MADE FOR MODERN LIFESTYLES

annual report 2013

FARM'S BEST

The cover design bears the theme, "Made For Modern Lifestyles", which emphasizes how Farm's Best Berhad's products are ideal for contemporary lifestyles. Our delicious products can be cooked with speed and ease, making them ideal for today's culinary needs.

A sleek refrigerator appears on the cover to emphasize how modern our products are, and there are notes pasted on it that highlight the various types of food products that are available from us. On the whole, the cover design possesses a sophisticated aura that is inspired by our innovative corporate spirit.

table of contents

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of the Company will be held at Function Room 2, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000, Melaka on Friday, 27 June 2014 at 11.00 a.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **Please refer to Explanatory Notes A**

2. To approve the payment of Directors' fees of RM108,000-00 for the financial year ended 31 December 2013. **Ordinary Resolution 1**

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

   (a) Datuk Fong Kiah Yeow **Ordinary Resolution 2**

   (b) Mr Fong Choon Kai **Ordinary Resolution 3**

   (c) Encik Mohd Khasan bin Ahmad **Ordinary Resolution 4**

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

   "THAT Tuan Haji Baharom Bin Abd Wahab, a Director who retires pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 5**

5. To appoint Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

   Notices of Nomination pursuant to Section 172(11) of the Companies Act, 1965, copies of which are annexed hereto, have been received by the Company for the nomination of Messrs UHY [AF: 1411], who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:-

   "THAT Messrs UHY [AF: 1411] be and is hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young and to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to determine their remuneration."

AS SPECIAL BUSINESS :-

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

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

    (a) Tuan Haji Baharom Bin Abd Wahab **Ordinary Resolution 7 (Explanatory Notes B)**

    (b) En Mohd Khasan Bin Ahmad **Ordinary Resolution 8 (Explanatory Notes B)**

7. Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 **Ordinary Resolution 9 (Explanatory Notes C)**

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

BY ORDER OF THE BOARD

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

Melaka
Date: 5 June 2014

Notes:-

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

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

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

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

(v) For the purpose of determining a member who shall be entitled to attend and vote in the forthcoming Twentieth Annual General Meeting, the Company shall be requesting the Record of Depositors in accordance with Article 71(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 June 2014. Only a depositor whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes A:

The Audited Financial Statements in Agenda 1 is intended for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the members and hence is not put for voting.

Explanatory Notes B:

Ordinary Resolution No. 7 and 8
To re-appoint Independent Non-Executive Directors

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

Explanatory Notes C:

Ordinary Resolution No. 9
Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 9 if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The purpose of this general mandate is for possible fund raising exercise but not limited to further placing of shares for purpose of funding investment(s), working capital and/or acquisitions at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organize a general meeting. This authorization will expire at the conclusion of the next Annual General Meeting of the Company.

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

F.C.H. Holdings Sdn. Bhd.
(Company No: 57091-T)
Block 8-16-1, Jalan Bukit Jalil Perkasa 15
Arcade Esplanad
Taman Bukit Jalil
57000 Kuala Lumpur

Date : 27 May 2014

The Board of Directors
FARM'S BEST BERHAD
AG 5730
Alor Gajah Industrial Estate
78000 Alor Gajah,
Melaka

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

We, the undersigned, being a shareholder of Farm's Best Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs. UHY [AF 1411], for appointment as Auditors of the Company in place of Messrs. Ernst & Young [AF 0039], who have expressed their intention not to seek for re-appointment as Auditors of the Company in the forthcoming Annual General Meeting of the Company.

Therefore, we propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company.

"THAT Messrs. UHY [AF 1411] be and are hereby appointed as Auditors of the Company in place of Messrs. Ernst & Young [AF 0039] who have expressed their intention not to seek for re-appointment as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

DATUK FONG KIAH YEOW
DIRECTOR

Chung Cheng Yuan
No 23, Lorong 1,
Jalan BP 11
Taman Bertam Perdana
75250 Melaka.

Date : 28 May 2014

The Board of Directors
FARM'S BEST BERHAD
AG 5730
Alor Gajah Industrial Estate
78000 Alor Gajah,
Melaka

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

I, the undersigned, being a shareholder of Farm's Best Berhad, hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of my intention to nominate Messrs. UHY [AF 1411], for appointment as Auditors of the Company in place of the resigning auditors, Messrs. Ernst & Young [AF 0039].

Therefore, I propose that the following resolution be considered at the forthcoming Annual General Meeting of the Company.

"THAT Messrs. UHY [AF 1411] be and are hereby appointed as Auditors of the Company in place of Messrs. Ernst & Young [AF 0039] who has resigned as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

Chung Cheng Yuan

Corporate Structure

FARM'S BEST BERHAD
(301653-V)

- 100% Sinmah Livestocks Sdn Bhd
  - 100% Bersatu Segar Sdn Bhd
  - 100% Dee Huat Farming Trading Sdn Bhd
  - 100% Chem Ventures Sdn Bhd
  - 51% Syarikat Perniagaan Suann Sdn Bhd
    - 100% Suann Food Processors Sdn Bhd
  - 58.91% Joint Farming Sdn Bhd
    - 60% Joint Food Proccessing Sdn Bhd
    - 30.77% Ban Yen Sdn Bhd
- 99.99% Sinmah Multifeed Sdn Bhd
  - 100% Premier Broilers Sdn Bhd
- 100% Sinmah Breeders Sdn Bhd
- 100% Sinmah Egg Products Sdn Bhd
  - 100% Sinmah Poultry Farm Sdn Bhd
- 100% Farm's Best Food Industries Sdn Bhd
  - 100% SM Broilers Sdn Bhd
    - 50% Farm's Best Eggmart Sdn Bhd

50%

- 100% Sinmah Development Sdn Bhd
  - 100% Sinmah Builders Sdn Bhd
  - 100% Realtemas Realty Sdn Bhd
  - 100% Cosmal Enterprise Sdn Bhd
- 100% Sinmah Ventures Sdn Bhd
  - 100% FB Food (Nanjing) Pte Ltd
  - 51% Chix Unlimited Inc.
  - 50% SM Enterprise (Nanjing) Pte Ltd
- 100% Lynbridge Sdn Bhd
  - 49.90% SMNS Rubber Holdings Sdn Bhd
    - 100% Smallholdings Management Sdn Bhd
- 100% Farm’s Best (Cambodia) Co., Ltd

Developing
Delicious Recipes

We are constantly experimenting with new recipes to thrill our customers. By discovering new ways to improve our products, we have been able to steadily expand our customer base.

Corporate Information

BOARD OF DIRECTORS

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

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

Fong Ngan Teng
Executive Director

Fong Choon Kai
Executive Director

Ng Cheu Kuan
Executive Director

Datuk Ng Peng Hay @ Ng Peng Hong
Executive Director

Tuan Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent
Non-Executive Director

AUDIT COMMITTEE & NOMINATION COMMITTEE

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

Tuan Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent
Non-Executive Director

REMUNERATION COMMITTEE

Mohd Khasan Bin Ahmad
Chairman,
Independent Non-Executive Director

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

Tuan Haji Baharom Bin Abd. Wahab
Independent Non-Executive Director

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel : 03-7841 8000
Fax : 03-7841 8151/52

COMPANY SECRETARIES

Catherine Mah Suik Ching (LS 01302)
Liew Seng Aun (MIA 13109)

AUDITORS

Ernst & Young
Chartered Accountants
Level 16-1, Jaya 99 Tower B
99 Jalan Tun Sri Lanang
75100 Melaka
Tel : 06-288 2399
Fax : 06-283 2899

PRINCIPAL BANKERS

Bank Kerjasama Rakyat
Malaysia Berhad
AGROBANK (Bank Pertanian
Malaysia Berhad)
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

Y. BHG. DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN

CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR & CHAIRMAN OF AUDIT COMMITTEE
67 years of age - Malaysian

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

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

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

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

As at the date of this annual report, Y. Bhg. Datuk Hj. Zainal does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

Y. BHG. DATO' FONG KOK YONG

MANAGING DIRECTOR
63 years of age - Malaysian

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

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

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

(i) Advisor to the Federation of Livestock Farmers' Associations of Malaysia (since 1995)
(ii) Member, Malaysian Institute of Management (since 1990)
(iii) Member, Agricultural Institute of Malaysia (since 1985)
(iv) Member, Pemandu Food Security Lab (since 2012)

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

(i) Secretary General, Federation of Livestock Farmers' Associations of Malaysia (1986 – 1991)
(ii) President, Federation of Livestock Farmers' Associations of Malaysia (1991 – 1995)
(iii) President, Federation of Asean Poultry Producers (March 2003 – March 2005)
(iv) Director, Selangor Chinese Chamber of Commerce and Industry (1991 – 1995)
(v) Director, Malacca Chinese Chamber of Commerce and Industry (1995 to 2000)

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

As at the date of this annual report, Y. Bhg. Dato' Fong Kok Yong has an indirect interest of 21,463,805 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

Directors' Profile
(Continued)

Y. BHG. DATUK FONG KIAH YEOW

EXECUTIVE DIRECTOR
59 years of age - Malaysian

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

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

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

As at the date of this annual report, Y. Bhg. Datuk Fong Kiah Yeow has a direct interest of 108,000 shares and an indirect interest of 21,463,805 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

FONG NGAN TENG

EXECUTIVE DIRECTOR
56 years of age - Malaysian

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

As at the date of this annual report, Fong Ngan Teng has an indirect interest of 21,463,805 shares in Farm's Best. He has attended four (4) of the five (5) board meetings held during the financial year ended 31 December 2013.

FONG CHOON KAI

EXECUTIVE DIRECTOR
52 years of age - Malaysian

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

As at the date of this annual report, Fong Choon Kai has an indirect interest of 21,463,805 shares in Farm's Best. He has attended four (4) of the five (5) board meetings held during the financial year ended 31 December 2013.

NG CHEU KUAN

EXECUTIVE DIRECTOR
59 years of age - Malaysian

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

As at the date of this annual report, Ng Cheu Kuan does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

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

EXECUTIVE DIRECTOR
62 years of age Malaysian

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

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

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

Presently, he is the Chairman of Koperasi Jayadiri Malaysia Berhad, a Board Member of Malaysian Investment Development Authority (MIDA), a Director of Invest Melaka Berhad and also a Director of The Tun Hussein Onn National Eye Hospital.

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

As at the date of this annual report, Y. Bhg. Datuk Ng Peng Hay does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

TUAN HAJI BAHAROM BIN ABD. WAHAB

INDEPENDENT NON-EXECUTIVE DIRECTOR
79 years of age - Malaysian

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

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

As at the date of this annual report, Haji Baharom holds 4,500 shares in Farm's Best. He has attended four (4) of the five (5) board meetings held during the financial year ended 31 December 2013.

MOHD KHASAN BIN AHMAD

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR
53 years of age - Malaysian

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

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

As at the date of this annual report, Mohd Khasan does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2013.

ADDITIONAL INFORMATION

(i) Conflict of interest

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

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

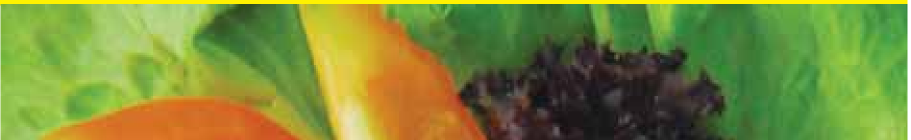
None of the Directors have family relationship with any Director and / or major shareholder of the company except for Fong Kok Yong, Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai who are brothers.

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

None of the Directors have been convicted for offences.

Featuring Fresh Ingredients

We will not compromise on the freshness of our ingredients. As such, our customers have come to trust us to provide them with products of superior quality.



Dear shareholders and stakeholders,

On behalf of my fellow Board members, I am pleased to present to you the Annual Report and Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2013.

Chicken Cocktail (Blackpepper)

Every bite releases a burst of flavours

FINANCIAL REVIEW

The Group posted revenue of RM455.4 million for the year ended 31 December 2013, a significant increase of RM54.9 million or 14% as compared to the previous year's revenue of RM400.5 million. The increase in revenue was due to increases in average selling prices and sales volumes of live broilers and table eggs during the year under review.

The Group recorded a net profit attributable to owners of the parent of RM4.3 million as opposed to a net loss attributable to owners of the parent of RM9.5 million in the previous financial year ended 31 December 2012. Hence, the Group's earnings per share increased to 7.5 sen from -17.2 sen in 2012, an increase of 24.7 sen.

Overall, the Group's improved results during the current year under review was due to increases in average selling prices of live broilers and table eggs during the financial year under review. Furthermore, during the financial year under review, there are decreases in allowances for impairment of goodwill of RM1.9 million and impairment in receivables totaling RM1.2 million.

CORPORATE DEVELOPMENTS

The Company's Proposed Private Placement Exercise which was disclosed in the previous year's Annual Report was completed on 25 July 2013.

The utilization of the proceeds raised from the above Corporate Exercise is as follows:

Purpose	**Proposed Utilisation RM'000**	**Actual Utilisation RM'000**	**Deviation Amount RM'000**
Purchase of raw materials	6,505	6,543	(38)
Private Placement Expenses	270	232	38
Total	**6,775**	**6,775**	

The Group had fully utilised all the proceeds raised from the abovementioned exercise within the stipulated expected time frame of utilisation.

Chicken Nuggets

The taste and textures are tantalizing

On 20 January 2014, the Company had entered into a Heads of Agreement ("HOA") with Zhu Zong Ying and Zheng Wendi ("Target Shareholders") as well as SHH (Malaysia) Sdn Bhd ("SHH Malaysia") for their participation in the corporate exercise of the Company which, inter-alia shall encompass the following:

(i) for the Target Shareholders to set up a Newco;
(ii) for the Company to conduct and implement the Proposed Par Value Reduction, Proposed Acquisition, Proposed Securities Exchange, Proposed Offer for Sale, Proposed Special Issue and Proposed Transfer of Listing Status; and
(iii) for the Target Shareholders, SHH Malaysia and Newco to participate in the proposals to be undertaken by the Company and eventually to apply for the listing of and quotation for the entire issued and fully paid-up share capital of Newco and Newco Warrants on the Main Market of Bursa Securities Malaysia Berhad ("Bursa Securities"), assuming the listing status of the Company.

Details of the above have been announced to the Bursa Securities on 20 January 2014.

GOING FORWARD

Notwithstanding the completion of the Corporate Exercise above, the Group expects to produce a positive set of results for the financial year ending 31 December 2014 as that of the financial year under review.

In the meantime, the Group will continue with its ongoing efforts on cost cutting measures in order to remain competitive during the coming financial year ending 31 December 2014.

Hence, it is hoped that the Group would be able to produce a positive set of financial results for the coming financial year ending 31 December 2014.

ACKNOWLEDGEMENT

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

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

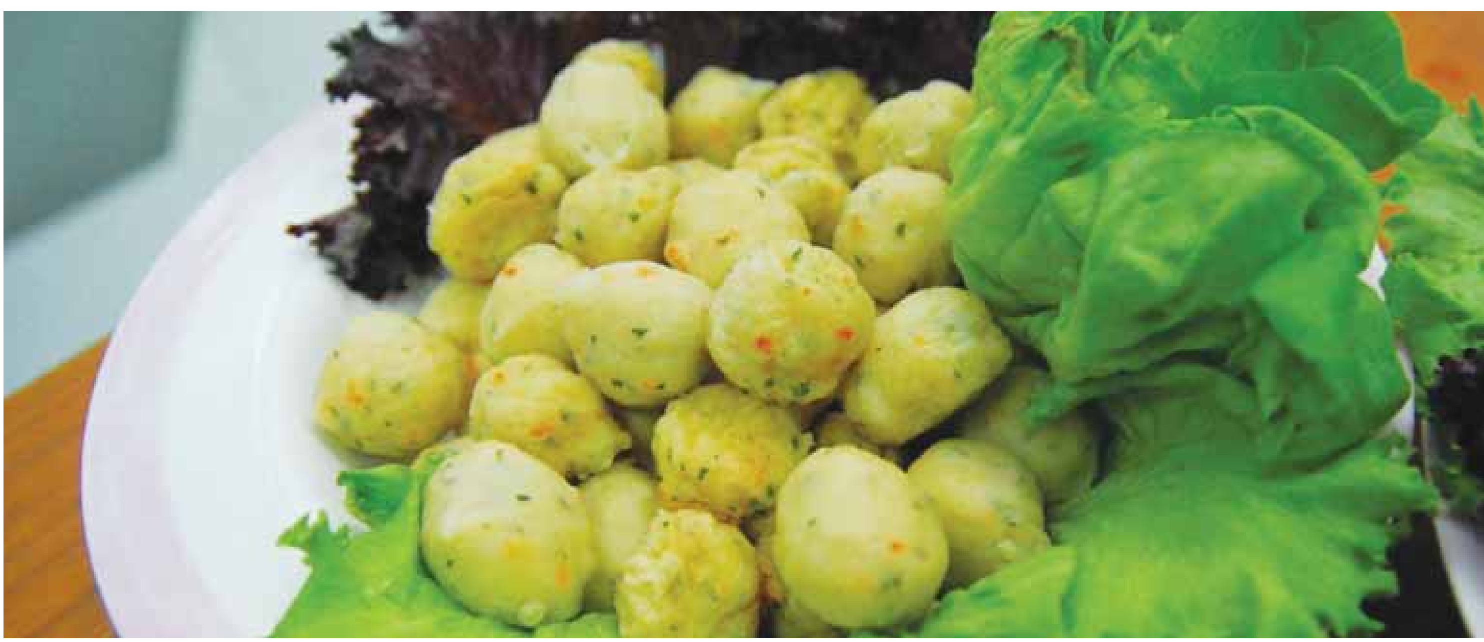
Lastly, I wish to thank you, our shareholders, for your unwavering support and we look forward to your continuing vote of confidence. Thank you.

