



DIRECTORS' PROFILE

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TAN SRI KAMARUL ARIFFIN BIN MOHD YASSIN

Aged 71. Malaysian. Independent Non-Executive Director. Chairman of the Company since 27 February 1976. Chairman of the Audit Committee and Nomination Committee. He is also a director of British American Tobacco (M) Berhad, Chairman of the Board of Dewan Bahasa dan Pustaka and Commission Member of the Malaysian Communication & Multimedia Commission. Formally a Member of the Senate of the Malaysian Parliament. A lawyer by profession. He does not have any family relationship with any director and / or major shareholder of the Company, nor any conflict of interest with the Company. He has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended all six Board meetings held during the financial year.

MR. CORNELIS H.M. RUIJGROK

Aged 52. Dutch. Executive Director. Managing Director of the Company since 1 December 2002. Member of the Audit Committee and Remuneration Committee. A board member of the Malaysian Dutch Business Council. He holds a degree in Marketing from the Netherlands Institute of Marketing. He does not have any family relationship with any director and / or major shareholder of the Company other than as nominee director of Koninklijke Friesland Foods NV. He does not have any conflict of interest with the Company and has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended all six Board Meetings held during the financial year.

MR FOO SWEE LENG

Aged 58. Malaysian. Independent Non-Executive Director. Appointed to the Board on 18 June 1986. Member of the Remuneration Committee and Nomination Committee. He was formerly the Managing Director of the Company and Regional Director of Friesland Asia Pacific. He holds a degree in Economics from University Malaya. He does not have any family relationship with any director and / or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended five of the total six Board Meetings held during the financial year.

MR. BOEY TAK KONG

Aged 51. Malaysian. Independent Non-Executive Director. Appointed to the Board on 12 November 2001. Member of the Audit Committee and Nomination Committee. He is also a Director of RB Land Holdings Berhad, Sanbuni Holdings Berhad and Green Packet Berhad. Currently, he is the Managing Director of Terus Mesra Sdn Bhd, a management consulting and corporate advisory services company. A Fellow Member of the Chartered Association of Certified Accountants, United Kingdom, Associate Member of the Institute of Chartered Secretaries & Administrators, United Kingdom and Chartered Accountant of the Malaysian Institute of Accountants. He does not have any family relationship with any director and / or major shareholder of the Company, nor any conflict of interest with the Company. He has no convictions for any offences within the past ten years and he does not hold any shares in the Company. He attended all six Board Meetings held during the financial year.

MR. FREEK RIJNA

Aged 49. Dutch. Non-Independent Non-Executive Director. Appointed to the Board on 16 January 2002. Currently the Managing Director of Friesland Region Asia Pacific, a division of Koninklijke Friesland Foods NV. He holds a degree in Economics/ Business Administration from Erasmus University, the Netherlands. He does not have any family relationship with any director and / or major shareholder of the Company other than as nominee director of Koninklijke Friesland Foods NV. He does not have any conflict of interest with the Company and has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended three of the total six Board Meetings held during the financial year.

DATO' DR. MHD. NORDIN BIN MOHD NOR

Aged 58. Malaysian. Non-Independent Non-Executive Director. Appointed to the Board on 6 August 2003. Chairman of the Remuneration Committee. He was formerly the Director-General of the Department of Veterinary Services, Malaysia. He is also the Chairman of the Malaysian Animal Welfare Foundation and Patron of the Malaysian Feline Society. He holds a degree in Veterinary Science from the University of Queensland, Australia. He does not have any family relationship with any director and / or major shareholder of the Company other than as nominee director of Permodalan Nasional Berhad. He does not have any conflict of interest with the Company and has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended five of the total six Board Meetings held during the financial year.

MR. HUANG SHI CHIN

Aged 47. Malaysian. Executive Director. Appointed to the Board on 6 May 2004. He is currently the Company's Director of Finance & Accounting. A Member of the Institute of Chartered Accountants (England & Wales) and a Chartered Accountant of the Malaysian Institute of Accountants. He does not have any family relationship with any director and / or major shareholder of the Company. He does not have any conflict of interest with the Company and has no convictions for any offences within the past ten years. He does not hold any shares in the Company. He attended two of the two Board Meetings held during the financial year since his appointment as Director of the Company on 6 May 2004.

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1 Membership and Meeting of the Committee

Members of the Audit Committee are:-

1. Tan Sri Kamarul Ariffin bin Mohd. Yassin
(Independent, Non-Executive Director) – Chairman
2. Mr. Boey Tak Kong
(Independent, Non-Executive Director)
3. Mr. Cornelis H.M. Ruijgrok (Executive Director)

Mr. Boey Tak Kong, being a member of the Malaysian Institute of Accountants, fulfills the requirement of paragraph 15.10(1) (c) of the Listing Requirements of Bursa Malaysia Securities Berhad.

