malaysia	100	75	Trading of eggs
Lynbridge Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Subsidiaries of Sinmah Livestocks Sdn. Bhd.</b>				
Chem Ventures Sdn. Bhd.	Malaysia	75	75	Trading of chemicals, medication and related equipment
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	51	51	Trading of feeds, medication and poultry farming
Joint Farming Sdn. Bhd.	Malaysia	59	59	Poultry farming and trading of feedmeal, medication, day-old-chicks and broilers
<b>Subsidiary of Syarikat Perniagaan Suann Sdn. Bhd.</b>				
Halal Poultry Meat Processing Sdn. Bhd.	Malaysia	100	100	Poultry meat processing
<b>Subsidiary of Farm's Best Food Industries Sdn. Bhd. (formerly known as Sinmah Food Industries Sdn. Bhd.)</b>				
SM Broilers Sdn. Bhd. (formerly known as SM Feed Technologies Sdn. Bhd.)	Malaysia	100	100	Marketing and distribution of distribution of poultry products

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
<b>Subsidiaries of Sinmah Development Sdn. Bhd.</b>				
Realtemas Realty Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services
Cosmal Enterprise Sdn. Bhd.	Malaysia	100	100	Property development
<b>Subsidiary of Sinmah Egg Products Sdn. Bhd.</b>				
Sinmah Poultry Farm Sdn. Bhd. (formerly known as TTK Poultry Farm Sdn. Bhd.)	Malaysia	100	51	Poultry farming and investment holding
<b>Subsidiary of Sinmah Poultry Farm Sdn. Bhd. (formerly known as TTK Poultry Farm Sdn. Bhd.)</b>				
Premier Layer Breeders Sdn. Bhd.	Malaysia	100	100	Dormant
<b>Subsidiary of Joint Farming Sdn. Bhd.</b>				
Joint Food Processing Sdn. Bhd.	Malaysia	60	–	Manufacturing of food products and carrying out research and development on food technology
<b>Subsidiaries of Sinmah Ventures Sdn. Bhd.</b>				
Chix Unlimited Inc.*	Philippines	51	51	Hatchery operations
FB Food (Nanjing) Pte. Ltd. *	People's Republic of China	100	70	International trade, import and export of poultry products, value-added production and sales and marketing

\* Audited by firms of auditors other than Ernst & Young

## 12. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) The auditors' reports on the financial statements of the following subsidiaries emphasised that continuance of these subsidiaries as going concerns is dependent upon their future profitable operations and sufficient cashflows and the continued financial support from their holding companies:

- i) Farm's Best Food Industries Sdn. Bhd. (formerly known as Sinmah Food Industries Sdn. Bhd.)
- ii) SM Broilers Sdn. Bhd. (formerly known as SM Feed Technologies Sdn. Bhd.)
- iii) Sinmah Ventures Sdn. Bhd.
- iv) Sinmah Egg Products Sdn. Bhd.
- v) Sinmah Poultry Farm Sdn. Bhd. (formerly known as TTK Poultry Farm Sdn. Bhd.)
- vi) Premier Layer Breeders Sdn. Bhd.
- vii) Farm's Best Eggmart Sdn. Bhd.
- viii) Syarikat Perniagaan Suann Sdn. Bhd.
- ix) Halal Poultry Meat Processing Sdn. Bhd.
- x) Lynbridge Sdn. Bhd.

## 13. INVESTMENT IN ASSOCIATES

	Group	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	6,902	6,659
Share of post acquisition reserves	2,467	1,896
	9,369	8,555
Represented by:		
Share of net assets	7,146	6,332
Goodwill on acquisition	2,223	2,223
	9,369	8,555

Details of the associates are as follows:

Name of company	Country of incorporation	Equity interest held (%)		Principal activities
		2005	2004	
Sinmah Poultry Processing (S) Pte. Ltd.	Singapore	25	25	Poultry processing and trading in poultry products
Ban Yen Sdn. Bhd.	Malaysia	30.8	30.8	Poultry breeding and hatchery operations
SMNS Rubber Holdings Sdn. Bhd.	Malaysia	49.9	49.9	Management of rubber small holdings
Farm's Goodness Sdn. Bhd.	Malaysia	20	20	Processing of poultry meat and trading of meat products
S.M. Enterprise (Nanjing) Pte. Ltd.	People's Republic of China	50	–	Trading of poultry and operating restaurant chains

#### 14. OTHER INVESTMENTS

	Group	
	2005 RM'000	2004 RM'000
Quoted shares in Malaysia, at cost	152	152
Less : Impairment in value	(90)	(90)
	62	62
Market value of quoted shares in Malaysia	61	66

#### 15. DEVELOPMENT PROPERTIES

	Group	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
<b>Land Held for Property Development</b>		
<b>Cost</b>		
At beginning of year/period	2,552	2,526
Incurred during the year/period	–	26
At end of year/period	2,552	2,552
Comprising:		
Freehold land	2,178	2,178
Development expenditure	374	374
	2,552	2,552
<b>Property Development Costs</b>		
<b>Cost</b>		
At beginning of year/period	20,317	50,230
Incurred during the year/period	3,046	9,679
Completed during the year/period	(7,809)	(35,772)
Transferred to inventories	(2,137)	(3,820)
At end of year/period	13,417	20,317
Comprising:		
Freehold land	2,134	6,898
Development expenditure	11,283	13,419
	13,417	20,317
<b>Cost recognised in income statement</b>		
At beginning of year/period	9,291	28,765
Recognised in current year/period	6,099	16,298
Completed during the year/period	(7,809)	(35,772)
At end of year/period	7,581	9,291
<b>Net carrying value</b>	5,836	11,026



## 16. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM'000	2004 RM'000
Goodwill		
At beginning of year/period	11,314	11,314
Arising from additional investment in subsidiary	8,346	–
At end of year/period	19,660	11,314
Accumulated impairment loss	(5,922)	(5,922)
Negative goodwill	13,738 (5,392)	5,392 (5,392)
	8,346	–

## 17. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Raw materials, medical supplies and chemicals	11,072	13,773
Poultry livestocks	13,971	14,640
Processed chickens	6,685	9,832
Hatching eggs	1,809	1,555
Consumable supplies	3,434	6,180
Completed houses and shops	4,135	3,865
Others	1,577	416
	42,683	50,261