With best wishes,

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
CHAIRMAN

Chicken Meatballs

High-quality ingredients provide excellent nourishment



Chicken Sausage

Our unique recipe ensures immense satisfaction

During the financial year under review, there was a turnaround in the results of the Group as compared to the previous financial year ended 31 December 2012. Although prices of imported raw materials such as corn and soybean meal were higher during the financial year under review as compared to the previous financial year, the Group recorded a net profit attributable to owners of the parent of RM4.3 million as opposed to a net loss attributable to owners of the parent of RM9.5 million during the previous financial year ended 31 December 2012. This is because the increased selling prices of processed poultry and poultry products, live broilers and table eggs during the financial year under review were adequate to cover the increased prices of the imported raw materials as mentioned above. Our housing development division also showed better results in the financial year under review compared to the previous financial year ended 31 December 2012.

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

Poultry Division

The poultry division comprises the integrated poultry operations and the egg layer operations. During the financial year ended 31 December 2013, the integrated poultry operations of the Group made a profit before tax of about RM15.70 million as compared to a profit before tax of RM4.86 million during the previous financial year. The increase in profit before tax was aided by increases in average selling prices processed poultry and poultry products and live broilers during the financial year under review as compared to the previous financial year ended 31 December 2012.

The Group's egg layer division showed a lower operating loss of about RM4.92 million during the current year under review as compared to an operating loss of about RM5.96 million during the previous financial year. Even though feed cost had increased because of the increase in costs of imported raw feedstuffs, resulting in the egg's production cost during the financial year under review being higher than that during the previous financial year ended 31 December 2012, the increase in average selling prices of table eggs was greater than the increase in feed cost, hence resulting in the egg layer division making a lower loss in the financial year under review as compared to the previous financial year ended 31 December 2012.

Overall, both operations of the Group's poultry division turned in a combined profit before tax of RM10.78 million during the financial year under review as opposed to a loss before tax of RM1.10 million during the previous financial year.

Housing Development Division

During the financial year under review, the housing development division showed a profit before tax of RM1.73 million as compared to a profit before tax of RM1.28 million during the previous financial year. Turnover from the housing development division increased to RM26.46 million during the financial year under review as compared to RM16.72 million during the previous financial year. The increase in revenue was mainly due to more houses being completed and sold in the financial year under review compared to the previous financial year.

Moving Forward Together

Prices of imported raw materials such as corn and soybean meal has decreased during the first quarter of the financial year ending 31 December 2014. The Group hopes that the prices of imported raw materials will remain stable throughout the financial year ending 31 December 2014. With this and together with our continuous cost reduction strategies, the Group hopes that 2014 will also be a profitable one.

Introduction

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

Our policies/ activities in these are as follow:-

Environment

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

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

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

Workplace

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

As part of our responsibility of safeguarding the health of our employees, we provide free anti-typhoid vaccination to employees of the food processing sector of the Group. This is done on a rotational basis to ensure that each employee in this sector receives the anti-typhoid vaccination once every 3 years. During the year ended 31 December 2013, 160 workers at the Group's processing plant in Masjid Tanah, Melaka had undergone typhoid vaccine immunization at the processing plant's clinic to ensure that the workers health were taken care of in order to satisfy the requirements of the Health Ministry.

Drummets

The crunchy exterior is complemented by the tender meat

The Group's processing plant in Masjid Tanah, Melaka also holds fire safety training from time to time to train its workers and employees in putting out fires should there be any incidences. One was conducted in March 2013.

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

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

Community

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

We also carried out a blood donation campaign amongst our employees in August 2013 as part of the Group's contribution towards the Malaysian Blood Bank. A total of 21 workers participated in the campaign.

As part of the Group's commitment in sharing its knowledge on poultry food processing with students from schools and institutes of higher learning in Malaysia, the Group accommodates study tours from various schools and institutes of higher learning. During the year 2013, students from Kolej Teknoloji Unified, Universiti Kuala Lumpur (Alor Gajah), Universiti Malaysia Kelantan, Universiti Teknologi Mara, Universiti Pertanian Malaysia and Malaysian Institute of Chemical & Bio-Engineering Technology (MICET) had their study tours at the Group's processing plant.

Market Place

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

A big delight in every bite

Our customers are thrilled by our products because we believe in maintaining excellence. We develop innovative recipes and we use high-quality ingredients to ensure customer satisfaction.

Introduction

The Board of Farm's Best Berhad (the "Company") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, this corporate governance statement (the "Statement") sets out how the Company has applied the Principles of the Malaysian Code on Corporate Governance ("MCCG 2012") and observed the Recommendations supporting the Principles of the MCCG 2012 for the year under review. Where a specific Recommendation of the MCCG 2012 has not been observed during the year under review, the non-observation, including the reasons thereof, and the alternative practice, if any, is mentioned in this Statement.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's businesses;
- overseeing the conduct of the Group's businesses and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to Senior Management positions are of sufficient calibre, including the orderly succession of Senior Management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Board Charter

Whilst Directors and Management of the Company are aware of their respective roles and responsibilities, including the limits of authority accorded, the Board recognizes the need to formalize such demarcation of duties to provide clarity and guidance to Directors and Management. During the financial year, the Board appointed an independent firm of consultants to assist in developing a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Board Charter, which serves as a referencing point for Board's activities to enable Directors carry out their stewardship role and discharge their fiduciary duties towards the Company, also seeks to include a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in its hands. At the date of this statement, the Board has adopted the Board Charter, which will be uploaded on the Company's website at http:\\www.farmsbest.com.my in line with Recommendation 1.7 of the MCCG 2012.

Code of Conduct and Whistle-Blower Policy

The Board has developed a Code of Conduct for employees of the Group as well as for Directors, setting out the standards of conduct expected from Directors and employees, to engender good corporate behavior across the Group. The Code of Conduct for Directors, which is included in the Board Charter adopted by the Board, includes pertinent whistle-blower procedures, which outline when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of conduct involving employee, Management or Director in the Group. The Board also recognizes the importance of adherence to the Code by all personnel in the Group and will take measures to put in place a process to ensure its compliance, including steps to upload a summary of the Code of Conduct on the Company's website.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board will take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy. The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 24 of this Annual Report.

Supply of, and Access to, Information

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

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. Directors have access to all information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. This procedure is formalised in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretary who is qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretary, who oversees adherence with board policies and procedures, briefs the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretary attends all Board and Board Committees meetings and ensures that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of Company Secretary, if any, is a matter for the Board, as a whole, to decide.

Principle 2 - Strengthen Composition of the Board

During the financial year under review, the Board consisted of nine (9) members, comprising six (6) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience in relevant fields such as poultry farming, business administration, planning, corporate finance, development and marketing. The profile of each Director is set out on pages 11 to 16 of this Annual Report.

Nomination Committee – Selection and Assessment of Directors

A Nomination Committee, which was established on 28 March 2002 with specific terms of reference accorded by the Board, comprises exclusively Independent Non-Executive Directors as follows:

1. Datuk Hj. Zainal Bin Hj. Shamsudin - Chairman (Independent Non-Executive Director)
2. Tuan Haji Baharom Bin Abd. Wahab - Member (Independent Non-Executive Director)
3. Mohd Khasan Bin Ahmad – Member (Senior Independent Non-Executive Director)

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

During the financial year, the Nomination Committee met once, attended by all members, to assess the Board members' effectiveness. All assessments and evaluations carried out by the Nomination Committee are properly documented. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates for filling of casual vacancy, re-election or re-appointment is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be. The Nomination Committee has taken this into consideration when assessing the performance of the Directors. The Board recognizes the importance in having a board diversity policy, including the evaluation criteria, and will take steps to formalize such a policy going forward.

Directors' Remuneration

A Remuneration Committee was established by the Board on 28 March 2002, comprising a majority of Independent Non-Executive Directors as follows:

1. Mohd Khasan Bin Ahmad - Chairman (Senior Independent Non-Executive Director)
2. Datuk Hj. Zainal Bin Hj. Shamsudin - Member (Independent Non-Executive Director)
3. Tuan Haji Baharom Bin Abd. Wahab - Member (Independent Non-Executive Director)
4. Dato' Fong Kok Yong - Member (Managing Director)
5. Datuk Fong Kiah Yeow – Member (Executive Director)

The Remuneration Committee has been entrusted by the Board with specific terms of reference to review and recommend to the Board an appropriate remuneration framework for Executive Directors, including recommendations to the Board on all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors, sufficient enough to attract and retain Directors of quality required to manage the business of the Group. The remuneration package of Non-Executive Directors is also assessed by the Remuneration Committee and recommended to the Board thereafter.

In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities. The determination of each Director's remuneration is a matter for the Board, as a whole. Directors do not participate in decision regarding their own remuneration package.

During the financial year under review, the Committee met twice attended by all members.

Details of the aggregate remuneration of Directors for the financial year ended 31 December 2013 are as follows:

	Executive Directors RM'000	**Non-Executive Directors RM'000**	**Total RM'000**
Total remuneration			
Fees	-	108	108
Salaries & other emoluments	2,685	-	2,685
Pension costs - defined contribution plan	318	-	318
	3,003	108	3,111

The number of Directors whose remuneration falls within the bands of RM50,000 is as follows:

	Executive Directors	**Non-Executive Directors**	**Total**
Below RM50,000	-	3	3
RM200,001 to RM250,000	2	-	2
RM650,001 to RM700,000	4	-	4

Principle 3 - Reinforce Independence of the Board

Directors' Independence

There is a clear division of responsibilities between the Independent Non-Executive Chairman and the Managing Director to embed accountability and facilitate the division of responsibility, such that no one individual has unfettered powers over decision making. The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by his fellow Executive Directors, implements the Group's strategic plan, policies and decisions adopted by the Board, and oversees the operations and business development of the Group.

The Board recognises the importance of independence and objectivity in the decision making process. Executive Directors are responsible for the management of day-to-day business operations in the respective business units of the Group as well as the implementation of policies and decisions approved by the Board, whilst the Board sets the strategic direction for the Group.

The presence of Independent Non-Executive Directors ensures that issues of strategies, performance and resources proposed by Management are objectively evaluated, taking into consideration the long-term interests of shareholders, employees, customers, suppliers and other communities in which the Group conducts its business. The Independent Non-Executive Directors also ensure that the investment of minority shareholders is fairly reflected through Board representation.

The Company recognises the contribution of the Independent 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 Independent Non-Executive Directors are independent of Management and free from any relationship which could interfere with their independent judgment. They 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 has been identified by the Board as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

En. Mohd Khasan Bin Ahmad and Tuan Haji Baharom bin Abdul Wahad have served the Board as Independent Non-Executive Directors beyond the 9-year tenure limit promulgated by the MCCG 2012. Nonetheless, the Board has, after conducting an assessment of these 2 Directors' performance as Independent Directors, recommended them for shareholders' approval to continue to act as Independent Non-Executive Directors for the ensuing year based on the following justifications:

a. They have fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, are able to function as a check and balance, bringing an element of objectivity to the Board;
b. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
c. They have continued to exercise their independence and due care during their tenure as Independent Non-Executive Directors and carried out their professional duties in the best interests of the Company and shareholders.

The criteria for independent directors used by the Board in assessing the Independent Directors of the Company accord with those of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Principle 4 – Foster commitment of Directors

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

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision.

During the financial year ended 31 December 2013, five (5) Board meetings were held. Details of the attendance are as follows:

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

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

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. The Chairman of each Board Committee informs the Directors at each Board meetings of any salient matters noted during the respective Committees' meetings which require the Board's notice or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. In addition, the Board Charter sets out a policy, requiring Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements of Bursa allow a Director to sit on the boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

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.

All Directors of the Company have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd within the stipulated timeframe required in the Listing Requirements.

On 27 May 2013, all the Directors were briefed by KPMG Management & Risk Consultancy Sdn Bhd on the salient gaps noted between the MCCG 2012 and the Company's existing corporate governance practices, including how the gaps could be bridged or narrowed.

In addition to that, on 5 September 2013, all the Executive Directors of the Company attended a One-Day Training on Competition Law Compliance titled "Understanding Competition Law and Its Implication on Business", conducted by First Competition Consulting (SA 01244456-D).

The Board acknowledges that continuous training is important to enable the Directors to effectively discharge their duties. The Board will on a continuous basis, evaluate and determine the training needs of its Directors. During the year under review, Mohd Khasan Bin Ahmad also attended the training as mentioned below:-

i "Forensic Accounting for Non-Executive Directors", organized by MSWG on 23 January 2013; and

ii "ACCA Bursa Forum – Future of Corporate Reporting", organized by Bursa Malaysia on 12 June 2013.

The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board on these updates, where applicable. The External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements for the financial year under review.

Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Chairman's statement and review of the Group's operations in the Annual Report, where relevant. A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing paragraph.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended. The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2013, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Datuk Hj. Zainal Bin Hj. Shamsudin as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 40 to 44 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy on the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services are provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures to be included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Principle 6 – Recognise and manage risks of the Group

Recognising the importance of risk management, the Board has in past years established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

The risk profiles of significant subsidiaries in the Group have been approved by the Board during the financial year under review, including action plans to be taken by Management to mitigate the risks to acceptable levels. Further details of this process are set out in the Internal Control Statement in the Annual Report.

The internal audit function of the Group is co-sourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The co-sourced Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Internal Control Statement in this Annual Report.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board will formalise pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board will earmark a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders and the Company's Annual Report may be accessed.

Principle 8 – Strengthen relationship between the Company and its shareholders

Shareholder participation at general meeting

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general.

All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day. Going forward, the Board will adopt poll voting for related party transactions, if any, which require specific approvals, including the announcement of the detailed results showing the number of votes cast for and against each resolution.

Communication and engagement with shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

INTRODUCTION

The Board is committed to maintaining a sound system of risk management and internal control in the Group and is pleased to provide the following Internal Control Statement (the "Statement"), which outlines the nature and scope of risk management and internal control of the Group during the financial year under review. This Statement also takes into account the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers released by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements. For the purpose of this Statement, associated companies have not been included.

BOARD'S RESPONSIBILITY

The Board is ultimately responsible for the Group's system of risk management and internal control ("system"), which includes the establishment of an appropriate control environment and risk management framework as well as reviewing their adequacy and effectiveness in safeguarding shareholders' investment and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business and corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The system of internal control covers, inter-alia, financial, organisational, operational and compliance controls as well as risk management.

The Board affirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by major companies in the Group. The results of this process, including risk mitigating measures taken by Management to address key risks identified, are periodically reviewed by the Board.

Besides confirming that this process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company, the Board, through the Audit Committee, also reviews the adequacy and effectiveness of the risk management and internal control system in the Group to ensure that appropriate measures are carried out to obtain the level of assurance required by the Board.

RISK MANAGEMENT

In line with Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012, the Board has established a structured risk management framework ("Framework") to identify, evaluate, control, report and monitor significant business risks faced by major companies in the Group, where the updated risk profiles of the companies concerned are tabled to the Board for deliberation and action plans to be taken by Management in mitigating the risks, as deemed necessary.