The Audit Committee held four meetings during the financial year ended 31 December 2004. Details of attendance of the Audit Committee members are as follows:-

Name of Members	Total Meetings Attended	Percentage of Attendance
Tan Sri Kamarul Ariffin bin Mohd. Yassin	4 out of 4	100%
Mr. Boey Tak Kong	4 out of 4	100%
Mr. Cornelis H.M. Ruijgrok	4 out of 4	100%

2 Role of the Audit Committee

An independent Audit Committee assists, supports and implements the Board's responsibility to oversee the Company's operations in the following manner:-

- provides a means for the review of the Company's processes for producing financial data, its internal controls and independence of the Company's External and Internal Auditors.
- reinforces the independence of the Company's External Auditors.
- reinforces the objectivity of the Company's Internal Audit function.

3 Terms of Reference

● Composition

The Committee comprises three Directors, a majority of whom is independent. The Chairman is an Independent Non-Executive Director. One member of the Committee is a professional accountant.

● Quorum

The quorum for the Meeting is three.

● Agenda and Notice of Meeting

The Company Secretary is responsible, with the concurrence of the Chairman, for preparing and circulating the Agenda and the Notice of Meeting, together with supporting explanatory documentation to members of the Committee prior to each meeting.

● Attendance at Meeting

The Director of Finance, Internal Auditors and External Auditors attend meetings by invitation of the Committee. Other Board Members have the right of attendance.

● Frequency of Meetings

Meetings are held not less than four times a year. The External Auditors may request a meeting if they consider that one is necessary.

● Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it deems necessary.

● Duties

The duties of the Committee are:

- (a) To recommend to the Board the appointment of the External Auditors and fix their audit fee thereof.
- (b) To make appropriate recommendations to the Board on matters of resignation or dismissal of the External Auditors.

- (c) To discuss with the External Auditors their audit plan, the nature and scope of the audit, evaluation of the Company's system of internal controls and audit report on the annual Financial Statements.
- (d) To review the quarterly and annual Financial Statements of the Company before submission to the Board of Directors, focusing particularly on:
 - (i) public announcement of the results and dividend payment.
 - (ii) any changes in accounting policies and practice.
 - (iii) the going concern assumption.
 - (iv) compliance with approved accounting standards.
 - (v) compliance with stock exchange and legal requirements, and
 - (vi) significant and unusual events.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matters the External Auditors may wish to discuss.
- (f) To review the External Auditors' letter to Management and Management's response thereon.
- (g) To review the internal audit programme, ensure co-ordination between the Internal and External Auditors, ensure that the internal audit function is professionally managed, adequately resourced and given the necessary authority to carry out its work.
- (h) To consider the findings of internal audit and investigations and Management's response thereon.
- (i) To consider any related party transactions and conflict of interest situations that may arise within the Company.
- (j) To review the draft Circular on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature before submission to the Board of Directors.
- (k) To consider the level of assistance given by the employees of the Company to the External and Internal Auditors, and
- (l) To consider any other topics, as requested by the Board.

● Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Detailed audit reports by the Internal Auditors and the respective Management response are circulated to members of the Committee before each Meeting at which the said reports are tabled.

4 Internal Audit Function

The Company's Internal Audit function is carried out by Deloitte Enterprise Risk Services Sdn Bhd, who is independent of the activities or operations of the Company. The Internal Auditors are empowered to audit the Company's business units, review the units' compliance with internal control procedures, highlight areas of weaknesses and make appropriate recommendations to the Company for improvements.

5 Summary of Audit Committee's Activities

The Audit Committee met at scheduled times during the year; with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a focused and detailed manner. The minutes of each meeting held were distributed to each member of the Board at the subsequent Board Meeting. The Audit Committee Chairman reported on each meeting to members of the Board.

The activities of the Audit Committee's during the financial year ended 31 December 2004 where as follows:

- (i) Reviewed the audit plan, nature and scope of the audit with the Internal and External Auditors;
- (ii) Discussed the findings and recommendations by the Internal and External Auditors on systems and control weaknesses, and ensured that corrective actions were taken by Management;
- (iii) Reviewed the compliance with accounting standards issued by the Malaysian Accounting Standards Board and ensured that the Company used appropriate accounting policies for its financial statements;
- (iv) Reviewed the Company's quarterly financial results and recommended the same to the Board for approval and announcement to Bursa Malaysia Securities Berhad;

- (v) Reviewed the Company's audited accounts for the year and audit report of the External Auditors on the financial statements and recommended the same to the Board for approval;
- (vi) Reviewed the related party transactions and any conflicts of interest situations during the year, and
- (vii) Reviewed the Circular on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature and recommended the same to the Board for approval.