## 18. TRADE RECEIVABLES

	Group	
	2005 RM'000	2004 RM'000
Due from associates	707	3,473
Other trade receivables	116,746	116,612
Retention sums	625	1,327
Accrued billings in respect of property development costs	2,142	1,887
	120,220	123,299
Less : Provision for doubtful debts	(19,737)	(20,429)
	100,483	102,870

The Group's normal trade credit terms range from 30 to 90 (2004 : 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 19. OTHER RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Due from holding company	5,430	6,099	4,260	4,770
Due from subsidiaries	–	–	65,590	113,501
Purchaser of property, plant and equipment	–	433	–	433
Other receivables	5,422	3,769	69	23
Deposits and prepayments	4,569	4,911	15	23
	<hr/>	<hr/>	<hr/>	<hr/>
	15,421	15,212	69,934	118,750
Less : Provision for doubtful debts	(220)	–	(55,717)	(55,717)
	<hr/>	<hr/>	<hr/>	<hr/>
	15,201	15,212	14,217	63,033

The amount due from holding company is unsecured, has no fixed terms of repayment and is interest-free except that interest of RMNil (2004 : RM77,000) was recouped from holding company during the year/period as disclosed in Note 8. The amounts due from subsidiaries are unsecured, have no fixed terms of repayment and are interest-free except that interest of RM1,249,000 (2004 : RM1,834,000) was recouped from certain subsidiaries during the year/period as disclosed in Note 8.

There were no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for exposures to the holding company and subsidiaries, the amounts of which account for 35% (2004 : 39%) and 99% (2004 : 99%) of the gross receivables of the Group and of the Company respectively.

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash on hand and at banks	7,472	6,624	1	1
Deposits with licensed banks	138	194	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	7,610	6,818	1	1
Less : Bank overdrafts (Note 21)	(30,749)	(33,341)	(9,192)	(9,309)
	<hr/>	<hr/>	<hr/>	<hr/>
	(23,139)	(26,523)	(9,191)	(9,308)

Included in cash at banks of the Group is an amount of RM1,313,000 (2004 : RM2,323,000) 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.

## 20. CASH AND CASH EQUIVALENTS (CONT'D)

The weighted average effective interest rates per annum and the average maturities of deposits at the balance sheet date were as follows:

	Weighted Average Interest Rates (%)		Average Maturities (Days)	
	2005	2004	2005	2004
Deposits with licensed banks	4.00	4.00	365	365

## 21. BORROWINGS (SECURED)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Short Term Borrowings</b>				
Bank overdrafts (Note 20)	30,749	33,341	9,192	9,309
Bankers' acceptances	83,084	93,127	–	–
Term loans	16,308	13,260	7,200	7,801
Trust receipts	–	4,729	–	–
Al-Murabahah	1,607	607	–	–
Hire purchase payables (Note 22)	1,473	1,551	64	43
	<u>133,221</u>	<u>146,615</u>	<u>16,456</u>	<u>17,153</u>
<b>Long Term Borrowings</b>				
Term loans	30,842	37,473	12,600	22,199
Hire purchase payables (Note 22)	2,125	1,471	113	112
	<u>32,967</u>	<u>38,944</u>	<u>12,713</u>	<u>22,311</u>
<b>Total Borrowings</b>				
Bank overdrafts	30,749	33,341	9,192	9,309
Bankers' acceptances	83,084	93,127	–	–
Term loans	47,150	50,733	19,800	30,000
Trust receipts	–	4,729	–	–
Al-Murabahah	1,607	607	–	–
Hire purchase payables	3,598	3,022	177	155
	<u>166,188</u>	<u>185,559</u>	<u>29,169</u>	<u>39,464</u>
<b>Maturity of borrowings (excluding hire purchase)</b>				
Within one year	131,748	145,064	16,392	17,110
Later than one year and not later than 2 years	12,959	10,750	7,200	7,200
Later than 2 years and not later than 5 years	17,516	24,797	5,400	14,999
Later than 5 years	367	1,926	–	–
	<u>162,590</u>	<u>182,537</u>	<u>28,992</u>	<u>39,309</u>

## 21. BORROWINGS (SECURED)

The weighted average effective interest rates per annum at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	7.70 – 8.50	7.30 – 8.50	8.25	8.50
Bankers' acceptances	2.41	2.63	–	–
Term loans	4.29 – 6.32	6.32	4.29 – 6.27	4.29
Trust receipts	–	8.26	–	–

The borrowings of the Group are secured by way of fixed and floating charges and negative pledges over certain assets of the Group as disclosed in Note 11 and corporate guarantees given by the Company.

The term loans of the Company are secured against the following:

- (i) Corporate guarantees from the Company's certain existing and future major operating subsidiaries;
- (ii) Undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations;
- (iii) Assignment of funds realised from the exercise of the Company's warrants; and
- (iv) 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.

## 22. HIRE PURCHASE PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Minimum hire purchase payments</b>				
Not later than one year	1,628	1,698	74	49
Later than one year and not later than 2 years	1,264	889	74	49
Later than 2 years and not later than 5 years	1,133	809	56	82
	4,025	3,396	204	180
Less : Future finance charges	(477)	(374)	(27)	(25)
Present value of hire purchase liabilities	3,548	3,022	177	155
<b>Present value of hire purchase liabilities</b>				
Not later than one year	1,473	1,551	64	43
Later than one year and not later than 2 years	1,113	786	64	42
Later than 2 years and not later than 5 years	1,012	685	49	70
	3,598	3,022	177	155
<b>Analysed as</b>				
Due within 12 months (Note 21)	1,473	1,551	64	43
Due after 12 months (Note 21)	2,125	1,471	113	112
	3,598	3,022	177	155

## 22. HIRE PURCHASE PAYABLES (CONT'D)

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Interest rate per annum	3.30 to 6.50	3.30 to 6.50	3.30 to 3.75	3.40 to 3.75

## 23. TRADE PAYABLES

	Group	
	2005 RM'000	2004 RM'000
Due to associates	86	1,298
Other trade creditors	55,249	69,852
Retention sums	1,073	1,323
	<u>56,408</u>	<u>72,473</u>

The normal trade credit terms granted to the Group range from 30 to 90 (30 to 90) days.