At the date of this Statement, the Group has conducted a comprehensive update of the business risks faced by major companies in the Group, with the risk profiles thereof tabled to the Audit Committee and Board for notation as well as relevant action plans to be taken to manage the risks to acceptable levels.

This Framework enables the Management and the Board to share a common model in the effective communication and evaluation of principal risks faced by the Group and internal controls implemented to address the risks concerned. The process involved Management's identification of risks, assessment of risks and controls and formulation of appropriate action plans before these were escalated to the Board for review.

The business risks identified are scored for likelihood of their occurrence and the magnitude of impact upon the Group based on the relevant risk parameters that articulate the risk appetite of the companies concerned. The internal audit function carried out its internal audit based on the risk profiles of major companies in the Group.

The key elements of the Group's Risk Management Framework comprise the following:

- *Structure*

  The Group adopts a decentralized approach to risk management, where all the employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibility of the Heads of Department.

  The Corporate Affairs Department provides risk management support to Management for the Group, as a whole. The role of the Corporate Affairs Department in providing risk management support is to look out for significant changes in the business and external environment which may affect the Group's principal business risks and report to Management so that pertinent remedial measures may be developed to mitigate the key risks caused by changes in the business and external environment; and,

- *Risk assessment*

  The Group maintains a database of key risks specific to the major companies in the Group, together with their corresponding controls. At the date of this Statement, the internal audit function has reviewed the database of key risks and controls. There were certain risks which were now revised in terms of their rankings in tandem with the changes in environment and the enhancements of internal controls, as the case may be. The changes to key risks have been documented and updated in the risk profiles of the companies concerned.

INTERNAL AUDIT

The Group augmented its internal audit function by appointing KPMG Management & Risk Consulting Sdn. Bhd., an independent professional firm to conduct internal audit on a co-sourced basis. The scope of work performed by the co-sourced internal audit function comprises the conduct of internal audit to assess the adequacy and integrity of the governance, risk and internal control processes, and highlighting to the Audit Committee significant areas for improvements as well as risks that may impact the business units concerned. The co-sourced internal audit function, which reports directly to the Audit Committee, is responsible for planning and executing internal audit, on a risk-based approach, covering the key companies in the Group. The activities undertaken by the co-sourced internal audit function during the financial year comprise the following:

- conducted a follow-up on outstanding issues raised in preceding cycles of co-sourced internal audit to assess the status of management's action plans implemented;

- engaged with Senior Management on the outcome of the follow-up; and

- reported to the Audit Committee, highlighting the status of management's action plans in addressing issues highlighted in preceding cycles of internal audit.

At the date of this statement, the Company has commissioned the co-sourced internal audit function to carry out new cycles of internal audit.

INTERNAL CONTROL

The Board has established a robust system of internal control for the smooth running of the Group's operations, augmented by an established organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. A process of hierarchical reporting is established which provides a documented and auditable trail of accountability.

The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Managing Director, Executive Directors and Senior Management ("Management") in running the Group's operations.

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

- *Control environment*

  To provide a proper control environment, focus is directed towards the qualities and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Continuing education and training include internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls;

- *Control structure*

  The Board and Management have established a formal organizational structure with clearly defined lines of accountability and delegated authority within the Group. This includes well-defined responsibilities of Board committees and various management levels, including authorization levels for all aspects of the business.

  The key elements of the Group's control structure are as follows:

  Management

  - Through the Group's Business and Financial Policies and Procedures manual, Management has introduced well-established standard operating procedures that cover key aspects of the Group's business processes. These policies and procedures deal with, inter-alia, control issues for financial accounting and reporting, treasury management, asset security, information technology, etc. The procedures are subject to regular reviews to cater for process changes, changing risks or further improvements;

  - Visits by the corporate office personnel to subsidiaries and depots to provide moral checks;

  - Meetings with Heads of division which provide a sound platform for the Heads of division to communicate with, and provide feedback to, Management.

Audit Committee

The Audit Committee reviews and notes the internal audit observations reported by the co-sourced internal audit function, including follow-up by the co-sourced internal audit function on the status of Management-agreed action plans to address observations reported in preceding cycles of internal audit.

The Audit Committee Report, set out on pages 40 to 44 of this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

Board

The Board holds regular discussions with the Audit Committee and Management and considers their reports on matters relating to internal controls and deliberates on their recommendation for implementation.

- *Reporting and information*

  The Group has in place the following reporting and information structure:

  - Authority limits are established to provide a functional framework of authority in approving revenue and capital expenditure;
  - The Group has in place a budgeting process that provides for a responsibility accounting framework;
  - Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial reviews on the various operating subsidiaries. The reviews encompass areas such as financial and non-financial key performance indicators and variances between budget and operating results and explanation of significant variances;
  - The Executive Directors review the monthly management accounts of all major operating companies in the Group; and
  - The Executive Directors conduct monthly meetings with Management of all significant business units within the Group to discuss the various aspects of the business, financial and operational performance of the Group

- *Monitoring and review*

  The system of internal controls is reviewed on an ongoing basis by the Board (through the Audit Committee) and the Group's designated in-house internal auditor, the functions of whom are distinct from those of the co-sourced internal audit. Responsibility for monitoring compliance with policies, procedures and guidelines rests principally with the in-house internal auditor who reports directly to the Managing Director.

ASSURANCE BY THE MANAGING DIRECTOR AND FINANCE DIRECTOR (EXECUTIVE DIRECTOR) ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has received assurance from the Managing Director and the Executive Director – Finance in writing stating that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, for the financial year under review.

BOARD'S COMMENTS ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through its Audit Committee, has reviewed the adequacy and effectiveness of the system internal controls, and that relevant actions have been or are being taken, as the case may be, to remedy the internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the co-sourced internal auditors and external auditors directly to the Audit Committee.

The Board is of the view that there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report 2013, other than impairment of receivables totaling RM1.18 million. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the co-sourced internal audit function as well as the external auditors.

This statement is issued in accordance with a resolution of the Board dated 29 April 2014.

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial year ended 31 December 2013.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

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

Tuan Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Encik Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

2. TERMS OF REFERENCE

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

2.1. Composition

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

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

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

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

2.2. Membership

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

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

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

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

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

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

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

2.3. Chairman

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

2.4. Quorum

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

2.5. Meeting

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

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

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

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

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

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

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

2.6. Voting and Proceeding of Meeting

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

2.7. Minutes

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

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

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

2.8. Authority

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

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

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

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

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

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

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

2.9. Functions and Responsibilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.10. Review of the Audit Committee

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

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2013, which were attended by the Audit Committee members as follows:

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

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

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

4. ACTIVITIES OF THE AUDIT COMMITTEE

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

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

The trainings attended by Audit Committee members during the financial year are set out in the Corporate Governance Statement on page 33 of this Annual Report.

5. INTERNAL AUDIT FUNCTION

The Audit Committee is aware that an independent internal audit function is essential to assist in providing the assurance the Audit Committee requires regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. Although the Company has an in-house internal audit function, the Audit Committee appointed an independent professional firm, KPMG Management & Risk Consulting Sdn. Bhd., to augment the in-house function on a co-sourced basis, which reports directly to the Audit Committee. The co-sourced internal auditor carries out internal audit with a view to assess the adequacy and effectiveness of the Group's system of internal controls, focusing on the principal companies within the Group. The costs incurred for the internal audit function in respect of the financial year ended 31 December 2013 was RM39,367.

A summary of internal audit activities performed by the internal audit function during the financial year under review is set out in the Internal Control Statement on pages 36 to 39 of this Annual Report.

financial statements

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 2013.

Principal activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries and the associates are described in Note 19 and Note 20 to the financial statements respectively. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit/(loss) after tax, attributable to:		
Equity holders of the parent	4,330	(1,331)
Non-controlling interests	(26)	-
	4,304	(1,331)

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

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

Dividend

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

Directors

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

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

Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 14 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

Directors' interests

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

	Number of ordinary shares of RM1 each			
	1.1.2013	**Acquired**	**Sold**	**31.12.2013**
Holding company				
Direct interest				
Dato' Fong Kok Yong	85,000	-	-	85,000
Datuk Fong Kiah Yeow	85,000	-	-	85,000
Fong Ngan Teng	85,000	-	-	85,000
Fong Choon Kai	85,000	-	-	85,000
The Company				
Direct interest				
Datuk Fong Kiah Yeow	108,000	-	-	108,000
Tuan Haji Baharom Bin Abd Wahab	4,500	-	-	4,500

	Number of ordinary shares of RM1 each				
	1.1.2013	**Acquired**	**Private share placement**	**Sold**	**31.12.2013**
The Company					
Indirect interest					
Dato' Fong Kok Yong	20,348,705	559,800	555,300	-	21,463,805
Datuk Fong Kiah Yeow	20,348,705	559,800	555,300	-	21,463,805
Fong Ngan Teng	20,348,705	559,800	555,300	-	21,463,805
Fong Choon Kai	20,348,705	559,800	555,300	-	21,463,805

Directors' interests (continued)

Holding company	1.1.2013	Alloted	Number of warrants Private share placement	Sold	31.12.2013
Direct interest					
Dato' Fong Kok Yong	-	4,181,701	1,665,900	(5,847,560)	41
Datuk Fong Kiah Yeow	-	4,181,701	1,665,900	(5,847,560)	41
Fong Ngan Teng	-	4,181,701	1,665,900	(5,847,560)	41
Fong Choon Kai	-	4,181,701	1,665,900	(5,847,560)	41
The Company					
Direct interest					
Datuk Fong Kiah Yeow	-	21,600	-	-	21,600
Tuan Haji Baharom Bin Abd Wahab	-	900	-	-	900

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

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

Issuance of shares and warrants

During the financial year, the Company:

(a) issued 11,106,052 free warrants ("Free Warrants") on the basis of one Free Warrant for every 5 existing ordinary shares of RM1 each in the Company; and

(b) increased its issued and fully paid up share capital from RM55,530,263 to RM61,083,263 by way of a private share placement of 5,553,000 ordinary shares of RM1 each ("Placement Shares") together with 16,659,000 free detachable warrants ("Placement Warrants") on the basis of 3 Placement Warrants for every one Placement Share at an issue price of RM1.22 per share to provide working capital.

The Placement Shares ranked pari passu in all respects with the existing ordinary shares of the Company.

Issuance of shares and warrants (continued)

The Free Warrants and Placement Warrants (collectively "the Warrants") are constituted by a Deed Poll dated 27 June 2013. The salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder to subscribe for one new ordinary shares of RM1 each in the Company at an exercise price of RM1 per ordinary share subject to adjustments in accordance with the provisions of the Deed Poll;

(b) The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants mature on 14 July 2018; and

(c) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of new ordinary shares in the Company upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares in the Company.

Other statutory information

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

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

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

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

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

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

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

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

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

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

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

Other statutory information (continued)

(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.

Event after the reporting period

The event after the reporting period is disclosed in Note 43 to the financial statements.

Holding company

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

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2014.

Dato' Fong Kok Yong

Datuk Fong Kiah Yeow

Statement By Directors
Pursuant to Section 169 (15) of the Companies Act, 1965

We, Dato' Fong Kok Yong and Datuk Fong Kiah Yeow, being two of the directors of Farm's Best Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 54 to 130 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out in Note 46 to the financial statements on page 131 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 April 2014.

Dato' Fong Kok Yong

Datuk Fong Kiah Yeow

Statutory Declaration
Pursuant to Section 169 (16) of the Companies Act, 1965

I, Datuk Fong Kiah Yeow, being the director primarily responsible for the financial management of Farm's Best Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 54 to 131 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, Datuk Fong Kiah Yeow on
29 April 2014
at Melaka in the State of Melaka

Datuk Fong Kiah Yeow

Before me,

SAIFUL BAHARI S ABDULLAH, PJK
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Farm's Best Berhad

Report On The Financial Statements

We have audited the financial statements of Farm's Best Berhad , which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 130.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2.1(b) to the financial statements which indicates that the Group and the Company reported accumulated losses of approximately RM34,282,000 (2012: RM36,196,000) and RM46,696,000 (2012: RM42,881,000) respectively. The Group and the Company reported negative cash flows from operating activities of approximately RM2,650,000 and RM5,936,000 during the current financial year.

The ability of the Group and the Company to continue as a going concern is dependent upon the continuing financial support from the bankers and the successful outcome of certain strategic measures initiated by the directors, which in their opinion, will result in the Group and the Company being able to achieve future profitable operations and generate sufficient cashflows to meet the liabilities of the Group and the Company as and when they fall due. The financial statements of the Group and the Company have been prepared on a going concern basis and 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.

Report on other legal and regulatory requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

Other reporting responsibilities

The supplementary information set out in Note 46 on page 131 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
2697/01/15(J)
Chartered Accountant

Melaka, Malaysia
29 April 2014

Statements of Comprehensive Income
For The Financial Year Ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Continuing operations					
Revenue	8	455,381	400,514	2,500	1,878
Cost of sales	9	(389,690)	(348,954)	-	-
Gross profit		65,691	51,560	2,500	1,878
Other operating income	10	3,253	1,592	-	-
Administrative expenses		(23,614)	(30,517)	(2,540)	(774)
Selling and marketing expenses		(13,318)	(11,076)	-	-
Operating profit		32,012	11,559	(40)	1,104
Finance income		1,337	582	106	148
Finance costs	11	(20,982)	(19,704)	(897)	(1,041)
Share of losses of associates		(1,011)	(581)	-	-
Profit/(loss) before tax	12	11,356	(8,144)	(831)	211
Income tax expense	15	(7,052)	(572)	(500)	(149)
Profit/(loss) after tax		**4,304**	**(8,716)**	**(1,331)**	**62**
Other comprehensive income					
Foreign exchange differences on translation of foreign operations		(182)	(86)	-	-
Total comprehensive income/ (loss) for the year		**4,122**	**(8,802)**	**(1,331)**	**62**
Profit/(loss) after tax, attributable to:					
Equity holders of the parent		4,330	(9,530)	(1,331)	62
Non-controlling interests		(26)	814	-	-
		4,304	**(8,716)**	**(1,331)**	**62**
Total comprehensive income/(loss) for the year attributable to:					
Equity holders of the parent		4,202	(9,616)	(1,331)	62
Non-controlling interests		(80)	814	-	-
		4,122	**(8,802)**	**(1,331)**	**62**
Earnings/(loss) per share attributable to equity holders of the parent (sen)					
Basic			16	7.5	(17.2)
Diluted			16	7.5	(17.2)

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

Statements of Financial Position
As At 31 December 2013

	Note	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000 (restated)	Group 01.01.2012 RM'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	17	140,113	145,234	120,580
Land use rights	18	142	154	166
Investment in subsidiaries	19	-	-	-
Investment in associates	20	245	1,256	3,375
Quoted investments	21	25	25	25
Goodwill	22	2,302	4,462	8,556
Deferred tax assets	23	2,259	4,159	2,602
Land held for property development	24	1,229	5,102	5,102
		146,315	160,392	140,406
Current assets				
Property development costs	25	18,019	16,960	17,969
Biological assets	26	13,762	16,588	16,693
Inventories	27	15,030	16,611	18,842
Trade and other receivables	28	174,796	158,971	140,878
Other current assets	29	1,697	2,086	3,776
Held-to-maturity investments	30	45,271	35,475	18,216
Tax recoverable		1,876	1,406	1,787
Cash and bank balances	31	4,170	4,695	3,235
		274,621	252,792	221,396
Total assets		**420,936**	**413,184**	**361,802**
Equity and liabilities				
Equity				
Share capital	32	61,083	55,530	55,530
Share premium	33	62,410	62,641	62,641
Other reserves	34	3,142	(368)	(282)
Accumulated losses		(34,282)	(36,196)	(26,666)
Equity attributable to equity holders of the parent		92,353	81,607	91,223
Non-controlling interest		6,580	6,660	5,846
Total equity		98,933	88,267	97,069
Non-current liabilities				
Loans and borrowings	35	64,585	63,970	56,662
Deferred tax liabilities	23	12,352	10,327	8,666
		76,937	74,297	65,328

Statements of Financial Position
As At 31 December 2013 (Continued)

