

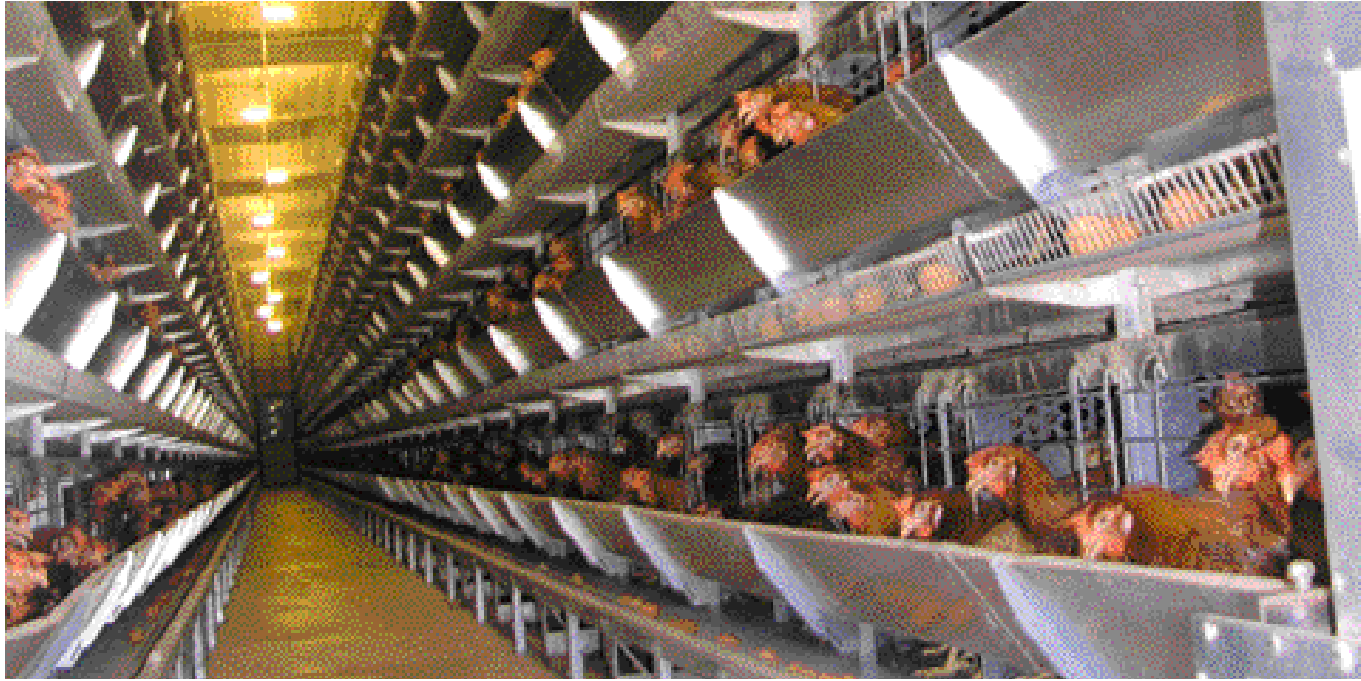
LIVESTOCK FARMING



FFM Farms Sdn Bhd at **Trong**, Perak.



Diversifying downstream, FFM Farms Sdn Bhd was established on 26 June 1984 to undertake broiler breeding and production of table eggs.



Layer rearing system with
controlled lighting
and ventilation

LIVESTOCK FARMING



REVIEW OF OPERATIONS

Livestock farming undertaken by FFM Farms Sdn Bhd (FFM Farms), a wholly-owned subsidiary of FFM suffered from depressed prices of day-old-chicks (DOCs) and table eggs. Despite an increase of 60% and 3% in table egg and DOC production respectively, total revenue only increased by 11.5% from RM39.8 million to RM44.4 million.

In 2001, Europe was affected by the “Mad Cow” and foot and mouth diseases which led to a reduction in beef and pig meat consumption and considerable export of processed poultry by Thailand to Europe. Unfortunately, this euphoric situation changed in 2002 as the caution on beef consumption was lifted and the foot and mouth outbreak was brought under control. The reduced demand for poultry products from Thailand resulted in an oversupply of day-old-chicks (DOCs) and some of these surplus DOCs were smuggled to Malaysia causing local DOC prices to fall.

FFM Farms owns two broiler farms in Kedah and Negeri Sembilan and a layer farm in Perak. During the year, two new breeder houses were built in Sua Betong Farm boosting production capacity to 1.65 million from 1.55 million DOCs per month.



LOOKING AHEAD

FFM FARMS PLANS TO BUILD A NEW FARM AND HATCHERY AT JEMALUANG, JOHOR WHICH WILL INITIALLY PRODUCE 600,000 DOCS PER MONTH.

YEAR 2003 IS EXPECTED TO BE DIFFICULT AS THAILAND'S OVERPRODUCTION OF DOCS HAS YET TO BE ABSORBED AND COMPETITION FROM BRAZIL, THE WORLD'S SECOND BIGGEST POULTRY PRODUCER, IS GETTING MORE SIGNIFICANT IN THE REGION.