## 24. OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Due to subsidiaries *	–	–	10,482	3,011
Due to an associate *	140	43	–	–
Due to Tang Tze Kang Realty Sdn. Bhd. and Maju Tangs Sdn. Bhd. *	–	2,000	–	–
Due to directors of subsidiary *	358	357	–	–
Supplier of property, plant and equipment	–	2,207	–	–
Other payables	11,813	20,796	111	522
Accruals	5,935	4,303	314	183
	<u>18,246</u>	<u>29,706</u>	<u>10,907</u>	<u>3,716</u>

\* Unsecured, interest-free and with no fixed terms of repayment.

Tang Tze Kang Realty Sdn. Bhd. and Maju Tangs Sdn. Bhd. are companies in which certain former directors of a subsidiary, namely Tang Kian Woo and Tang Tok Woo, have interest. The amount arose from the purchase of 2 pieces of freehold land in previous years. During the year, the Group transferred the 2 pieces of freehold land back to them in full discharge of the liability as mentioned in Note 11(f).

The above mentioned directors of a subsidiary are Siah Kim Hew @ Sia Kian Heng, Sian Keng Choon and Sia Kian Koo.

## 25. SHARE CAPITAL

Group and Company	Number of Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
Authorised	500,000	500,000	500,000	500,000

	Number of Ordinary Shares of RM1 Each		Amount	
	2005 '000	2004 '000	2005 RM'000	2004 RM'000
At beginning of the year/period	50,530	50,530	50,530	50,530
Issued during the year	2,500	–	2,500	–
At end of the year/period	53,030	50,530	53,030	50,530

During the year, the Securities Commission ("SC") approved the private placement by the Company of up to 5,053,026 new ordinary shares of RM1.00 each representing up to 10% of the existing issued and paid-up capital of the Company to provide working capital and the Company increased its issued and paid up ordinary share capital from RM50,530,263 to RM53,030,263 by way of the issuance of 2,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.35 per ordinary share under the private placement.

Subsequent to the year end, the Company further increased its issued and paid up ordinary share capital from RM53,030,263 to RM55,530,263 by way of the issuance of 2,500,000 new ordinary shares of RM1.00 each at an issue price of RM1.11 per ordinary share.

The private placement shares rank parri passu in all respects with the existing ordinary shares of the Company. The balance of the 53,026 ordinary shares of which the Company was entitled to issue under the private placement will not be issued.

On 21 October 1997, the Company issued 14,799,260 warrants in conjunction with the issue of RM50 million Redeemable Guaranteed Bonds. These bonds had since been redeemed. Each warrant entitles the holder to subscribe for one new ordinary share of RM1 each in the Company at an exercise price of RM5.95 per share within a period of four and a half years from the date of issue. The exercise price of the warrants is subject to adjustments from time to time in accordance with the conditions stipulated in the Deed Poll.

Pursuant to a Supplemental Deed Poll dated 16 August 1999, the subscription period of the said warrants was extended by a further five and a half years to expire on 17 September 2007.

As at 31 December 2005, the entire 14,799,260 warrants remained unexercised.

## 26. SHARE PREMIUM

This is a non-distributable reserve which arose from the issue of the Company's shares at a premium:

	Group and Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
At beginning of the year/period	61,584	61,584
Arising during the year/period	875	-
Share issue expenses	(62)	-
At end of the year/period	62,397	61,584

## 27. FOREIGN EXCHANGE RESERVE

This is a non-distributable reserve which comprises all foreign exchange differences arising from the translation of financial statements of foreign subsidiaries.

## 28. DEFERRED TAX LIABILITIES

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
At beginning of the year/period	3,257	4,543	-	-
Recognised in income statements (Note 9)	(458)	(1,286)	-	-
At end of the year/period	2,799	3,257	-	-

The components and movements of deferred tax liabilities and assets during the financial year/period prior to offsetting are as follows:

Group	At beginning of the year/period RM'000	Recognised in income statement RM'000	At end of the year/period RM'000
<b>2005</b>			
Property, plant and equipment	25,512	(1,913)	23,599
Trade and other receivables	117	(3,042)	(2,925)
Unutilised tax allowances	(3,726)	414	(3,312)
Unutilised tax losses	(4,415)	3,692	(723)
Unabsorbed capital allowances	(14,231)	391	(13,840)
	3,257	(458)	2,799
<b>2004</b>			
Property, plant and equipment	25,977	(465)	25,512
Trade and other receivables	44	73	117
Unutilised tax allowances	(8,998)	5,272	(3,726)
Unutilised tax losses	(4,359)	(56)	(4,415)
Unabsorbed capital allowances	(8,121)	(6,110)	(14,231)
	4,543	(1,286)	3,257

## 28. DEFERRED TAX LIABILITIES (CONT'D)

Company	At beginning of the year/period RM'000	Recognised in income statement RM'000	At end of the year/period RM'000
<b>2005</b>			
Property, plant and equipment	61	(18)	43
Provision for interest receivable	44	–	44
Unutilised tax losses	(25)	(7)	(32)
Unabsorbed capital allowances	(80)	25	(55)
	–	–	–
<b>2004</b>			
Property, plant and equipment	74	(13)	61
Provision for interest receivable	–	44	44
Unutilised tax losses	–	(25)	(25)
Unabsorbed capital allowances	(74)	(6)	(80)
	–	–	–

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

	Group	
	2005 RM'000	2004 RM'000
Unutilised tax losses	75,004	69,412
Unabsorbed reinvestment allowances	22,025	26,183
Unabsorbed capital allowances	2,158	5,791
Unutilised investment tax allowances	29,234	29,862
Other temporary differences	1,661	26
	130,082	131,274
<b>Company</b>		
	Unused tax losses RM'000	Unabsorbed capital allowances RM'000
<b>2005</b>		
Amounts available for offset against future taxable profits	2,465	195
Recognised for deferred tax asset	(116)	(195)
Not recognised for deferred tax asset	2,349	–
<b>2004</b>		
Amounts available for offset against future taxable profits	2,465	285
Recognised for deferred tax asset	(90)	(285)
Not recognised for deferred tax asset	2,375	–

The above items are available indefinitely for offset against future taxable profits of the subsidiaries in which they arose.