	Note	Group 31.12.2013 RM'000	31.12.2012 RM'000 (restated)	01.01.2012 RM'000 (restated)
Current liabilities				
Loans and borrowings	35	185,468	177,984	145,803
Trade and other payables	36	57,288	72,460	51,806
Income tax payable		2,310	176	1,796
		245,066	250,620	199,405
Total liabilities		322,003	324,917	264,733
Total equity and liabilities		**420,936**	**413,184**	**361,802**
Net current assets		29,555	2,172	21,991
Net assets		98,933	88,267	97,069

Statements of Financial Position
As At 31 December 2013 (Continued)

	Note	Company 31.12.2013 RM'000	31.12.2012 RM'000 (restated)	01.01.2012 RM'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	17	284	294	449
Investment in subsidiaries	19	78,466	78,551	74,951
		78,750	78,845	75,400
Current assets				
Trade and other receivables	28	15,620	10,657	15,697
Other current assets	29	5	5	-
Tax recoverable		833	937	988
Cash and bank balances	31	3	2	-
		16,461	11,601	16,685
Total assets		**95,211**	**90,446**	**92,085**
Equity and liabilities				
Equity				
Share capital	32	61,083	55,530	55,530
Share premium	33	62,410	62,641	62,641
Other reserves	34	3,706	-	-
Accumulated losses		(46,696)	(42,881)	(42,943)
Total equity		80,503	75,290	75,228
Current liabilities				
Loans and borrowings	35	5,760	8,958	10,220
Trade and other payables	36	8,948	6,198	6,637
		14,708	15,156	16,857
Total liabilities		14,708	15,156	16,857
Total equity and liabilities		**95,211**	**90,446**	**92,085**
Net current assets/(liabilities)		1,753	(3,555)	(172)
Net assets		80,503	75,290	75,228

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

Statements of Changes In Equity
For The Year Ended 31 December 2013

	Issued capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note 34) RM'000	Accumulated losses RM'000	Total equity attributable equity holders of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Group							
2013							
Opening balance at 1 January 2013	55,530	62,641	(368)	(36,196)	81,607	6,660	88,267
Total comprehensive income/(loss)	-	-	(128)	4,330	4,202	(80)	4,122
Transactions with owners							
Private share placement	5,553	1,222	-	-	6,775	-	6,775
Private placement expenses	-	(231)	-	-	(231)	-	(231)
Transfer to accumulated losses	-	-	(68)	68	-	-	-
Issuance of warrants	-	(1,222)	3,706	(2,484)	-	-	-
	5,553	(231)	3,638	(2,416)	6,544	-	6,544
Closing balance at 31 December 2013	61,083	62,410	3,142	(34,282)	92,353	6,580	98,933
2012							
Opening balance at 1 January 2012	55,530	62,641	(282)	(26,666)	91,223	5,846	97,069
Total comprehensive income/(loss)	-	-	(86)	(9,530)	(9,616)	814	(8,802)
Closing balance at 31 December 2012	55,530	62,641	(368)	(36,196)	81,607	6,660	88,267

Statements of Changes In Equity
For The Year Ended 31 December 2013 (Continued)

	Issued capital (Note 32) RM'000	Share premium (Note 33) RM'000	Other reserves (Note 34) RM'000	Accumulated losses RM'000	Total equity RM'000
Company					
2013					
At 1 January 2013	55,530	62,641	-	(42,881)	75,290
Total comprehensive income	-	-	-	(1,331)	(1,331)
Transaction with owners					
Private share placement	5,553	1,222	-	-	6,775
Private placement expenses	-	(231)	-	-	(231)
Issuance of warrants	-	(1,222)	3,706	(2,484)	-
	5,553	(231)	3,706	(2,484)	6,544
At 31 December 2013	61,083	62,410	3,706	(46,696)	80,503
2012					
At 1 January 2012	55,530	62,641	-	(42,943)	75,228
Total comprehensive income	-	-	-	62	62
At 31 December 2012	55,530	62,641	-	(42,881)	75,290

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

Statements of Cash Flows
For The Year Ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 (restated)	Company 2013 RM'000	Company 2012 RM'000
Profit/(loss) before tax		11,356	(8,144)	(831)	211
Adjustments for:					
Allowance for impairment losses:					
- Goodwill	22	2,160	4,094	-	-
- Trade receivables	28	179	526	-	-
- Other receivables	28	1,001	1,826	-	-
- Investment in subsidiaries	19	-	-	100	-
- Capital contribution in subsidiaries	19	-	-	1,626	-
Bad debts written off on other receivables		-	33	-	-
Depreciation and amortisation:					
- Property, plant and equipment	17	9,384	9,608	10	16
- Land use rights	18	12	12	-	-
Dividend income from subsidiaries		-	-	(2,500)	(1,878)
Interest expense		20,982	19,704	897	1,041
Interest income		(1,337)	(582)	(106)	(148)
Net (gain)/loss on disposal of property, plant and equipment		(206)	(169)	-	10
Property, plant and equipment written off		96	287	-	2
Reversal of allowance for impairment losses on trade receivables	28	(290)	(15)	-	-
Share of associates' results		1,011	581	-	
- Unrealised foreign exchange loss/(gain)		6	(129)	-	-
Total adjustments		32,998	35,776	27	(957)
Operating cash flows before changes in working capital		**44,354**	**27,632**	**(804)**	**(746)**
Changes in working capital					
Decrease in property development costs		2,814	1,009	-	-
Decrease in biological assets		2,826	105	-	-
Decrease in inventories		1,329	2,231	-	-
(Increase)/decrease in receivables		(16,715)	(20,334)	(6,589)	5,034
Decrease in other current assets		389	1,690	-	-
(Decrease)/increase in payables		(15,202)	15,304	2,750	(439)
		(24,559)	5	(3,839)	4,595
Cash flows from/(used in) operations		19,795	27,637	(4,643)	3,849
Interest paid		(20,982)	(19,704)	(897)	(1,041)
Tax paid		(1,463)	(1,707)	(396)	(98)
Net cash flows (used in)/from operating activities		**(2,650)**	**6,226**	**(5,936)**	**2,710**

Statements of Cash Flows
For The Year Ended 31 December 2013 (Continued)

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Investing activities					
Purchase of property, plant and equipment	17(c)	(1,108)	(31,883)	-	-
Additional subscription in shares in a subsidiary		-	-	-	(3,600)
Acquisition of a subsidiary		-	-	(15)	-
Proceeds from disposal of property, plant and equipment		402	374	-	127
Interest received		1,337	582	106	148
Increase in held-to-maturity investments		(9,796)	(17,259)	-	-
Dividend received from:					
- subsidiaries		-	-	2,500	1,878
- an associate		-	1,538	-	-
Net cash flows (used in)/from investing activities		**(9,165)**	**(46,648)**	**2,591**	**(1,447)**
Financing activities					
Repayment of term loans		(8,517)	(4,944)	(558)	(380)
Drawdown of term loans		8,350	11,850	-	-
Repayment of finance lease payables		(2,362)	(269)	-	-
Proceed of issue of private placement		6,775	-	6,775	-
Private placement expenses		(231)	-	(231)	-
Increase in amount due to holding company		24	5,350	-	-
Increase in short term borrowings		7,962	30,873	-	-
Net cash flows from financing activities		12,001	42,860	5,986	(380)
Net increase in cash and cash equivalents		186	2,438	2,641	883
Effects of foreign exchange changes		(182)	(86)	-	-
Cash and cash equivalents at beginning of year		(15,932)	(18,284)	(7,629)	(8,512)
Cash and cash equivalents at end of year	31	(15,928)	(15,932)	(4,988)	(7,629)

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

1. Corporate information

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

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries and associates are described in Note 19 and Note 20 respectively. There have been no significant changes in the nature of the principal activities during the financial year.

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

2. Basis of preparation

(a) Accounting framework

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS) as issued by the Malaysian Accounting Standards Board (MASB) and the requirements of the Companies Act, 1965 in Malaysia.

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

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

(b) Going concern assumption

During the current financial year, the Group and the Company reported accumulated losses of approximately RM34,282,000 (2012: RM36,196,000) and RM46,696,000 (2012: RM42,881,000) respectively. The Group and the Company reported negative cash flows from operating activities of approximately RM2,650,000 and RM5,936,000 during the current financial year. The ability of the Group to and the Company continue as a going concern is dependent upon the continuing financial support of the bankers and the successful outcome of the following strategic measures initiated by the directors:

(i) implementation of process re-engineering, energy savings and cost cutting measures;

(ii) efforts to increase sales of the Group's "further processed products" which carry higher profit margin;

(iii) disposal of non-core assets of the Group; and

(iv) successful synergies to be derived upon the completion of the proposed corporate exercise as described in Note 43.

These factors indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concerns. These financial statements have been prepared on a going concern basis on the assumptions that the Group and the Company will be able to obtain continuous support from their bankers and the successful outcome of the aforementioned strategic measures. These financial statements do not include any adjustments which may arise should the aforementioned assumptions prove to be invalid.

3. Summary of significant accounting policies

3.1 Basis of consolidation

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

The Company controls an investee if and only if the Company has all the following:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) potential voting rights held by the Company, other vote holders or other parties;

(iii) rights arising from other contractual arrangements; and

(iv) any additional facts and circumstances that indicate that the Company/Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

3. Summary of significant accounting policies (continued)

3.2 Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred,measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

3.3 Foreign currency translation

(a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysian which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3. Summary of significant accounting policies (continued)

3.3 Foreign currency translation (continued)

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the in profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as principal or agent. The Group and the Company have concluded that they are acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(b) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method.

3. Summary of significant accounting policies (continued)

3.4 Revenue recognition (continued)

(c) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

(d) Management fees

Management fees are recognised when services are rendered.

(e) Dividend income

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

(f) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

3.5 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

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

(ii) in respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. Summary of significant accounting policies (continued)

3.5 Taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) Sales tax

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

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

(ii) receivables and payables that are stated with the amount of sales tax included.

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

3. Summary of significant accounting policies (continued)

3.6 Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress is not depreciated. For other assets, depreciation is calculated on a straight-line basis over their estimated useful lives as follows:

Leasehold land	72 to 100 years
Buildings	50 years
Motor vehicles	10 years
Plant and machinery	5 to 20 years
Other assets	5 to 10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.8 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

3. Summary of significant accounting policies (continued)

3.8 Leases (continued)

(a) Group as lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

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

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(b) Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.9 Land use rights

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

3.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

3. Summary of significant accounting policies (continued)

3.11 Investment in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

After application of the equity method, the Group applies FRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with FRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

3. Summary of significant accounting policies (continued)

3.12 Land held for property development and property development costs

(i) Land held for property development

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

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

(ii) Property development costs

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

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

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

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

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

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

3.13 Biological assets

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

3.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Summary of significant accounting policies (continued)

3.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and bank balances, trade and other receivables, loans and other receivables, held-to-maturity investments and quoted financial instruments.

(ii) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance costs in the profit or loss.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

3. **Summary of significant accounting policies (continued)**

3.15 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to- maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the profit or loss in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in profit or loss.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances.

3. Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Subsequent measurement (continued)

Available-for-sale financial investments (continued)

Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

(iii) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

3. Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

(b) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit or loss.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss - is removed from other comprehensive income and recognised in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairments are recognised directly in other comprehensive income.

3. Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

(b) Impairment of financial assets (continued)

Available-for-sale investments (continued)

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

(c) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings and financial guarantee contracts.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. No financial liability has been designated at fair value through profit or loss during the reporting period.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the profit or loss.

This category generally applies to interest-bearing loans and borrowings.

3. Summary of significant accounting policies (continued)

3.15 Financial instruments (continued)

(c) Financial liabilities (continued)

(ii) Subsequent measurement (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.16 Inventories

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

(a) Raw materials: purchase costs on a weighted average basis.

(b) Finished goods and work-in-progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

(c) Property inventories: Cost of unsold properties comprises cost associated with the acquisition of land, construction and appropriate development overheads.

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

3. Summary of significant accounting policies (continued)

3.17 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Goodwill is tested for impairment annually at reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash- generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.18 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3. Summary of significant accounting policies (continued)

3.19 Share capital and share issuance expenses

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

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

3.20 Dividend distributions

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in statement of comprehensive income.

3.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.22 Contingencies

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

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

3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. Summary of significant accounting policies (continued)

3.24 Current versus non-current classification

Assets and liabilities in statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group or by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

3. Summary of significant accounting policies (continued)

3.25 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest Level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2012 and 1 January 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
FRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
FRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
FRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to FRS 1: Government Loans	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

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

FRS 12 Disclosures of Interests in Other Entities

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

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materiality impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

4. Changes in accounting policies (policies)(continued)

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

The amendments to FRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified (eg. revaluation of land and buildings). The amendments affect presentation only and have no impact on the Group's financial position or performance.

5. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to FRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011–2013 Cycle	1 July 2014
FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

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

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

6. Malaysian Financial Reporting Standards (MFRS Framework)

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

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

Transitioning Entities are allowed to defer the adoption of the new MFRS Framework and may in the alternative, apply Financial Reporting Standards (FRS) as its financial reporting framework for annual periods beginning on or after 1 January 2014.

As certain of the Group's subsidiaries fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will present its first set of MFRS financial statements when the MFRS Framework is mandated by the MASB. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

7. Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

7.1 Judgments made in applying accounting policies

In the process of applying the above accounting policies, management has not made any critical judgments, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

7.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Assumptions and estimates are based on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group and of the Company. Such changes are reflected in the assumptions when they occur.

7. Significant accounting judgments, estimates and assumptions (continued)

7.2 Estimates and assumptions (continued)

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at year end amounts to RM2,302,000 (2012: RM4,462,000). Further details are disclosed in Note 22.

(b) Impairment of loans and receivables

An assessment is made at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments, are considered.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the present value of estimated future cash flows increases/decreases by 5% from management's estimate, the Group allowance for impairment will decrease/increase by RM754,000 (2012: RM652,000).

(c) Taxes

Deferred tax assets are recognised for unutilised tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which the losses and credits can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As at the end of the reporting period as disclosed in Note 23, the Group has unutilised tax losses, unabsorbed capital allowances and unabsorbed reinvestment allowances totalling RM87,533,000 (2012: RM93,506,000) for which deferred tax assets have not been recognised. The Group has no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses and credits as deferred tax assets.

If the Group was able to recognise all unrecognised deferred tax assets, after-tax profit of the Group would increase by RM21,883,000 (2012: RM23,377,000).