STATEMENT OF INTERNAL CONTROL

(Pursuant to paragraph 15.27(b) of the Listing
Requirements of Malaysia Securities Exchange Berhad)



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Board's Responsibility

The Board has overall responsibility for the Company's system of internal controls, which includes the establishment of an appropriate control environment and framework, and reviews its effectiveness, adequacy and integrity. The Board is responsible for identifying the major business risks faced by the Company and for determining the appropriate course of action to manage those risks. The Company continually evaluates and manages risks and regularly reviews the planned actions.

The Board maintains full control over strategic, financial, organisational and compliance issues and has put in place an organisation with formal lines of responsibility and delegation of authority. The Board and Audit Committee have delegated to executive management the implementation of the system of internal controls within an established framework throughout the Company.

Internal Control Structure and Processes

The system of internal controls is designed to safeguard the assets of the Company, to ensure the maintenance of proper accounting records and to provide reliable financial information for use within the business and for publication. However, these controls provide only reasonable and not absolute assurance against material error, misstatement, loss or breach of set regulations.

The principal features of the Company's internal control structure are summarised as follows:

● Board Committees

There is a clear definition to the functions and responsibilities of the various committees of the Board of Directors. These include the Audit Committee, the Nomination Committee and the Remuneration Committee.

● Organisational structure and responsibility levels

The Company has a well-defined organisational structure with clear lines of accountability and has strict authorisation, approval and control procedures within which senior management operates.

● Authority levels, acquisitions and disposals

There are clear definitions of authorisation procedures and delegated authority levels for major tenders,

major capital expenditure projects, acquisitions and disposals of businesses and other significant transactions.

Investment decisions are delegated to executive management in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

Authority of the Directors is required for key treasury matters including changes to equity and loan financing, cheque signatories and the opening of bank accounts.

● Procedures and control environment

Control procedures and environment at Company and individual business unit levels and on staff policies have been established. The integrity and competence of personnel are ensured through high recruitment standards, the Hay Reward Management System, a comprehensive Performance Management System and employee development programme.

The Company also publishes and distributes to every employee guidelines on safety, health and environment.

● Standards of business ethics

Employees are contractually bound to observe prescribed standards of business ethics when conducting themselves at work and in their relationship with external parties, such as customers and suppliers. Employees are expected to conduct themselves with integrity and objectivity and not be placed in a position of conflict of interest.

● Formalised strategic planning and operating plan processes

The Company undertakes a comprehensive business planning and budgeting process each year, to establish plans and targets against which performance is monitored on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

● Reporting and review

The Company's management team regularly monitors the monthly reporting and reviews the financial results and forecasts for all the businesses within

the Company against the operating plans and annual budgets. The results are communicated on a regular basis to employees.

The Managing Director also regularly reports to the Directors on significant changes in the business and the external environment in which the Company operates.

● **Financial performance**

The preparation of quarterly and full year financial results and the state of affairs, as published to shareholders, are reviewed and approved by the Board. The full year Financial Statements are also audited by External Auditors.

● **Internal compliance**

The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of corrective actions to address internal control weaknesses noted.

● **Update on developments**

Regular reporting is made to the Board at its meetings of legal, accounting and environmental developments.

The outsourced Internal Audit function independently focuses on the key areas of business risk based on a work programme agreed annually with the Audit Committee, and reports on the systems of financial and operational controls on a quarterly basis to the Audit Committee.

The Internal Audit team advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the effectiveness of the system of internal controls in operation and reports the results thereon to the Board.

In addition to internal controls, the Directors have ensured that safety and health regulations, environmental controls and political risks have been considered and complied with. The quality of the Company's products is paramount. Quality Assurance and Quality Control are prime considerations and in line with this, compliance to the procedures outlined for the ISO 9001 (Year 2000 version) accreditation is strictly adhered to, via regular

internal and external quality audits. Strong emphasis is also given to food safety with the implementation of the HACCP (Hazard Analysis Critical Control Point) System progressively to cover all plants by end 2005.

Conclusion

The Directors have reviewed the effectiveness, adequacy and integrity of the system of internal controls in operation during the financial year through the monitoring process set out above.

There were neither material internal control failings nor significant problems that had arisen during the financial year.