## 29. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000	1.1.2005 to 31.12.2005 RM'000	1.2.2004 to 31.12.2004 RM'000
<b>Transactions with holding company</b>				
Interest recouped	–	77	–	77
<b>Transactions with subsidiaries</b>				
Interest recouped from:				
Farm's Best Food Industries Sdn. Bhd. (formerly known as Sinmah Food Industries Sdn. Bhd.)	–	–	496	695
Sinmah Multifeed Sdn. Bhd.	–	–	–	24
Sinmah Development Sdn. Bhd.	–	–	248	237
Sinmah Breeders Sdn. Bhd.	–	–	505	565
Sinmah Livestocks Sdn. Bhd.	–	–	–	73
Sinmah Ventures Sdn. Bhd.	–	–	–	17
Sinmah Eggs Products Sdn. Bhd.	–	–	–	222
Gross dividend from:				
Sinmah Development Sdn. Bhd.	–	–	420	–
Management fees from:				
Sinmah Development Sdn. Bhd.	–	–	–	240
Sinmah Multifeed Sdn. Bhd.	–	–	–	18
Sinmah Builders Sdn. Bhd.	–	–	14	72
Procurement and project management fee from Sinmah Builders Sdn. Bhd.	–	–	–	1,260
<b>Transactions with associates</b>				
Sales to Sinmah Poultry Processing (S) Pte. Ltd.	9,898	10,481	–	–
Sales of feed to Ban Yen Sdn. Bhd.	4,579	–	–	–
Purchases from Ban Yen Sdn. Bhd.	3,725	5,854	–	–

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

### 30. SUBSEQUENT EVENTS

- (a) The Company proposed to undertake the following corporate exercise:
- (i) Proposed share split from one (1) ordinary share of RM1.00 each in the Company held by the shareholders of the Company, including those shares issued pursuant to the exercise of warrants, if any, as referred to in Note 25, to two (2) ordinary shares of 50 sen each;
  - (ii) Renounceable rights issue of up to a maximum of 70,329,523 new ordinary shares of 50 sen each in the Company ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing ordinary shares of 50 sen each held in the Company on a date to be determined, at an indicative issue price of 55 sen per Rights Share ("Proposed Rights Issue);
  - (iii) Bonus issue of up to 70,329,523 new ordinary shares of 50 sen each in the Company ("Bonus Shares") on the basis of one (1) Bonus Share for every one (1) Right Share subscribed by the existing shareholders of the Company and/or their renounces pursuant to the Proposed Right Issue; and
  - (iv) Proposed issue of up to 16 million new ordinary shares of 50 sen each in the Company to the eligible employees, executive directors and non-executive directors of the Company and its subsidiaries ("FBB Group") under an employees' share option scheme.

The above proposals are pending approvals by the Securities Commission and the shareholders of the Company in general meeting.

- (b) S.M. Enterprise (Nanjing) Pte Ltd ("SME"), a 50% owned associate of FBB Group, signed a Memorandum of Understanding with TCRS Restaurant Sdn Bhd ("TCRS"), to establish cooperation and joint participation in the opening and setting up of restaurants and outlets within the Province of Jiangsu in the People's Republic of China.
- (c) SME signed a Memorandum of Understanding with MOBIF Global Sdn Bhd ("MoBif") to collaborate in joint marketing, provision of discounted telephone call service ("DTCS") based infrastructure and equipment, and service provision in the Province of Jiangsu, People's Republic of China.
- (d) SME signed a Memorandum of Understanding with Today Bakeries Products (KLG) Sdn. Bhd. ("TBP") to establish co-operation and participation in a joint venture for the opening and setting up of bakeries and outlets within the Province of Jiangsu in the People's Republic of China.

### 31. CONTINGENT LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Corporate guarantee issued to financial institutions for credit facilities granted to subsidiaries (unsecured)	–	–	127,247	135,620
Legal claim by a supplier	2,398	2,398	–	–

The legal claim by a supplier was in respect of a civil suit filed on 2 February 1999 against a subsidiary for a claim for goods delivered amounting to approximately RM2,398,000. The directors are of the opinion that such claim is without basis as the goods delivered by the supplier were not of merchantable quality and unfit for its purpose and hence, no provision for any liabilities have been made in the financial statements. The matter has been fixed for further trial at a later date.

### 32. COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Capital expenditure approved and contracted for: Property, plant and equipment	650	750	–	100
Future minimum lease payments on non-cancellable operating leases:				
Within one year	1,875	1,875	–	–
Later than one year and not later than 2 years	1,875	1,875	–	–
Later than 2 years and not later than 5 years	5,625	5,625	–	–
Later than 5 years	4,844	6,719	–	–
	<u>14,219</u>	<u>16,094</u>	<u>–</u>	<u>–</u>

### 33. SEGMENT INFORMATION

#### (a) Business segment

The Group is organised into two major business segments:

- (i) Poultry – 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 – Development and construction of residential and commercial properties.

Other business segments include investment holding and provision of management services, none of which are of a sufficient size to be reported separately.

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 term and conditions that are not materially different from that obtainable in transactions with unrelated parties.

### 33. SEGMENT INFORMATION (CONT'D)

1.1.2005 to 31.12.2005

	Poultry RM'000	Housing development RM'000	Others RM'000	Group RM'000
<b>Revenue</b>				
External sales	364,021	13,947	–	377,968
<b>Results</b>				
Profit/(loss) from operations	36,994	3,578	(242)	40,330
Finance costs, net	(9,666)	(341)	(1,909)	(11,916)
Shares of results of associates	622	–	–	622
Profit/(loss) before taxation	27,950	3,237	(2,151)	29,036
Taxation	(272)	(1,468)	–	(1,740)
Profit/(loss) after tax	27,678	1,769	(2,151)	27,296
Minority interests	(2,332)	–	–	(2,332)
Net Profit/(loss) for the year	25,346	1,769	(2,151)	24,964
<b>Assets and liabilities</b>				
Segment assets	319,994	23,319	6,155	349,468
Segment liabilities	189,243	22,957	31,668	243,868
<b>Other Information</b>				
Capital expenditure	9,695	185	100	9,980
Depreciation	11,403	174	140	11,717
Impairment of property, plant and machinery	1,056	–	–	1,056
Non-cash expenses other than depreciation, amortisation and impairment	1,985	–	–	1,985