(d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

8. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of goods	428,922	383,794	-	-
Sales of completed houses and development revenue	26,459	16,720	-	-
Dividend income from subsidiaries	-	-	2,500	1,878
	455,381	400,514	2,500	1,878

9. Cost of sales

	Group	
	2013 RM'000	2012 RM'000
Cost of goods sold	366,131	334,523
Cost of inventories	250	2,029
Development cost	23,309	12,402
	389,690	348,954

10. Other operating income

	Group	
	2013 RM'000	2012 RM'000
Bad debts recovered	9	56
Gain on foreign exchange:		
- Unrealised	-	129
- Realised	-	34
Net gain from disposal of property, plant and equipment	206	169
Reversal of allowance for impairment losses on trade receivables	290	15
Sundry income	2,748	1,189
	3,253	1,592

11. Finance costs

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense on:				
- Bank overdrafts	1,829	1,901	595	766
- Bankers' acceptances	1,898	2,497	-	-
- Term loans	6,660	7,593	85	96
- Obligations under finance leases	358	450	-	-
- Revolving credits	9,460	6,441	-	-
- Trust receipts	727	783	-	-
- Others	50	39	-	-
Interest recouped by subsidiaries	-	-	217	179
Total finance costs	20,982	19,704	897	1,041

12. Profit/(loss) before tax

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

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Auditors' remuneration				
- Statutory audits				
- current year	202	182	15	15
- under provision in prior year	27	10	4	-
- Other services	41	136	41	-
Impairment loss on:				
- Investment in subsidiaries (Note 19)	-	-	100	-
- Capital contribution in subsidiaries (Note 19)	-	-	1,626	-
- Goodwill (Note 22)	2,160	4,094	-	-
- Trade receivables (Note 28)	179	526	-	-
- Other receivables (Note 28)	1,001	1,826	-	-
Bad debts written off on other receivables	-	33	-	-
Depreciation and amortisation:				
- Property, plant and equipment (Note 17)	9,384	9,608	10	16
- Land use rights (Note 18)	12	12	-	-
Employee benefit expense (Note 13)	29,045	29,914	-	-
Loss on foreign exchange:				
- Unrealised	6	-	-	-
- Realised	41	-	-	-
Minimum operating lease payments:				
- Land and buildings	448	998	-	-
- Plant and machinery	1,661	1,648	-	-
- Motor vehicles	184	334	-	-
Net loss from disposal of property, plant and equipment	-	-	-	10
Non-executive director remuneration (Note 14)	108	108	108	108
Property, plant and equipment written off	96	287	-	2

13. Employee benefits expense

	Group 2013 RM'000	Group 2012 RM'000
Executive directors (Note 14)		
Directors of the Company	3,003	3,173
Other directors of subsidiaries	386	415
	3,389	3,588
Other key management personnel		
Wages and salaries	912	937
Defined contribution plans	105	113
Other related costs	4	4
	1,021	1,054
Other staff		
Wages and salaries	21,576	22,304
Defined contribution plans	1,948	1,904
Other related costs	1,111	1,064
	24,635	25,272
	29,045	29,914

14. Directors' remuneration

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Executive directors				
Directors of the Company:				
- Salaries and other emoluments	2,685	2,835	-	-
- Defined contribution plans	318	338	-	-
	3,003	3,173	-	-
Other directors of subsidiaries:				
- Salaries and other emoluments	346	369	-	-
- Defined contribution plans	40	46	-	-
	386	415	-	-
Total executive directors' remuneration (Note 13)	3,389	3,588	-	-
Estimated monetary value of benefits-in-kind				
- Directors of the Company	4	4	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,393	3,592	-	-

14. Directors' remuneration (continued)

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-executive directors				
Directors of the Company				
- Fees	108	108	108	108
Total non-executive directors' emoluments	108	108	108	108
	3,501	3,700	108	108

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

	Number of directors	
	2013	2012
Executive directors:		
RM200,001 to RM250,000	2	2
RM650,001 to RM700,000	4	4
Non-executive directors:		
Below RM50,000	3	3

15. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Statement of comprehensive income:				
Current income tax:				
- Malaysian income tax	2,860	804	500	149
- Under/(over)provision in respect of previous years	267	(336)	-	-
	3,127	468	500	149
Deferred tax (Note 23):				
- Origination and reversal of temporary differences	2,185	(1)	-	-
- Underprovision in respect of previous years	1,740	105	-	-
	3,925	104	-	-
	7,052	572	500	149

15. Income tax expense (continued)

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation of tax expense and the product of accounting profit/(loss) multiplied by the domestic corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Profit/(loss) before tax	11,356	(8,144)	(831)	211
Tax at Malaysian statutory tax rate of 25% (2012:25%)	2,839	(2,036)	(208)	53
Adjustments:				
- Non-deductible expenses	3,473	3,831	708	391
- Income not subject to taxation	(14)	(408)	-	-
Share of results of associates	253	145	-	-
Effect of tax relief	(5)	(38)	-	-
Benefits from previously unrecognised:				
- Tax losses and capital allowances	(1,438)	(573)	-	(295)
- Reinvestment allowances	(63)	(118)	-	-
Under/(over)provision in respect of previous years:				
- Current tax	267	(336)	-	-
- Deferred tax	1,740	105	-	-
Income tax expense recognised in profit or loss	7,052	572	500	149

The following tax losses, capital allowance and reinvestment allowance are available for offset against future taxable income are as follows:

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
Unutilised tax losses and capital allowances	98,365	113,884
Unabsorbed reinvestment allowances	14,594	16,750
	112,959	130,634

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

16. Earnings per share

Basic earnings per share (EPS) amounts are calculated by dividing the Group's profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS are the same as the basic EPS as there are no dilutive potential ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Group	
	2013	**2012**
Profit/(loss), net of tax, attributable to ordinary equity owners of the parent (RM'000)	4,330	(9,530)
Weighted average number of ordinary shares ('000) *	57,949	55,530
Earnings/(loss) per share (sen)		
* - Basic	7.5	(17.2)
* - Diluted	7.5	(17.2)

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in share capital during the reporting period.

17. Property, plant and equipment

Group	*** Land and buildings RM'000**	**Plant and machinery RM'000**	**Motor vehicles RM'000**	**Other assets RM'000**	**Total RM'000**
Cost					
At 1 January 2012	85,753	147,524	19,964	13,456	266,697
Additions	28,434	4,390	1,704	226	34,754
Disposals	(190)	-	(1,370)	(117)	(1,677)
Written off	-	(899)	(229)	(300)	(1,428)
At 31 December 2012 and 1 January 2013	113,997	151,015	20,069	13,265	298,346
Additions	463	726	2,974	140	4,303
Transfer from inventories	252	-	-	-	252
Disposals	-	-	(1,765)	(2)	(1,767)
Written off	-	-	(299)	(67)	(366)
At 31 December 2013	114,712	151,741	20,979	13,336	300,768

17. Property, plant and equipment (continued)

Group	* Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Depreciation					
At 1 January 2012	35,288	84,778	15,615	10,436	146,117
Charge for the year	2,793	5,115	1,259	441	9,608
Reclassification	-	2	-	(2)	-
Disposals	(53)	-	(1,302)	(117)	(1,472)
Written off	-	(627)	(217)	(297)	(1,141)
At 31 December 2012 and 1 January 2013	38,028	89,268	15,355	10,461	153,112
Charge for the year	2,952	4,783	1,342	307	9,384
Disposals	-	-	(1,570)	(1)	(1,571)
Written off	-	-	(205)	(65)	(270)
At 31 December 2013	40,980	94,051	14,922	10,702	160,655
Carrying amount					
At 31 December 2012	75,969	61,747	4,714	2,804	145,234
At 31 December 2013	73,732	57,690	6,057	2,634	140,113

*** Land and buildings**

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2012	12,521	3,666	69,566	85,753
Additions	11,722	-	16,712	28,434
Disposals	-	-	(190)	(190)
At 31 December 2012 and 1 January 2013	24,243	3,666	86,088	113,997
Additions	-	-	463	463
Transfer from inventories	-	-	252	252
At 31 December 2013	24,243	3,666	86,803	114,712

17. Property, plant and equipment (continued)

*** Land and buildings (continued)**

Group	**Freehold land RM'000**	**Leasehold land RM'000**	**Buildings RM'000**	**Total RM'000**
Depreciation				
At 1 January 2012	-	717	34,571	35,288
Charge for the year	-	53	2,740	2,793
Disposals	-	-	(53)	(53)
At 31 December 2012 and 1 January 2013	-	770	37,258	38,028
Charge for the year	-	53	2,899	2,952
At 31 December 2013	-	823	40,157	40,980
Net carrying amount				
At 31 December 2012	24,243	2,896	48,830	75,969
At 31 December 2013	24,243	2,843	46,646	73,732

Company	**Buildings RM'000**	**Motor vehicles RM'000**	**Office equipment RM'000**	**Total RM'000**
Cost				
At 1 January 2012	600	66	539	1,205
Disposals	(190)	(66)	-	(256)
Written off	-	-	(293)	(293)
At 31 December 2012 and 2013	410	-	246	656
Depreciation				
At 1 January 2012	161	66	529	756
Charge for the year	10	-	6	16
Disposals	(53)	(66)	-	(119)
Written off	-	-	(291)	(291)
At 31 December 2012 and 1 January 2013	118	-	244	362
Charge for the year	8	-	2	10
At 31 December 2013	126	-	246	372
Net carrying amount				
At 31 December 2012	292	-	2	294
At 31 December 2013	284	-	-	284

17. Property, plant and equipment (continued)

(a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tubewell, renovations and improvements and capital work-in-progress. The cost of assets under capital work-in-progress included herein amounts to RM660,000 (2012: RM660,000).

(b) The net carrying amount of property, plant and equipment pledged to secure bank borrowings as referred to in Note 35 are as follows:

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Land and buildings	63,098	64,940
Plant and machinery	35,368	37,575
Other assets	1,009	1,111
	99,475	103,626

Certain assets of the Group at net carrying amount of RM32,763,000 (2012: RM32,532,000) were subject to negative pledges in relation to banking facilities granted to the Group as disclosed in Note 35.

(c) Property, plant and equipment purchased by the Group during the reporting period were by means of:

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Outright purchase with cash	1,108	31,883
Lease financing	3,195	2,871
	4,303	34,754

(d) The carrying amount of property, plant and equipment under finance leases as at reporting date are as follows:

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Motor vehicles	4,810	3,158
Plant and machinery	2,390	3,003
	7,200	6,161

18. Land use rights

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Cost		
At 1 January/31 December	191	191
Accumulated amortisation		
At 1 January	37	25
Amortisation for the year	12	12
At 31 December	49	37
Net carrying amount	142	154
Amount to be amortised:		
- Not later than one year	12	12
- Later than one year but not later than five years	48	48
- Later than five years	82	94

Land use rights are pledged as security for bank borrowings as disclosed in Note 35.

19. Investment in subsidiaries

		Company	
	31.12.2013 RM'000	**31.12.2012 RM'000**	**01.01.2012 RM'000**
Unquoted shares at cost			
At 1 January	115,063	111,463	85,351
Acquisition during the year	15	-	-
Additional subscription in shares in a subsidiary	-	3,600	-
Capital contribution	1,626	-	26,112
At 31 December	116,704	115,063	111,463
Accumulated impairment losses			
At 1 January	36,512	36,512	10,400
Impairment on capital contribution	1,626	-	26,112
Impairment for the year	100	-	-
At 31 December	38,238	36,512	36,512
Net carrying amount	78,466	78,551	74,951

Impairment losses recognised

During the financial year, impairment losses of RM100,000 and RM1,626,000 were recognised to write down the carrying amount of investment in Lynbridge Sdn. Bhd. and capital contribution to Sinmah Ventures. Sdn. Bhd. respectively.

19. Investments in subsidiaries (continued)

(a) Details of the Group's subsidiaries are as follows:

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group* 2013	% of ownership interest held by the Group* 2012	% of ownership interest held by non-controlling interests* 2013	% of ownership interest held by non-controlling interests* 2012
Held by the Company						
Sinmah Livestocks Sdn. Bhd.	Malaysia	Contract farming and trading of chicken feeds, day old chicks and vaccines	100%	100%	-	-
Sinmah Multifeed Sdn. Bhd.	Malaysia	Manufacturing and wholesale of chicken feeds	99.99%	99.99%	0.01%	0.01%
Sinmah Egg Products Sdn. Bhd.	Malaysia	Investment holding	100%	100%	-	-
Farm's Best Food Industries Sdn. Bhd.	Malaysia	Poultry processing, contract farming, marketing and distribution of poultry products	100%	100%	-	-
Sinmah Development Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Sinmah Breeders Sdn. Bhd.	Malaysia	Poultry breeding and hatchery operations	100%	100%	-	-
Sinmah Ventures Sdn. Bhd.	Malaysia	Investment holding	100%	100%	-	-
Lynbridge Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
FARM'S BEST (Cambodia) Co.,Ltd. **	Cambodia	Dormant	100%	-	-	-

19. Investments in subsidiaries (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group* 2013	2012	% of ownership interest held by non-controlling interests* 2013	2012
Held by Sinmah Livestocks Sdn. Bhd.						
Joint Farming Sdn. Bhd.	Malaysia	Dormant	58.91%	58.91%	41.09%	41.09%
Bersatu Segar Sdn. Bhd.	Malaysia	Trading of feeds, medication and poultry farming	100%	100%	-	-
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Chem Ventures Sdn. Bhd.	Malaysia	Trading of chemicals, medication and related equipment	100%	100%	-	-
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	Trading of feeds, medication and poultry farming	51%	51%	49%	49%
Held by Joint Farming Sdn. Bhd.						
Joint Food Proccessing Sdn. Bhd.	Malaysia	Dormant	60%	60%	40%	40%
Held by Syarikat Perniagaan Suann Sdn. Bhd.						
Suann Food Processors Sdn. Bhd.	Malaysia	Poultry meat processing	100%	100%	-	-
Held by Sinmah Multifeed Sdn. Bhd.						
Premier Broilers Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Held by Sinmah Egg Products Sdn. Bhd.						
Sinmah Poultry Farm Sdn. Bhd.	Malaysia	Poultry farming and investment holding	100%	100%	-	-

19. Investments in subsidiaries (continued)

Name	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group*		% of ownership interest held by non-controlling interests*	
			2013	2012	2013	2012
Held by Farm's Best Food Industries Sdn. Bhd.						
SM Broilers Sdn. Bhd.	Malaysia	Contract farming, marketing and distribution of poultry products	100%	100%	-	-
Held by Sinmah Poultry Farm Sdn. Bhd. and SM Broilers Sdn. Bhd.						
Farm's Best Eggmart Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Held by Sinmah Development Sdn. Bhd.						
Realtemas Realty Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Cosmal Enterprise Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Sinmah Builders Sdn. Bhd.	Malaysia	Building and general contracting and provision of management services	100%	100%	-	-
Held by Sinmah Ventures Sdn. Bhd.						
FB Food (Nanjing) Pte. Ltd. **	People's Republic of China	International trade, import and export of poultry products, value-added production and sales and marketing	100%	100%	-	-
Chix Unlimited Inc.	Philippines	Hatchery operations	51%	51%	49%	49%

* equal to the proportion of voting rights held
** not audited by Ernst & Young

19. Investment in subsidiaries (continued)

(b) Summarised financial information of Suann Food Processors Sdn. Bhd. and Joint Farming Sdn. Bhd. which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The other non-controlling interests is not material to the Group.

i) **Summarised statements of financial position**

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.		Other individually non-material subsidiaries		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Non-current assets	3,657	3,677	2,400	2,400	2,093	1,992	8,150	8,069
Current assets	1,867	1,754	10,299	10,337	8,467	8,300	20,633	20,391
Total assets	5,524	5,431	12,699	12,737	10,560	10,292	28,783	28,460
Current liabilities	13,433	13,928	126	130	7,837	7,221	21,396	21,279
Non-current liabilities	-	-	-	-	1,755	1,884	1,755	1,884
Total liabilities	13,433	13,928	126	130	9,592	9,105	23,151	23,163
Net (liabilities)/ assets	(7,909)	(8,497)	12,573	12,607	968	1,187	5,632	5,297
Equity attributable to owners of the Company	(7,888)	(8,188)	7,407	7,427	(467)	(602)	(948)	(1,363)
Non-controlling interest	(21)	(309)	5,166	5,180	1,435	1,789	6,580	6,660

ii) **Summarised statements of comprehensive income**

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.		Other individually non-material subsidiaries		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	35,516	31,810	-	-	34,358	32,470	69,874	64,280
(Loss)/profit for the year	588	(120)	(34)	1,628	(111)	493	443	2,001
Profit attributable to:								
- owners of the Company	300	(61)	(20)	959	189	289	469	1,187
- non-controlling interets	288	(59)	(14)	669	(300)	204	(26)	814
Other comprehensive loss attributable to:								
- owners of the Company	-	-	-	-	(54)	-	(54)	-
- non-controlling interets	-	-	-	-	(54)	-	(54)	-
Other comprehensive loss for the year	-	-	-	-	(108)	-	(108)	-

19. Investment in subsidiaries (continued)

(b) **ii) Summarised statements of comprehensive income (continued)**

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.		Other individually non-material subsidiaries		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total comprehensive income/(loss)	588	(120)	(34)	1,628	(219)	493	335	2,001
Total comprehensive income/(loss) attributable to:								
- owners of the Company	300	(61)	(20)	959	135	289	415	1,187
- non-controlling interets	288	(59)	(14)	669	(354)	204	(80)	814

(b) **(iii) Summarised statements of cash flows**

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.		Other individually non-material subsidiaries		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net cash from/ (used in) operating activities	179	13	(12)	(3,745)	153	(882)	320	(4,614)
Net cash (used in)/from investing activities	(44)	-	8	1,624	(44)	(174)	(80)	1,450
Net cash used in financing activities	-	(13)	-	-	(360)	(460)	(360)	(473)
Net decrease in cash and cash equivalents	135	-	(4)	(2,121)	(251)	(1,516)	(120)	(3,637)
Cash and cash equivalent at the beginning of the year	147	147	131	2,252	(1,196)	320	(918)	2,719
Cash and cash equivalent at the end of the year	282	147	127	131	(1,447)	(1,196)	(1,038)	(918)

19. Investment in subsidiaries (continued)

c) Acquistion of subsidiary

On 3 May 2013, the Company acquired 1,000 shares of 20,000 Riels each representing 100% equity interest in FARM'S BEST (Cambodia) Co., LTD. ("FBCCL") for a total cash consideration of 20,000,000 Riels (approximately RM15,000). The principal activities of FBCCL will be to perform contract rice planting with independent contract rice grower and also rice milling, importation, exportation and trading of rice and other rice related activities.