### 33. SEGMENT INFORMATION (CONT'D)

1.2.2004 to 31.12.2004

	Poultry RM'000	Housing development RM'000	Others RM'000	Group RM'000
<b>Revenue</b>				
External sales	311,059	30,724	–	341,783
<b>Results</b>				
(Loss)/profit from operations	(26,758)	4,343	(18)	(22,433)
Finance costs, net	(9,947)	(106)	(1,909)	(11,962)
Shares of results of associates	34	–	–	34
(Loss)/profit before taxation	(36,671)	4,237	(1,927)	(34,361)
Taxation	1,032	(1,468)	–	(436)
(Loss)/profit after tax	(35,639)	2,769	(1,927)	(34,797)
Minority interests	1,286	–	–	1,286
Net (loss)/profit for the period	(34,353)	2,769	(1,927)	(33,511)
<b>Assets and liabilities</b>				
Segment assets	322,661	30,171	7,068	359,900
Segment liabilities	240,984	10,495	40,261	291,740
<b>Other Information</b>				
Capital expenditure	6,029	191	92	6,312
Depreciation	10,873	112	143	11,128
Impairment of goodwill	2,408	–	–	2,408
Non-cash expenses other than depreciation, amortisation and impairment	1,985	–	–	1,985

#### (b) Secondary reporting segment – Geographical segments

As the Group's activities are principally conducted in Malaysia, segment reporting by geographical segment is not prepared.

## 34. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2005.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group 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.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

### (c) Foreign Exchange Risk

The Group is exposed to market fluctuations of various foreign currencies, mainly the United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. The Group does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.

The unhedged financial assets/liabilities of the Group that are not denominated in their functional currencies are as follows:

	Denominated in		Total RM'000
	USD RM'000	SGD RM'000	
<b>31 December 2005</b>			
Cash at bank	–	134	134
Trade receivables	–	2,134	2,134
	–	2,268	2,268
Trade payables	–	6,313	6,313
Other payables	–	1,685	1,685
Borrowings	19,800	–	19,800
	19,800	7,998	27,798
<b>31 December 2004</b>			
Trade receivables	322	2,400	2,722
	322	2,400	2,722
Trade payables	9,191	–	9,191
Borrowings	29,999	–	29,999
	39,190	–	39,190

## 34. FINANCIAL INSTRUMENTS (CONT'D)

### (d) Liquidity Risk

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 prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from capital market and financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

### (e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

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 instruments except as disclosed in Note 19.

### (f) Fair Values

It is not practical to estimate the fair values of the Company's investment in subsidiaries and the Group's investment in associates due to absence of quoted market prices and the inability to estimate fair values without incurring excessive costs.

It is also not practical to estimate the fair values of the amounts due from holding company and from subsidiaries as referred to in Note 19, and the amounts due to subsidiaries and to companies in which certain directors of a subsidiary have interest as referred to in Note 24, due to lack of fixed repayment terms entered into by the parties involved and the inability to estimate fair values without incurring excessive costs.

The fair value of long term borrowings approximate their book value as these borrowings are pegged to and vary with the prevailing market rates.

There are no material differences between the book values and the fair values of the Group's other financial assets and liabilities due to their relatively short term maturity.

## 36. COMPARATIVES

In the previous financial period, the Company changed its financial year from 31 January to 31 December so as to be coterminous with the financial year end of its ultimate holding company and prepared its financial statements for the 11 months period from 1 February 2004 to 31 December 2004. Hence, the comparative amounts for income statements, statements of changes in equity, cash flow statements and related notes are not comparable with that of the current year.

# statistics on shareholdings

as at 5 May 2006

AUTHORISED SHARE CAPITAL	:	RM500,000,000
ISSUED AND FULLY PAID-UP CAPITAL	:	RM55,530,263
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 Shareholders	%	No. of Shares	%
Less than 100	117	8.36	1,495	0.00
100 to 1,000	585	41.79	398,913	0.72
1,001 to 10,000	624	44.57	1,869,350	3.37
10,001 to 100,000	58	4.14	1,997,600	3.60
100,001 to less than 5% of issued shares	13	0.93	4,368,900	7.87
5% of issued shares and above	3	0.21	46,894,005	84.45
<b>Total</b>	<b>1,400</b>	<b>100.00</b>	<b>55,530,263</b>	<b>100.00</b>

## THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

Name	No. of Ordinary Shares of RM1.00 each	Percentage of issued capital (%)
1. UOBM Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for F.C.H. Holdings Sdn Bhd	20,348,705	36.64
2. DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt an for Deutsche Bank AG London (PB Priam)	14,629,600	26.35
3. DB (Malaysia) Nominee (Asing) Sdn Bhd – Exempt an for Deutsche Bank AG London (PB Aeneas)	11,915,700	21.46
4. Ong Kah Huat	985,000	1.77
5. Lim Siew Kwan	831,500	1.50
6. Yeo Kiam Yam @ Yeo Kian Yam	365,000	0.66
7. Goh Sock Sin	339,000	0.61
8. Affin Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheng Mun Leong	330,000	0.59
9. Moy Chon Seng	249,100	0.45
10. Ooi Bee Hong	240,000	0.43



### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS

Name	No. of Ordinary Shares of RM1.00 each	Percentage of issued capital (%)
11. Affin Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Cheng Wai Fun	204,700	0.37
12. Citigroup Nominees (Asing) Sdn Bhd – Bear Stearns Securities Corporation	200,000	0.36
13. MIDF Sisma Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Maniderjit Singh a/l Para Singh	193,600	0.35
14. Ammu a/p G K Ramachandran	185,000	0.33
15. Permodalan Nasional Berhad	123,200	0.22
16. K Leela a/p S. R Krishnan	122,800	0.22
17. Mayban Securities Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Sum Chi Lin	100,000	0.18
18. SJ Sec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tan Saw Sim	100,000	0.18
19. SJ Sec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chan Sai Kim	100,000	0.18
20. Lock Soi Ngen @ Lock Soi Ngin	100,000	0.18
21. SJ Sec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Chan Sai Kim	100,000	0.18
22. Khoo Joo Moi @ Poo Cha Ba	95,000	0.17
23. Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Toh Pik Chai	95,000	0.17
24. Low Wan Chin	90,000	0.16
25. Chin Kok Bee	74,500	0.13
26. MIDF Sisma Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ravindran a/l Sivasubramaniam	70,700	0.13
27. Khor Wooi Seong	55,000	0.10
28. Lee Chee Wah	50,000	0.09
29. HDM Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Hwang Ai Mor	50,000	0.09
30. MIDF Sisma Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ng Boon Sing	50,000	0.09
<b>TOTAL</b>	<b>52,393,105</b>	<b>94.34</b>

## DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct	Shareholdings		%
		%	Indirect	
Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	–	–	–	–
Fong Kok Yong	–	–	20,348,705 *	36.64
Fong Kiah Yeow	–	–	20,348,705 *	36.64
Fong Ngan Teng	–	–	20,348,705 *	36.64
Fong Choon Kai	–	–	20,348,705 *	36.64
Ng Cheu Kuan	–	–	–	–
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	–	–	–	–
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

Name	Direct	Shareholdings		%
		%	Indirect	
F.C.H. Holdings Sdn Bhd	20,348,705	36.64	–	–
Fong Kok Yong	–	–	20,348,705 *	36.64
Fong Kiah Yeow	–	–	20,348,705 *	36.64
Fong Ngan Teng	–	–	20,348,705 *	36.64
Fong Choon Kai	–	–	20,348,705 *	36.64
Priam Holdings Limited	14,629,600	26.35	–	–
Aeneas Portfolio Company, L.P.	11,915,700	21.46	–	–

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

# statistics on warrant holdings

as at 5 May 2006

## ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	29	1.53	1,078	0.01
100 to 1,000	521	27.48	495,210	3.34
1,001 to 10,000	1,059	55.85	4,832,972	32.66
10,001 to 100,000	275	14.50	7,685,600	51.93
100,001 to less than 5% of issued warrants	12	0.63	1,784,400	12.06
5% of issued warrants and above	0	0.00	0	0.00
<b>Total</b>	<b>1,896</b>	<b>100.00</b>	<b>14,799,260</b>	<b>100.00</b>

## THIRTY (30) LARGEST WARRANT HOLDERS AS PER THE RECORD OF DEPOSITORS

Name	No. of Warrants	Percentage of issued
1. Wong Yoon Tiam	275,000	1.86
2. Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Tie Sing Hoe	200,000	1.35
3. Teh Chin Chor	172,000	1.16
4. Teoh Wun Seong	171,000	1.16
5. Hii Hieng Hui	160,000	1.08
6. On Dih Poeng	140,000	0.95
7. Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Wee Kam Siak @ Julian Wee Kam Siak	120,000	0.81
8. Eng Lee Choo	120,000	0.81
9. Alliance Group Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Pang Teng Lee	109,000	0.74
10. Mah Lei Lei	106,000	0.72
11. Neoh Hung Por	106,000	0.72
12. Khor Wooi Chen	105,400	0.71
13. Meerabai a/p R Krishna Rao	100,000	0.68
14. Dong Lin Lin	100,000	0.68
15. Kuala Lumpur City Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Low Mek Pui	100,000	0.68

### THIRTY (30) LARGEST WARRANT HOLDERS AS PER THE RECORD OF DEPOSITORS

Name	No. of Warrants	Percentage of issued
16. Yau See Hing	100,000	0.68
17. Cimsec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Pang Teng Lee	100,000	0.68
18. Tan Teoh Eng	99,500	0.67
19. Cheng Chich Sing	97,000	0.66
20. A.A. Assets Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Kek Lian Lye	93,800	0.63
21. Joseph Tu Chung Hie	90,000	0.61
22. Tok Boon Seong	81,600	0.55
23. Tam Lye Fatt	80,200	0.54
24. Pang Teng Lee	80,000	0.54
25. Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Ng Lian Kiong	78,000	0.53
26. Fong Cheng Ban	77,800	0.53
27. Mayban Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lim Teng Chuan	75,000	0.51
28. Fahmy Bin Abdullah	75,000	0.51
29. Gerard Chen Woon Ming	73,500	0.50
30. Shamugam a/l Muniandy	70,000	0.47
<b>TOTAL</b>	<b>3,355,800</b>	<b>22.72</b>

### DIRECTORS' WARRANTHOLDINGS

Name	Direct	Warrantholdings		%
		%	Indirect	
Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias	–	–	–	–
Fong Kok Yong	–	–	7,482 *	0.05
Fong Kiah Yeow	–	–	7,482 *	0.05
Fong Ngan Teng	–	–	7,482 *	0.05
Fong Choon Kai	–	–	7,482 *	0.05
Ng Cheu Kuan	–	–	–	–
Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong	–	–	–	–
Haji Baharom Bin Abd. Wahab	4,000	0.03	–	–
Mohd Khasan Bin Ahmad	–	–	–	–

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

# list of properties

LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
<b>100% OWNED SUBSIDIARIES</b>				
Lot 5253, 5254, 5255, 5256 & 236 GM 551, 552, 527, 528 & EMR 1369 Mukim Jeram Batu Johor	Broiler Farm	Freehold	2,374,601	1994
Lot 331 & 332 EMR 110 & 119 Mukim Api-api, Pontian Johor	Broiler Farm	Freehold	172,554	1994
Lot 3206 H.S. (D) 444 Titian Bintagor Negeri Sembilan	Broiler Farm	Freehold	88,290	1994
Lot 4332, C.T. No. 11382 Mukim of Rantau District of Seremban Negeri Sembilan	Broiler Farm	Freehold	353,408	1994
Lot No. 799 & 800 Mukim of Sungai Siput District of Alor Gajah Melaka	Breeder Farm	Freehold	2,856,685	1987
Lot No. 2893 - 2899 Mukim of Sungei Baru Ilir District of Alor Gajah Melaka	Breeder Farm	Freehold	5,450,188	1993
Lot 142 Mukim of Sungei Baru Ilir District of Alor Gajah Melaka	Breeder Farm	Freehold	2,239,247	1983
Lot No. 401 & 731 Mukim of Ramuan Cina Besar District of Alor Gajah Melaka	Breeder Farm	Freehold	1,552,891	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	1,960,708	1996
Lot 458 & 459 C.T. No. 8770 & 8771 Tebong, Tampin Negeri Sembilan	Breeder Farm	Freehold	1,651,095	1994

LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
L.O. No. 1039 & 1040 Q.T.(R) 15 & 16 Mukim Keru, Tampin Negeri Sembilan	Broiler Farm	Freehold	124,731	1994
Lot 9467 Q.T.(M) No. 182 Tanjong Sembrong Batu Pahat Johor	Broiler Farm	Freehold	938,208	1995
MLO 8663 H.S.(D) 2631 Mukim Sembrong Johor	Broiler Farm	Freehold	646,007	1995
Lot 647 & 658 Mukim Tanjong Minyak Melaka	Vacant Land	Freehold	1,426,140	1996
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya Melaka	3 1/2 Storey Intermediate shoplot	Leasehold (expiring 2075)	417,833	2003
Lot 1599, C.T. 6270 Port Dickson Negeri Sembilan	Broiler Farm	Freehold	2,173,894	1995
Lot 3937 & 3938 C.T. 12192 & 12193 Juasseh, Kuala Pilah Negeri Sembilan	Agricultural Land	Freehold	444,959	1995
Taman Mewah Alor Gajah Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	146,714	1995
PTD 64217 H.S.(D) 208128 Mukim Tebrau Johor	1 1/2 Storey Terrace Factory	Freehold	351,130	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah Melaka	Industrial Land	Leasehold (Expiring in 2073)	1,634,138	1994
PT.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah Melaka	Industrial Land	Leasehold (Expiring in 2073)	4,972,016	1994

LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
Lot 3, 4 & 5 Masjid Tanah Ind. Estate Masjid Tanah, Alor Gajah Melaka	Industrial Land	Leasehold (Expiring in 2095)	11,816,211	1995
Lot 319, C.T. 107 Mukim Triang Ilir Negeri Sembilan	Broiler Farm	Freehold	825,654	1995
Lot 982, C.T. 295 Mukim Selandar, Jasin Melaka	Agricultural Land	Freehold	231,776	1995
Lot No. 7688, HS(M) 1733 Tanjong Sembrong (VII) District of Batu Pahat Johor	Broiler Farm	Freehold	428,087	1996
MLO No. 8497 H.S.(M) 2270 Mukim Tanjong Sembrong VII, Batu Pahat Johor	Broiler Farm	Freehold	562,749	1997
Holding No. 2628, SG574/62 Mukim Sungei Baru Tengah Alor Gajah Melaka	Industrial Land	Freehold	910,944	1997
PT 9176 & 9177 H.S.(M) 433 & 434 Tanjong Sembrong Johor	Vacant Land	Freehold	312,487	1997
Lot 2404, EMR 7566 Mukim Jementah Johor	Vacant Land	Freehold	366,060	1997
MLO 8698, H.S.(M) 4303 Tanjong Sembrong Johor	Vacant Land	Freehold	171,777	1997
Block D2-01-01, Type B1 Genting View Resort Phase 4, Bentong Pahang	1 unit of 2 bedrooms apartment	Freehold	162,364	1998
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	330,393	1998
Lot No. 54, Seksyen 4 Pulau Indah Industrial Park Selangor	Industrial Land	Leasehold (99 years)	4,473,665	1997

LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
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PT No.6901, HS(D) No. 34536 Mukim Bukit Katil Daerah Melaka Tengah Negeri Melaka	Double Storey Shop / Office	Freehold	341,975	2000
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### JOINT VENTURE SUBSIDIARIES

Lot 3892, GM153 Mukim Rimba Terjun Batu 28, Jalan Johor Johor	Broiler farm	Freehold	1,127,925	1996
Lot 4645 & Lot 4646 H.S. (M) 846, Mukim Jeram Batu Batu 31, Jalan Johor Johor	Broiler farm	Freehold	530,998	1996
Lot 3021, Mukim Jeram Batu Johor	Broiler farm	Freehold	411,048	1996
Lot 2620, H.S. (M) 849 Mukim Jeram Batu Batu 28, Johor	Broiler farm	Freehold	360,199	1996
Lot 4255, GM301 Mukim Pontian Johor	Broiler farm	Freehold	715,106	1996
Lot 116, (Lot 14), Mukim Pontian Johor	Broiler farm	Freehold	555,520	1996
Lot 3664, Mukim Jeram Batu Johor	Broiler farm	Freehold	1,066,954	1996
EMR 877, Lot 698 Mukim Chaah Baru Batu Pahat Johor	Broiler farm	Freehold	1,675,967	1996
Lot 420, GM59, Mukim Pengkalan Raja, Pontian Johor	Broiler farm	Freehold	285,316	1996
H.S.(D) 68575, Mukim Pulau Johor Bahru Johor	Double storey house	Leasehold (99 years)	240,000	1996
Lot 2289 & Lot 2290 Lot 7119, Kuala Kabong Mukim Sedenak Johor	Broiler farm	Leasehold (99 years)	872,743	1996
Lot 3256 & 3257 EMR 1113 & 1148 Mukim Pontian Johor	Broiler Farm	Freehold	1,648,192	1982



LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
Grant 60828, Lot 8602, Mukim Jeram Batu 7, 7A & 7B, Jalan Mewah 1 Taman Mewah 81500 Pekan Nenas Johor	Three storey shophouse	Freehold	424,990	2004
Grant 9216, Lot Ptd 857 Mukim Chaah Johor	Broiler farm	Freehold	479,801	1987
Lot 1310, GN47071 Minyak Beku 6, Batu Pahat Johor	Poultry processing plant & coldrooms / office block	Freehold	1,899,369	1991
Lot 976, M.K. GM 419 Minyak Beku 6 Batu Pahat Johor	Broiler farm	Freehold	224,660	1995
EMR 773, Lot 979 Minyak Beku 6 Batu Pahat Johor	Broiler farm	Freehold	120,000	1995
H.S.(M) 1745, MLO 8674 Tanjung Sembrong 14 Batu Pahat Johor	Broiler farm	Freehold	305,898	1995
Lot 8255, H.S.(M) 4751 Mukim Tanjung Labuh Batu Pahat Johor	Vacant land	Freehold	244,262	1997
Lot 3233, EMR 5066 Minyak Beku 6 Batu Pahat Johor	Broiler farm	Freehold	601,938	1997
Lot 1730, CT 2851 Bandar Penggaram District of Batu Pahat Johor	Double storey terrace shophouse	Freehold	326,612	1998
PTD 2163, H.S.(D) 5124 Mukim Grisek District of Muar Johor	Layer farm	Freehold	1,188,648	1997
PTD 2164, H.S.(D) 5125 Mukim Grisek District of Muar Johor	Layer farm	Freehold	621,216	1997

LOCATION	DESCRIPTION & DETAILS	TENURE	NET BOOK VALUE RM	DATE OF REVALUATION/ DATE OF ACQUISITION
PTD 2165, H.S.(D) 5126 Mukim Grisek District of Muar Johor	Agricultural land	Freehold	256,796	1997
PTD 2166, H.S.(D) 5127 Mukim Grisek District of Muar Johor	Agricultural land	Freehold	244,256	1997
PTD 2167, H.S.(D) 5128 Mukim Grisek District of Muar Johor	Layer farm	Freehold	889,476	1997
PTD 2168, H.S. (D) 5129 Mukim Grisek District of Muar Johor	Layer farm	Freehold	949,626	1997
PTD 2169, H.S. (D) 5130 Mukim Grisek District of Muar Johor	Layer farm	Freehold	726,796	1997
PTD 2170, H.S. (D) 5131 Mukim Grisek District of Muar Johor	Layer farm	Freehold	792,118	1997
PTD 2171, H.S. (D) 5132 Mukim Grisek District of Muar Johor	Layer farm	Freehold	608,598	1997
PTD 6321 Grant 4778 Mukim Grisek District of Muar Johor	Layer farm	Freehold	317,875	1997
PTD 976, Grant 45584 Bandar Maharani District of Muar Johor	Office space	Freehold	62,520	1999

# form of proxy



**FARM'S BEST BERHAD**  
 (Formerly known as  
 SINMAH RESOURCES BERHAD)  
 (Company No. 301653-V)  
 (Incorporated In Malaysia).

<b>Numbers of shares held</b>	
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I/We \_\_\_\_\_  
 (Full Name in Capital Letters)

of \_\_\_\_\_  
 (Full Address)

being a member/members of **FARM'S BEST BERHAD** (Formerly known as SINMAH RESOURCES BERHAD) hereby appoint  
 \_\_\_\_\_ of  
 (Full Name in Capital Letters)

or failing him/her, \_\_\_\_\_ of \_\_\_\_\_  
 (Full Name in Capital Letters)

\_\_\_\_\_ of \_\_\_\_\_  
 (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 Twelfth Annual General Meeting of the Company to be held at Bilik Bunga Teratai, 7th Floor, Renaissance Melaka Hotel, Jalan Bendahara, 75100 Melaka on Tuesday, 27 June 2006 at 10.00 a.m. and at any adjournment thereof.

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

Resolution No.		For	Against
1	Receive the Audited Financial Statements for the financial year ended 31 December 2005 together with the Reports of the Directors and Auditors thereon.		
2	Approve the payment of Directors' fees for the financial year ended 31 December 2005.		
3	Re-election of Mr. Fong Kiah Yeow as Director.		
4	Re-election of Y. Bhg. Datuk Ng Peng Hay @ Ng Peng Hong as Director.		
5	Re-election of Y. Bhg. Datuk Wira Haji Abdul Razak Bin Alias as Director.		
6	Re-appointment of Tuan Haji Baharom Bin Abd. Wahab as Director.		
7	Re-appointment of Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

\_\_\_\_\_  
 Signature of Member/Common Seal

**Notes:**

1. 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.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. The Proxy Form shall be signed by the appointor or his/her attorney duly authorized in writing or, if the member is a corporation, the Proxy Form must be executed under its common seal or by its authorized attorney or officers.
4. The instrument appointing a proxy shall be deposited at the Share Registrar's Office at Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur, not less than 48 hours before the time set for the Meeting or any adjournment thereof.



# FARM'S BEST depots in Peninsula Malaysia and overseas offices



Depot-depot FARM'S BEST  
di Semenanjung Malaysia  
dan pejabat-pejabat di Luar Negara

## DEPOTS

### **RAWANG**

25, Jalan BJ7,  
Taman Perindustrian Belmas Johan  
48000 Rawang, Selangor  
Tel : 03-6092 2024  
Fax : 03-6091 9936

### **KLANG**

225, Jalan Pekan Baru  
Off Jalan Meru, Kawasan 17  
41050 Klang  
Selangor  
Tel : 03-3343 5359/5516  
Fax : 03-3343 5516

### **SEREMBAN**

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

### **MELAKA**

No. 154, Jalan Suria 2  
Taman Malim Jaya  
75200 Melaka  
Tel : 06-337 5992  
Fax : 06-335 8266

### **IPOH**

80, Jalan Leong Boon Siew  
30000 Ipoh, Perak  
Tel : 05-242 5081  
Fax : 05-242 5082

### **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

## REPRESENTATIVE OFFICE

### **KOTA BHARU**

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

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## OVERSEAS ADDRESSES

### **CHIX UNLIMITED INC.**

Brgy. Casilagan, Mangatarem  
Pangasian 2413, Philippines  
Tel : 00 639 737 54004  
Fax : 00 639 737 54004

### **SINMAH POULTRY PROCESSING (S) PTE LTD**

No. 27, Defu Lane 12  
Singapore 539134  
Tel : 0065 6383 1200  
Fax : 0065 6383 1311

### **FB FOOD (NANJING) PTE LTD SM ENTERPRISE (NANJING) PTE LTD**

Room 526, Fifth Floor,  
Sub-Building Jiangsu International  
Business Mansion  
50 Zhonghua Lu  
Nanjing 210001 China  
Tel : 0086 25 8468 0156  
Fax : 0086 25 8468 0326