20. Investment in associates

	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000
Unquoted shares, at cost	5,646	5,646
Share of post acquisition reserves	(5,401)	(4,390)
Share of net assets	245	1,256

(a) Details of the Group's associates are as follows:

Name of company	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group* 2013	% of ownership interest held by the Group* 2012	Accounting model applied
Held by Sinmah Ventures Sdn. Bhd.					
S.M. Enterprise (Nanjing) Pte. Ltd. **	People's Repulic of China	Dormant	50.00%	50.00%	Equity method
Held by Lynbridge Sdn. Bhd.					
SMNS Rubber Holdings Sdn. Bhd.	Malaysia	Management of rubber small holdings	49.90%	49.90%	Equity method
Held by Joint Farming Sdn. Bhd.					
Ban Yen Sdn. Bhd.	Malaysia	Poultry breeding and hatchery operations. Temporarily cease operation in prior year.	30.77%	30.77%	Equity method

* equals to the proportion of voting rights held

* * The Group holds a 50% voting share in SM Enterprise (Nanjing) Limited. However, the Group do not have majority representation on the entity's board of directors and the Group's approval is not required for the major operational decisions. Based on these facts and circumstances, management determined that, in substance, the Group can only exert significant influence to the entity.

These associates have the same reporting period as the Group except for Ban Yen Sdn. Bhd. which have a reporting period end of 30 April.

20. Investment in associates (continued)

(b) Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the FRS financial statements of the associates and not the Group's share of those amounts.

	S.M. Enterprise (Nanjing) Pte. Ltd.		SMNS Rubber Holdings Sdn. Bhd.		Ban Yen Sdn. Bhd.		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
(i) Summarised statements of financial position								
Non-current assets	-	-	-	385	1,129	1,129	1,129	1,514
Current assets	490	491	7	682	11	1,363	508	2,536
Total assets	490	491	7	1,067	1,140	2,492	1,637	4,050
Current liabilities	-	-	9	24	1,932	731	1,941	755
Non-current liabilities	-	-	-	-	919	168	919	168
Total liabilities	-	-	9	24	2,851	899	2,860	923
Net (liabilities)/assets	490	491	(2)	1,043	(1,711)	1,593	(1,223)	3,127
(ii) Summarised statements of comprehensive income								
Revenue	-	-	4	243	3,601	3,582	3,605	3,825
Loss for the year from continuing operations	(1)	(1)	(1,045)	(336)	(3,304)	(330)	(4,350)	(667)
Total comprehensive loss	(1)	(1)	(1,045)	(336)	(3,304)	(330)	(4,350)	(667)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	S.M. Enterprise (Nanjing) Pte. Ltd.		SMNS Rubber Holdings Sdn. Bhd.		Ban Yen Sdn. Bhd.		Total	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net assets at 1 January	491	492	1,043	1,379	1,593	1,923	3,127	3,794
Loss for the year	(1)	(1)	(1,045)	(336)	(3,304)	(330)	(4,350)	(667)
Net assets/(liabilities) at 31 December	490	491	(2)	1,043	(1,711)	1,593	(1,223)	3,127
Interest in associates	50.00%	50.00%	49.90%	49.90%	30.77%	30.77%	1,468	(1,871)
Carrying value of Group's interest in associates	245	246	-	520	-	490	245	1,256

20. Investment in associates (continued)

(c) Unrecognised share of losses in associates

	2013 RM'000	2012 RM'000
The unrecognised share of loss in associates for the year	(528)	-
Cumulative share of loss in associates	(528)	-

21. Quoted investments

	Group			
	Carrying amount		Fair value	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Fair value through profit or loss				
- Equity instruments (quoted in Malaysia)	25	25	23	25

22. Goodwill

Goodwill acquired through business combinations has been allocated to two individual CGUs as follows:

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
Cost		
At 1 January/31 December	19,660	19,660
Accumulated impairment losses		
At 1 January	15,198	11,104
Impairment for the year	2,160	4,094
At 31 December	17,358	15,198
Net carrying amount	2,302	4,462

Goodwill acquired through business combinations has been allocated to individual CGUs as follows:

	31.12.2013 RM'000	31.12.2012 RM'000
Poultry Division		
Syarikat Perniagaan Suann Sdn. Bhd.	-	452
Suann Food Processors Sdn. Bhd.	-	1,708
Sinmah Breeders Sdn. Bhd.	38	38
Housing Development		
Sinmah Development Sdn. Bhd.	2,264	2,264
	2,302	4,462

22. Goodwill (continued)

Impairment testing of goodwill

The recoverable amount of each CGU is determined based on value-in-use calculations using cash flow projections of financial budgets approved by senior management covering a 5-year period. The forecast growth rates used to extrapolate cash flows for the five-year period and pre-tax discount rates applied to the cash flow projections are as follows:

	Poultry division		Housing development	
	2013	2012	2013	2012
Growth rate	5%	5%	-	-
Budgeted gross margins	10%	11%	11%	11%
Pre-tax discount rate	10%	10%	10%	10%

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Growth rates - The forecast growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Budgeted gross margins - Gross margins are based on average values achieved in the 3 years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

Pre-tax discount rates – The discount rate calculation is derived from its weighted average cost of capital (WACC) which takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest- bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market share assumptions – When using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the poultry and property market, on which the Group's products are dependent upon, to be stable over the budget period.

Impairment losses recognised

During the financial year, impairment losses of RM2,160,000 (2012: RM4,094,000) were recognised to write-down the net carrying amount of goodwill attributable to Suann Food Processors Sdn Bhd and Syarikat Perniagaan Suann Sdn. Bhd. (2012: Sinmah Poultry Farm Sdn. Bhd. and Chix Unlimited Inc.) to their recoverable amount.

23. Deferred tax (assets)/liabilities

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
At 1 January	6,168	6,064
Recognised in profit or loss (Note 15)	3,925	104
At 31 December	10,093	6,168
Presented after appropriate offsetting as follows:		
- Deferred tax assets	(2,259)	(4,159)
- Deferred tax liabilities	12,352	10,327
	10,093	6,168

23. Deferred tax (assets)/liabilities (continued)

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

Group	**Property, plant and equipment RM'000**	**Unutilised tax losses and capital allowances RM'000**	**Unabsorbed reinvestment allowances RM'000**	**Others RM'000**	**Total RM'000**
At 1 January 2012	19,756	(6,982)	(2,401)	(4,309)	6,064
Recognised in profit or loss	135	(112)	213	(132)	104
At 31 December 2012 and 1 January 2013	19,891	(7,094)	(2,188)	(4,441)	6,168
Recognised in profit or loss	(1,579)	2,442	476	2,586	3,925
At 31 December 2013	18,312	(4,652)	(1,712)	(1,855)	10,093

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

	Group 31.12.2013 RM'000	**Group 31.12.2012 RM'000**
Unutilised tax losses and capital allowances	79,757	85,508
Unabsorbed reinvestment allowances	7,746	7,998
Others	30	-
	87,533	93,506

24. Land held for property development

	Group 31.12.2013 RM'000	**Group 31.12.2012 RM'000**
Leasehold land		
Cost		
1 January	5,102	5,102
Transfer to property development cost (Note 25)	(3,873)	-
At 31 December	1,229	5,102

Land held for development comprises leasehold land which is being pledged to secure bank borrowings as disclosed in Note 35.

25. Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
Cumulative costs				
At 1 January 2012	581	2,997	20,902	24,480
Cost incurred during the year	-	-	13,422	13,422
Reversal of completed projects	-	(858)	(9,490)	(10,348)
At 31 December 2012 and 1 January 2013	581	2,139	24,834	27,554
Cost incurred during the year	-	-	20,503	20,503
Transfer from inventory	242	-	-	242
Transfer from land held for property development (Note 24)	-	3,873	-	3,873
Reversal of completed projects	(361)	(708)	(9,538)	(10,607)
At 31 December 2013	462	5,304	35,799	41,565
Cumulative costs recognised in profit or loss				
At 1 January 2012	172	1,255	5,084	6,511
Recognised during the year	66	660	11,676	12,402
Transfer from inventory	123	128	1,778	2,029
Reversal of completed projects	-	(858)	(9,490)	(10,348)
At 31 December 2012 and 1 January 2013	361	1,185	9,048	10,594
Recognised during the year	-	1,133	22,176	23,309
Transfer from inventory	-	21	229	250
Reversal of completed projects	(361)	(708)	(9,538)	(10,607)
At 31 December 2013	-	1,631	21,915	23,546
Property development costs				
At 31 December 2012	220	954	15,786	16,960
At 31 December 2013	462	3,673	13,884	18,019

The leasehold and freehold land have been pledged to secure bank borrowings as disclosed in Note 35.

26. Biological assets

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
At cost:		
Hatching eggs	1,819	2,008
Day old chicks	-	368
Pullets	-	1,396
	1,819	3,772
At cost less amortisation:		
Layers	4,068	5,239
Breeders	7,875	7,577
	11,943	12,816
	13,762	16,588

27. Inventories

	Group	
	31.12.2013 RM'000	31.12.2012 RM'000
At cost:		
Raw materials, medical supplies and chemicals	4,480	4,529
Processed chickens	5,949	6,009
Trading eggs	85	176
Consumable supplies	3,295	3,344
Completed houses and shops	141	885
Ingredient stocks and others	1,080	1,668
	15,030	16,611

During the year, the amount of inventories recognised as expense in cost of sales of the Group was RM389,690,000 (2012: RM348,619,000).

28. Trade and other receivables

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	01.01.2012 RM'000 (restated)
Trade receivables			
Third parties	185,239	167,899	144,337
Accrued billings in respect property development costs	6,802	2,916	2,969
Retention sum	234	232	1,948
	192,275	171,047	149,254
Less: Allowance for impairment third parties	(25,251)	(25,432)	(24,921)
Trade receivables, net	167,024	145,615	124,333
Other receivables			
Sundry receivables	5,705	5,566	6,487
Refundable deposits	3,275	9,823	10,278
	8,980	15,389	16,765
Less: Allowance for impairment third parties	(1,208)	(2,033)	(220)
Other receivables, net	7,772	13,356	16,545
Total trade and other receivables	174,796	158,971	140,878
Add: Cash and bank balances	4,170	4,695	3,235
Total loans and receivables	178,966	163,666	144,113

	Company	
	31.12.2013 RM'000	31.12.2012 RM'000
Other receivables		
Amounts due from subsidiaries	16,919	11,934
Sundry receivables	-	22
Refundable deposits	8	8
	16,927	11,964
Less: Allowance for impairment subsidiaries	(1,307)	(1,307)
Other receivables, net	15,620	10,657
Total trade and other receivables	15,620	10,657
Add: Cash and bank balances	3	2
Total loans and receivables	15,623	10,659

28. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 (2012: 30 to 120) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	Group		
	31.12.2013 RM'000	**31.12.2012 RM'000 (restated)**	**01.01.2012 RM'000 (restated)**
Neither past due nor impaired	87,127	79,891	84,579
1 to 30 days past due but not impaired	22,092	18,800	13,280
30 to 60 days past due but not impaired	7,271	17,927	10,439
More than 60 days past due but not impaired	49,299	27,877	16,035
Past due but not impaired	78,662	64,604	39,754
Impaired	26,486	26,552	24,921
	192,275	171,047	149,254

Receivables that are neither past due nor impaired

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

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

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM78,662,000 (31.12.2012: RM64,604,000 and 1.1.2012: RM39,754,000) that are past due at the reporting date but not impaired. These receivables are active accounts which the management considers to be recoverable.

Receivables that are impaired

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

	Group		
	31.12.2013 RM'000	**31.12.2012 RM'000**	**01.01.2012 RM'000**
Trade receivables - nominal amount	26,486	26,552	24,921
Less : Allowance for impairment	(25,251)	(25,432)	(24,921)
	1,235	1,120	-

28. Trade and other receivables (continued)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

Movement in allowance accounts:

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
At 1 January	25,432	24,921
Charge for the year (Note 12)	179	526
Reversal of impairment losses (Note 10)	(290)	(15)
Written off	(70)	-
At 31 December	25,251	25,432

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

(b) Other receivables

Other receivables that are impaired

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

		Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**	**01.01.2012 RM'000**
Other receivables - nominal amounts	1,208	2,033	220
Less: Allowance for impairment	(1,208)	(2,033)	(220)
	-	-	-

Movement in allowance account:

	Group	
	2013 RM'000	**2012 RM'000**
At 1 January	2,033	220
Charge for the year (Note 12)	1,001	1,826
Written off	(1,826)	(13)
At 31 December	1,208	2,033

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

28. Trade and other receivables (continued)

(c) Related party balances

The amounts due from subsidiaries are unsecured, interest free, repayable on demand and to be settled in cash.

Related party balances that are impaired

The Company's related party balances that are impaired at the reporting date and the movement of the allowance account used to record the impairment is as follows:

	Company	
	31.12.2013	**31.12.2012**
	RM'000	**RM'000**
Other receivables - nominal amounts	1,307	1,307
Less: Allowance for impairment	(1,307)	(1,307)
	-	-

Movement in allowance account:

	Company	
	2013	**2012**
	RM'000	**RM'000**
At 1 January/31 December	1,307	1,307

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

29. Other current assets

	Group		Company	
	31.12.2013	**31.12.2012**	**31.12.2013**	**31.12.2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Advances to transport provider	836	962	-	-
Advanced payment to trade suppliers	77	146	-	-
Deposits paid for acquisition of property, plant and equipment	-	5	-	-
Prepaid operating expenses	784	973	5	5
	1,697	2,086	5	5

30. Held-to-maturity investments

Held-to-maturity investments consist of deposits with licensed financial institutions with maturity period of more than three months are as follows:

	Group		
	31.12.2013 RM'000	**31.12.2012 RM'000 (restated)**	**01.01.2012 RM'000 (restated)**
Deposits with licensed commercial banks	45,271	35,475	18,216

The weighted average effective interest rates of held-to-maturity investments at the reporting date are as follows:

	Group		
	31.12.2013	**31.12.2012**	**01.01.2012**
Deposits with licensed commercial banks	3.04%	3.04%	3.06%

The varying periods of held-to-maturity investments at the reporting date are as follows:

	Group		
	31.12.2013 days	**31.12.2012 days**	**01.01.2012**
Deposits with licensed commercial banks	365	365	365

Deposits with licensed banks of the Group are pledged to banks to secure banking facilities granted to the Group as disclosed in Note 35.

31. Cash and bank balances

	Group		
	31.12.2013 RM'000	**31.12.2012 RM'000**	**01.01.2012 RM'000**
Cash at banks and on hand	4,170	4,695	3,235

Included in cash at banks of the Group is an amount of RM994,000 (2012: RM1,381,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

	Company	
	31.12.2013 RM'000	**31.12.2013 RM'000**
Cash at banks and on hand	3	2

31. Cash and bank balances (continued)

For the purposes of the statements of cash flows, cash and cash equivalents at the reporting date comprise the following:

	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000 (restated)	Group 01.01.2012 RM'000 (restated)
Cash at banks and on hand	4,170	4,695	3,235
Less: Bank overdrafts (Note 35)	(20,098)	(20,627)	(21,519)
	(15,928)	(15,932)	(18,284)

	Company 31.12.2013 RM'000	Company 31.12.2012 RM'000
Cash at banks and on hand	3	2
Less: Bank overdrafts (Note 35)	(4,991)	(7,631)
	(4,988)	(7,629)

32. Share capital

	Group and Company			
	Number of ordinary shares of RM1 each		Amount	
	31.12.2013 '000	31.12.2012 '000	31.12.2013 RM'000	31.12.2012 RM'000
Authorised				
Shares of RM1 each				
At 1 January/31 December	500,000	500,000	500,000	500,000
Issued and fully paid				
Ordinary shares of RM1 each				
At 1 January	55,530	55,530	55,530	55,530
Private share placement	5,553	-	5,553	-
At 31 December	61,083	55,530	61,083	55,530

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

32. Share capital (continued)

During the financial year, the Company:

(a) issued 11,106,052 free warrants ("Free Warrants") on the basis of one Free Warrant for every 5 existing ordinary shares of RM1 each in the Company; and

(b) increased its issued and fully paid up share capital from RM55,530,263 to RM61,083,263 by way of a private share placement of 5,553,000 ordinary shares of RM1 each ("Placement Share"s) together with 16,659,000 free detachable warrants ("Placement Warrants") on the basis of 3 Placement Warrants for every one Placement Share at an issue price of RM1.22 per share to provide working capital.

The salient features of the Warrants are as follows:

(a) Each Warrant entitles the registered holder to subscribe for one new ordinary shares of RM1 each in the Company at an exercise price of RM1 per ordinary share subject to adjustments in accordance witht the provisions of the Deed Poll;

(b) The Warrants may be exercised at any time within 5 years commencing on and including the date of first issuance of the Warrants. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid. All Warrants mature on 14 July 2018; and

(c) The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of new ordinary shares in the Company upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in the Company until and unless such Warrant holders exercise their Warrants into new ordinary shares in the Company.

As at 31 December 2013, none of the warrants were exercise. The exercise price of the warrant is RM1.22.

33. Share premium

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

	Group and Company	
	31.12.2013 RM'000	**31.12.2012 RM'000**
At 1 January	62,641	62,641
Private share placement	1,222	-
Share issuance expenses	(231)	-
Issuance of warrants	(1,222)	-
At 31 December	62,410	62,641

34. Other reserves

	Group		Company	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Foreign currency translation reserve	(564)	(436)	-	-
Minority discount on acquisition of non-controlling interest	-	68	-	-
Warrant reserve	3,706	-	3,706	-
	3,142	(368)	3,706	-

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

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

The minority discount on acquisition of non-controlling interest represents the difference between the consideration and the book value of the interest acquired from non-controlling interests. During the financial year, this reserve has been transferred to profit or loss.

(c) Warrant reserve

This non-distributable reserve arose from the issuance of Placement Shares as disclosed in Note 32(b).

35. Loans and borrowings

		Group		Company	
	Maturity	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2013 RM'000
Current					
Secured:					
Bank overdrafts (Note 31)	On demand	20,098	20,627	4,991	7,631
Revolving credits	2014	116,961	100,515	-	-
Bankers' acceptances	2014	28,872	36,845	-	-
Trust receipts	2014	7,650	8,161	-	-
Term loans	2014	9,524	9,926	769	1,327
Finance leases (Note 37)	2014	2,363	1,910	-	-
		185,468	177,984	5,760	8,958
Non-current					
Secured:					
Term loans	2015 to 2022	60,490	60,255	-	-
Finance leases	2015 to 2019	4,095	3,715	-	-
		64,585	63,970	-	-
Total loans and borrowings		250,053	241,954	5,760	8,958

35. Loans and borrowings (continued)

The remaining maturities of borrowings are as follows:

	Group		Company	
	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2013 RM'000
On demand or within 1 year	185,468	177,984	5,760	8,958
Later than 1 year and not later than 2 years	11,762	11,360	-	-
Later than 2 years and not later than 5 years	35,222	39,048	-	-
Later than 5 years	17,601	13,562	-	-
	250,053	241,954	5,760	8,958

Bank overdrafts and revolving credits

Bank overdrafts and revolving credits are denominated in RM, bear interest at base lending rate ("BLR") + 2.55% and BLR + 1.50% per annum, on an average of 9.15% and 8.10% (2012: 9.15% and 8.10%) per annum respectively.

Bankers' acceptances and trust receipts

Bankers' acceptances and trust receipts are used to finance purchases of the Group denominated in RM and are short term in nature. The weighted average effective interest rate are 4.83% and 9.10% (2012: 4.83% and 9.10%) per annum respectively.

Term loans

The term loans were obtained for the purposes of construction of layer farms and broiler house, purchases of property and shoplots, and for working capital. The loans are repayable over a period of 10 years. The weighted average effective interest rate is 8.08% (2012: 8.08%) per annum.

Finance lease obligations

These obligations are secured by a charge over the leased assets (Note 17). The average discount rate implicit in the leases is 4.54% (2012: 4.54%) per annum.

The borrowings of the Group are secured by way of fixed and floating charges over certain assets and also negative pledges over certain assets as disclosed in Notes 17, 18 and 30. The borrowings of the subsidiaries are additionally guaranteed by the Company.

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

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

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

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

36. Trade and other payables

	Group		
	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	01.01.2012 RM'000 (Restated)
Trade payables			
Third parties	29,170	30,107	28,157
Retention sum	1,432	1,253	3,205
	30,602	31,360	31,362
Other payables			
Amounts due to related companies:			
- holding company	5,377	5,353	3
- fellow subsidiaries	-	359	358
Sundry creditors	13,048	28,625	13,632
Accrued operating expenses	8,261	6,763	6,451
	26,686	41,100	20,444
Total trade and other payables	57,288	72,460	51,806
Add: Loans and borrowings (Note 35)	250,053	241,954	202,465
Total financial liabilities carries at amortised cost	307,341	314,414	254,271

	Company	
	31.12.2013 RM'000	31.12.2012 RM'000
Other payables		
Amounts due to fellow subsidiaries	8,495	5,804
Sundry creditors	330	285
Accrued operating expenses	123	109
Total trade and other payables	8,948	6,198
Add: Loans and borrowings (Note 35)	5,760	8,958
Total financial liabilities carries at amortised cost	14,708	15,156

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 (2012: 30 to 90) days terms.

(b) Other payables

Other payables are non-interest bearing and are normally settled on an average term of six months (2012: average term of six months).

(c) Amounts due to holding company and fellow subsidiaries

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

37. Commitments

(a) Finance lease commitments

The Group has finance leases for certain items of motor vehicles, office equipment and plant and machinery (Note 17). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Minimum lease payments:		
Not later than 1 year	2,734	2,324
Later than 1 year but not later than 2 years	1,880	1,874
Later than 2 years but not later than 5 years	2,518	1,836
Total minimum lease payments	7,132	6,034
Less: Amounts representing finance charges	(674)	(409)
Present value of minimum lease payments	6,458	5,625
Present value of payments:		
Not later than 1 year	2,363	1,910
Later than 1 year but not later than 2 years	1,691	1,704
Later than 2 years but not later than 5 years	2,404	2,011
Present value of minimum lease payments	6,458	5,625
Less: Amount due within 12 months (Note 35)	(2,363)	(1,910)
Amount due after 12 months (Note 35)	4,095	3,715

(b) Capital commitment

Capital expenditure as at the reporting date is as follows:

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Approved and contracted for:		
Property, plant and equipment	-	198

38. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and Company and related parties took place at terms agreed between the parties during the reporting period:

	Group		Company	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
With holding company				
Advance from holding company	10,606	5,350	-	-
Repayment to holding company	(10,582)	-	-	-
With subsidiaries				
Advances from subsidiaries	-	-	881	2,541
Advances to subsidiaries	-	-	(84)	(2,272)
Repayment through contra within subsidiaries	-	-	-	1,663
Payments on behalf for subsidiaries	-	-	(6,652)	-
Payments on behalf by subsidiaries	-	-	1,388	265
Gross dividend from subsidiaries	-	-	(2,500)	(1,878)
Interest recouped from subsidiaries	-	-	217	179
Interest recouped by a subsidiary	-	-	106	148
Allocation of centralised service costs by subsidiaries	-	-	390	390
With an associate				
Gross dividend from an associate	-	1,538	-	-
With other related parties				
Rental paid to a director of a subsidiary	36	32	-	-
Companies connected to certain directors:				
- Transport charges	-	66	-	-
- Purchases	-	23	-	-

(b) Compensation of key management personnel

The remuneration of key management personnel is disclosed in Note 13.

39. Fair values of financial assets and liabilities

A. Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Quoted investments	21
Trade and other receivables	28
Held-to-maturity investments	30
Loans and borrowings	35
Trade and other payables	36

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re- priced to market interest rates on or near the reporting date.

The fair value of quoted investments is based on market price quotations at the reporting date.

The carrying amounts of the short term borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of short term borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

B. Fair value hierarchy

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

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

Level 2: Inputs that are based on observable market data, either directly or indirectly

Level 3: Inputs that are not based on observable market data

As at 31 December 2013, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
At 31 December 2013			
Fair value through profit or loss			
Quoted investments	25	-	25
Held-to-maturity investments	-	45,271	45,271
At 31 December 2012			
Fair value through profit or loss			
Quoted investments	25	-	25
Held-to-maturity investments	-	35,475	35,475

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

B. Fair value hierarchy (continued)

No transfers between any levels of the fair value hierarchy took place during the reporting period. There was also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

40. Financial risk management objectives and policies

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

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

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

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

(a) Credit risk

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

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

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

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

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

(ii) A nominal amount of RM225,108,000 (2012: RM222,263,000) relating to a corporate guarantee provided by the Company to financial institutions for credit facilities granted to subsidiaries. At the reporting date, the counterparties to the financial guarantees do not have a right to demand cash as the defaults have not occurred.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 28.

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

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial asset except for the Company's exposure to amounts due from its subsidiaries which account for almost 100% (2012:100%) of the gross receivables of the Company.

40. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 28. Deposits with licensed banks and quoted investment are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 28.

(b) Liquidity risk

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

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

Analysis of financial instruments by remaining contractual maturities

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2013				
Trade and other payables	57,288	-	-	57,288
Interest-bearing loans and borrowings	190,185	57,331	19,035	266,551
Total undiscounted financial liabilities	247,473	57,331	19,035	323,839
At 31 December 2012				
Trade and other payables	72,460	-	-	72,460
Interest-bearing loans and borrowings	183,755	61,557	16,813	262,125
Total undiscounted financial liabilities	256,215	61,557	16,813	334,585

40. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 1 January 2012				
Trade and other payables	51,806	-	-	51,806
Interest-bearing loans and borrowings	150,815	52,318	19,405	222,538
Total undiscounted financial liabilities	202,621	52,318	19,405	274,344

Company	On demand or within one year 31.12.2013 RM'000	31.12.2012 RM'000
Trade and other payables, excluding financial guarantees *	8,948	6,198
Interest-bearing loans and borrowings	5,760	8,958
Total undiscounted financial liabilities	14,708	15,156

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

(c) Interest rate risk

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

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

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

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM1,262,000 (2012: RM1,182,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate bank borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities when revenue or expense is denominated in a currency other than Ringgit Malaysia, notably the United States Dollar (USD).

40. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

The financial liabilities of the Group that are denominated in foreign currencies are as follows:

	Financial liabilities held in non-functional currencies USD	
	Group RM'000	**Company RM'000**
As at 31 December 2013		
Trade and other payables	(1,598)	-
Borrowings	(793)	(793)
	(2,391)	(793)
As at 31 December 2012		
Trade and other payables	(1,220)	-
Borrowings	(1,327)	(1,327)
	(2,547)	(1,327)

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

		Group	
		2013 RM'000	**2012 RM'000**
USD	- strengthened by 5%	(119)	(124)
	- weakened by 5%	119	124

41. Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

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

41. Capital management (continued)

	Group			Company	
	31.12.2013 RM'000	31.12.2012 RM'000 (restated)	01.01.2012 RM'000 (restated)	31.12.2013 RM'000	31.12.2012 RM'000
Loans and borrowings	250,053	241,954	202,465	5,760	8,958
Trade and other payables	57,288	72,460	51,806	8,948	6,198
	307,341	314,414	254,271	14,708	15,156
Less: Cash and bank balances	(4,170)	(4,695)	(3,235)	(3)	(2)
Net debt	303,171	309,719	251,036	14,705	15,154
Equity attributable to owners of the parent, representing total capital	92,353	81,607	91,223	80,503	75,290
Capital and net debt	395,524	391,326	342,259	95,208	90,444
Gearing ratio	77%	79%	73%	15%	17%

42. Segment information

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

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

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

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

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

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

All revenue and non-current assets information of the Group are attributed to Malaysia.

42. Segment information (continued)

At 31 December 2013

	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue						
External sales	423,423	26,459	5,499	-		455,381
Inter-segment sales	916,338	15,457	7,851	(939,646)	A	-
Total revenue	1,339,761	41,916	13,350	(939,646)		455,381
Results						
Interest income	1,271	61	5	-		1,337
Depreciation and amortisation	9,223	153	20	-		9,396
Share of results of associates	(490)	-	(2)	(519)		(1,011)
Segment (loss)/ profit	10,785	1,726	31,258	(32,413)	B	11,356
Assets						
Investment in associates	490	-	766	(1,011)		245
Additions to non-current assets	3,795	283	225	-	C	4,303
Segment assets	565,819	58,195	116,910	(319,988)	D	420,936
Liabilities						
Segment liabilities	496,926	34,907	25,402	(235,232)	E	322,003

At 31 December 2012

	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Revenue						
External sales	377,201	16,720	6,593	-		400,514
Inter-segment sales	746,905	9,904	10,812	(767,621)	A	-
Total revenue	1,124,106	26,624	17,405	(767,621)		400,514
Results						
Interest income	541	41	-	-		582
Depreciation and amortisation	9,164	152	304	-		9,620
Share of results of associates	(101)	-	(169)	(311)		(581)
Segment (loss)/ profit	(1,101)	1,282	625	(8,950)	B	(8,144)

42. Segment information (continued)

At 31 December 2012 (continued)

	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Notes	Consolidated RM'000
Assets						
Investment in associates	2,090	-	1,286	(2,120)		1,256
Additions to non-current assets	34,180	282	292	-	C	34,754
Segment assets	527,100	55,521	115,551	(284,988)	D	413,184
Liabilities						
Segment liabilities	461,653	33,326	58,714	(228,776)	E	324,917

A Inter-segment revenues are eliminated on consolidation.

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

	31.12.2013 RM'000	31.12.2012 RM'000
Share of results of associate	(1,011)	(581)
Impairment on goodwill	(2,160)	-
Inter-segment expenses	(29,242)	(8,369)
	(32,413)	(8,950)

C Additions to non-current assets consist of:

	31.12.2013 RM'000	31.12.2012 RM'000
Property, plant and equipment	4,303	34,754

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

	31.12.2013 RM'000	31.12.2012 RM'000
Deferred tax assets	2,259	4,159
Tax recoverable	1,876	1,406
Investments in associate	245	1,256
Goodwill	2,302	4,462
Inter-segment assets	(326,670)	(296,271)
	(319,988)	(284,988)

42. Segment information (continued)

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

	31.12.2013 RM'000	31.12.2012 RM'000
Deferred tax liabilities	12,352	10,327
Income tax payable	2,310	176
Loans and borrowings	250,053	241,954
Inter-segment liabilities	(499,947)	(481,233)
	(235,232)	(228,776)

43. Event after the reporting period

On 20 January 2014, the Company had entered into a Heads of Agreement ("HoA") with Zhu Zong Ying and Zheng Wendi ("Target Shareholder") as well as SHH (Malaysia) Sdn. Bhd. ("SHH Malaysia") for their participation in the corporate exercise of the Company which, inter- alia shall encompass the following:

(i) for the Target Shareholders to set up a Newco;

(ii) for the Company to conduct and implement the Proposed Par Value Reduction, Proposed Acquisition, Proposed Securities Exchange, Proposed Offer for Sale, Proposed Special Issue and Proposed Transfer of Listing Status; and

(iii) for the Target Shareholders, SHH Malaysia and Newco to participate in the proposals to be undertaken by the Company and eventually to apply for the listing of an quotation for the entire issued and fully paid-up share capital of Newco and Newco Warrants on the Main Market of Bursa Securities Malaysia Berhad ("Bursa Securities"), assuming the listing status of the Company.

The Target Shareholder and SHH Malaysia are principally involved in similar poultry business but their principal location of their business is in the People's Republic of China. The Directors are optimistic that beneficial synegies will be derived if the corporate exercise is successfuly implemented.

44. Comparative and prior year adjustments

(a) Amount due to F.C.H. Holdings Sdn. Bhd. ("FCH Holdings")

Included in the previously stated carrying amount of trade receivables as at 31 December 2012 was an amount due to F.C.H. Holdings amounted to RM5,350,000 which was errorneously recorded as receipt from two separate trade receivables. The amount due to F.C.H. Holdings has now been accounted for separately as other payables. Comparative amounts as at 31 December 2012 have been restated as follows:

		Group	
	Previously reported RM'000	Re-classification RM'000	Restated RM'000
At 31 December 2012			
Statement of financial position			
Trade and other receivables	153,621	5,350	158,971
Trade and other payables	67,110	5,350	72,460

44. Comparative and prior year adjustments (continued)

(a) Amount due to F.C.H. Holdings Sdn. Bhd. ("FCH Holdings")(continued)

	Group Previously reported RM'000	Re-classification RM'000	Restated RM'000
At 31 December 2012			
Statement of cash flows			
Increase in receivables	(14,984)	(5,350)	(20,334)
Increase in amount due to holding company	-	5,350	5,350

(b) Deposits placed with commercial banks

In the previous financial years, the Group has classified the deposits placed with commercial banks with maturity period of more than three months under cash and bank balances. These deposits with licensed banks of the Group are pledged to banks to secure banking facilities granted to the Group as disclosed in Note 30 and Note 35. The directors consider that the change to held-to-maturity investments gives a fairer presentation of the financial position and cash flows position of the Group.

Comparative amounts as at 31 December 2012, however, have been restated as follows:

	Group Previously reported RM'000	Re-classification RM'000	Restated RM'000
At 31 December 2012			
Statement of financial position			
Held-to-maturity investments	-	35,475	35,475
Cash and bank balances	40,170	(35,475)	4,695
Statement of cash flows			
Increase in held-to-maturity investment	-	(17,259)	(17,259)
Cash and cash equivalent as at:			
- 1 January 2012	(68)	(18,216)	(18,284)
- 31 December 2012	19,543	(35,475)	(15,932)

(c) Marketing staff cost

In the previous financial years, the Group has errorneously recorded staff cost related to marketing staffs under administrative expenses. The directors consider that the change to marketing staff cost gives a fairer presentation of the financial performance of the Group.

44. Comparative and prior year adjustments (continued)

(c) Marketing staff cost (continued)

Comparative amounts as at 31 December 2012, however, have been restated as follows:

		Group	
	Previously reported RM'000	Re-classification RM'000	Restated RM'000
At 31 December 2012			
Statements of comprehensive income			
Cost of sales	(348,619)	(335)	(348,954)
Administrative expenses	(33,264)	2,747	(30,517)
Selling and marketing expenses	(8,664)	(2,412)	(11,076)

The above reclassifications have no impact on the financial performance of the Group or of the Company.

45. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 29 April 2014.

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

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2013 into realised and unrealised profits and losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Total accumulated losses of the Company and its subsidiaries:		
- Realised	62,689	94,741
- Unrealised	7,846	3,983
	70,535	98,724
Total share of accumulated losses of associates		
- Realised	5,401	2,270
	75,936	100,994
Less: Consolidation adjustments	(41,654)	(64,798)
Accumulated losses as per financial statements	34,282	36,196

	Company	
	31.12.2013 RM'000	**31.12.2012 RM'000**
Total accumulated losses of the Company:		
- Realised	46,696	42,881
Accumulated losses as per financial statements	46,696	42,881

Statistics on Shareholdings
As at 2 May 2014

AUTHORISED SHARE CAPITAL	:	RM 500,000,000
ISSUED AND FULLY PAID UP CAPITAL	:	RM 61,083,263
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	4.87	1,551	0.00
100 to 1,000	486	20.24	331,791	0.54
1,001 to 10,000	1,234	51.40	6,244,926	10.22
10,001 to 100,000	507	21.12	16,287,893	26.67
100,001 to less than 5% of issued shares	54	2.25	11,099,102	18.17
5% of issued shares and above	3	0.12	27,118,000	44.40
Total	2,401	100.00	61,083,263	100.00

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
1	JF APEX Nominees (Tempatan) Sdn Bhd AEH Capital Sdn Bhd for F.C.H. Holdings Sdn Bhd	15,000,000	24.56
2	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for F.C.H. Holdings Sdn Bhd (Margin)	6,115,100	10.01
3	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG London (PB Priam)	6,002,900	9.83
4	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ooi Tai	557,000	0.91
5	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	486,500	0.80
6	Onn Kok Puay (Weng Guopei)	483,700	0.79
7	Tee Kiam Heng	410,000	0.67
8	Chong Mei	400,100	0.66
9	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (Margin)	400,000	0.65
10	Yeap Min Seang	374,000	0.61

Statistics on Shareholdings
As at 2 May 2014 (Continued)

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
11	Low Ah Lin	350,000	0.57
12	Mercsec Nominees (Tempatan) Sdn Bhd F.C.H. Holdings Sdn Bhd	348,705	0.57
13	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Hang Kong	300,000	0.49
14	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chia Hong @ Gan Chia Hong (E-TMR)	300,000	0.49
15	Lim Pang Hoo	291,300	0.48
16	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ban Lye	281,000	0.46
17	Maybank Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siew Leong	255,000	0.42
18	Chia Chin Fooi	250,200	0.41
19	Tan Geok Lan	250,000	0.41
20	Tan Yong Chiow	230,000	0.38
21	Toh Cheng Hai	220,000	0.36
22	Teo Geok Kiam	217,600	0.36
23	Yee Teng	205,000	0.34
24	Toh Ching Kang	200,000	0.33
25	Yap Chuan Lye	200,000	0.33
26	Maybank Nominees (Tempatan) Sdn Bhd Chong Yoon Loong	193,400	0.32
27	Ong Kek Bing	183,000	0.30
28	Chia Siew Fung	168,900	0.28
29	Chang Hiong	155,000	0.25
30	Hoh Suay Chuan@ Oo Sin	155,000	0.25
TOTAL		**34,983,405**	**57.29**

Statistics on Shareholdings
As at 2 May 2014 (Continued)

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	21,463,805*	35.14
Datuk Fong Kiah Yeow	108,000	0.18	21,463,805*	35.14
Fong Ngan Teng	-	-	21,463,805*	35.14
Fong Choon Kai	-	-	21,463,805*	35.14
Ng Cheu Kuan	-	-	-	-
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Tuan Haji Baharom Bin Abd. Wahab	4,500	0.01	-	-
Mohd Khasan Bin Ahmad	-	-	-	-

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
F.C.H. Holdings Sdn Bhd	21,463,805	35.14	-	-
Dato' Fong Kok Yong	-	-	21,463,805*	35.14
Datuk Fong Kiah Yeow	108,000	0.18	21,463,805*	35.14
Fong Ngan Teng	-	-	21,463,805*	35.14
Fong Choon Kai	-	-	21,463,805*	35.14
Priam Holdings Limited	6,002,900	9.83	-	-

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

Statistics on Shareholdings-Warrant

As at 2 May 2014

TOTAL NUMBER OF WARRANTS ISSUED	:	27,765,052
OUTSTANDING WARRANT	:	27,765,052
EXERCISE PRICE OF WARRANTS	:	Warrants issued pursuant to bonus issue and private placement (RM1.00)

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	239	11.87	5,489	0.02
100 to 1,000	969	48.14	441,233	1.59
1,001 to 10,000	432	21.46	1,672,207	6.02
10,001 to 100,000	313	15.55	12,355,023	44.50
100,001 to less than 5% of issued shares	59	2.93	11,741,100	42.29
5% of issued shares and above	1	0.05	1,550,000	5.58
Total	**2,013**	**100.00**	**27,765,052**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
1	Tee Kiam Heng	1,550,000	5.58
2	Maybank Nominees (Tempatan) Sdn Bhd Fua Kia Pha	579,200	2.09
3	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Young Ah Nyen (028)	476,000	1.71
4	Ng Chim Chi	427,340	1.54
5	Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong (SMART)	300,000	1.08
6	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong (MY1278)	300,000	1.08
7	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	300,000	1.08
8	Lim Poh Hock	300,000	1.08
9	Wong Ah Yong	300,000	1.08
10	Wong Chee Kin	288,600	1.04

Statistics on Shareholdings-Warrant
As at 2 May 2014 (Continued)

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
11	Ong Chin Ling	285,000	1.03
12	Chia Chin Fooi	279,000	1.00
13	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siew Leong	275,700	0.99
14	Teh Meng Kiang	250,000	0.90
15	Gan Cheng Swee	244,000	0.88
16	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Hock (E-SPI)	241,000	0.87
17	Lim Chun Bin	240,300	0.87
18	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG London (PB Priam)	230,700	0.83
19	Maybank Nominees (Tempatan) Sdn Bhd Yap Chai	220,000	0.79
20	Chan Kwang Yew	210,000	0.76
21	Loh Eng Hock	210,000	0.76
22	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Oh Tow @ Lee Eng (REM 178-Margin)	209,000	0.75
23	Lau Hong Sheng	204,000	0.73
24	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liang Tek Ling	202,000	0.73
25	Chua Yew Wang	200,000	0.72
26	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Pledged Securities Account for Koh Nai Wei Adrian	200,000	0.72
27	JF Apex Nominees (Tempatan) Sdn Bhd AISB for Megat Sari Bin Megat Ali (STA 3)	200,000	0.72
28	Khoo Pui Sik	200,000	0.72
29	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chan Kok How	200,000	0.72
30	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	180,000	0.65
	TOTAL	**9,301,840**	**33.50**

Statistics on Shareholdings-Warrant
As at 2 May 2014 (Continued)

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	41*	0.01
Datuk Fong Kiah Yeow	21,600	0.08	41*	0.01
Fong Ngan Teng	-	-	41*	0.01
Fong Choon Kai	-	-	41*	0.01
Ng Cheu Kuan	-	-	-	-
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Tuan Haji Baharom Bin Abd. Wahab	900	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
Tee Kiam Heng	1,550,000	5.58	-	-

List of Properties

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
THE COMPANY AND 100% OWNED SUBSIDIARIES				
Lot No. 799 & 800 GRN 5523 & 5524 Mukim of Sungai Siput District of Alor Gajah, Melaka	Breeder Farm	Freehold	2,600,379	1987
Lot No. 2893 - 2899 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	3,219,245	1993
Lot 142 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,668,640	1983
Lot No. 401 & 731 Mukim of Ramuan Cina Besar District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,082,071	1981
Lot 3689, 640, 639, 959, 1854, 3688 & 3687 GM 575, 1379, 1418, 91168, 4926, 53072 & 53077 Mukim of Lenga, District Of Muar Johor	Breeder Farm	Freehold	1,160,028	1996
Lot 458 & 459 GRN 60152 & 60151 Mukim of Tebong District of Tampin Negeri Sembilan	Breeder Farm	Freehold	904,687	1994
Lot 9467 Q.T.(M) No. 182 Tanjong Sembrong Batu Pahat, Johor	Broiler Farm	Freehold	1,612,063	1995
Lot No. 4160 & 4161 GM 2548 and GM 2547 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,265,897	2011
Lot 4163, GM 1799 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,286,798	2011

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
MLO 8663 H.S.(D) 2631 Mukim Sembrong, Johor	Broiler Farm	Freehold	502,388	1995
Lot 647 Mukim Tanjong Minyak, Melaka	Vacant Land	Freehold	849,271	1996
P.T. No. 197 H.S.(D) 33179 Kawasan Bandar XXXIX Daerah Melaka Raya, Melaka	3 1/2 Storey Intermediate shoplot	Leasehold (expiring in 2075)	352,672	2003
No. 65 & 65-1, Jalam KU 12, Taman Krubong Utama, Krubong, Melaka	Double Storey Shoplot	Leasehold (expiring in 2105)	252,220	2013
Lot 1599, C.T. 6270 Port Dickson, Negeri Sembilan	Broiler Farm	Freehold	1,468,203	1995
GM2404, Lot No. 4967 Mukim Triang Ilir District of Jelebu Negeri Sembilan	Broiler Farm	Freehold	866,193	1995
Taman Mewah Alor Gajah, Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	116,619	1995
PTD 64217 H.S.(D) 208128 Mukim Tebrau, Johor	1 1/2 Storey Terrace Factory	Freehold	281,050	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	390,248	1994
P.T.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	3,533,036	1994
Lot 3, 4 & 5 Masjid Tanah Ind. Estate Masjid Tanah, Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2095)	9,041,032	1995
Lot No. 7688, HS(M) 1733 Tanjong Sembrong (VII) District of Batu Pahat, Johor	Broiler Farm	Freehold	392,048	1996

List of Properties
(Continued)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
MLO No. 8497 H.S.(M) 2270 Mukim Tanjong Sembrong VII Batu Pahat, Johor	Broiler Farm	Freehold	555,281	1997
Holding No. 2628, SG574/62 Mukim Sungei Baru Tengah Alor Gajah, Melaka	Industrial Land	Freehold	910,944	1997
H.S. (D) 24419, No PT11641 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	643,290	2006
H.S. (D) 24408, No PT11630 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	434,661	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of 3 bedrooms apartment	Freehold	283,328	1998
H.S.(D) 43175, Lot No.PT2113, Mukim of Krubong, District of Melaka Tengah, State of Melaka.	Held for development	Leasehold (Expiring in 2105)	1,229,000	2006
PTD 2163, H.S.(D) 5124 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	831,162	1997
PTD 2164, H.S.(D) 5125 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	1,309,161	1997
PTD 2165, H.S.(D) 5126 Mukim Grisek District of Muar, Johor	Agricultural land	Freehold	283,476	1997
PTD 2166, H.S.(D) 5127 Mukim Grisek District of Muar, Johor	Agricultural land	Freehold	166,671	1997
PTD 2167, H.S.(D) 5128 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	900,258	1997

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
PTD 2168, H.S. (D) 5129 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	922,359	1997
PTD 2169, H.S. (D) 5130 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	551,446	1997
PTD 2170, H.S. (D) 5131 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	639,516	1997
PTD 2171, H.S. (D) 5132 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	407,486	1997
PTD 6321 Grant 4778 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	370,855	1997
H.S. (D) 302891, Lot No. PTD15511, Mukim of Sedenak, District of Johor Bahru State of Johor Darul Ta'zim	Broiler Farm	Leasehold (Expiring in 2030)	7,999	2000
H.S. (D) 44849, Lot No. PTD16818 Mukim of Bukit Batu, District of Kulaijaya State of Johor Darul Ta'zim	Broiler Farm	Leasehold (Expiring in 2036)	819,072	2008
H.S.(M) 1184, 1243, & 1244 Lot Nos. MLO 1367, 7119 & 7120 Kuala Kabong 1, Mukim of Bukit Baru District of Kulaijaya, Johor	Broiler farm	Leasehold (Expiring in 2084)	516,161	2009
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double storey shophouse	Leasehold (Expiring in 2091)	152,559	2006
Lot 345 & 346 GRN 76358 & 76359 Mukim of Keru District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,719,440	2012
Lot 423, GRN 20691 Mukim of Jelai District of Jempol Negeri Sembilan	Broiler Farm	Freehold	2,572,800	2012

List of Properties
(Continued)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 4071 & 2619 GM 415 & 51 Mukim of Jementah District of Segamat Johor	Broiler Farm	Freehold	1,538,308	2012
Lot 1075/5 H.S. (M) 4096 Mukim of Bukit Serampang District of Ledang Johor	Broiler Farm	Freehold	1,414,742	2012
Plot No. 170 & 171 H.S. (M) 586 & 500 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,201,313	2012
Lot 3733 & 3734 GM2481 & 2482 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,240,487	2012
Lot 3200 & 3201 GRN 163132 & GRN 163133 Mukim Titian Bintangor District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,290,132	2012
Lot 967 & 968 GRN 29154 & GRN 29155 Mukim of Semerbok District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,550,956	2012
Lot 5541, GRN 19254 Mukim of Port Dickson District of Port Dickson Negeri Sembilan	Broiler Farm	Freehold	1,711,740	2012
Lot 4671 & 4672 GRN 71818 & 71819 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,796,298	2012

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 1105 & 1106 GM3228 & 3229 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,819,704	2012
MLO 5436, MLO 5437 Lot 1639 & Lot 3523 H.S. (D) 2447, H.S. (D) 2448 GM1333 & GM 364 Mukim of Lenga District of Muar Johor	Broiler Farm	Freehold	2,055,082	2012
Lot 663/5 & 664/5 H.S. (M) 4271 & H.S. (M) 4834 Mukim of Bukit Serampang District of Ledang Johor	Broiler Farm	Freehold	1,777,208	2012
PT 371 & Lot 2210 H.S. (D) 3512 & GRN 46887 Mukim of Tabong Naning District of Alor Gajah Melaka	Broiler Farm	Freehold	3,160,180	2012
JOINT VENTURE SUBSIDIARIES				
Lot 1310, GN47071 Minyak Beku 6 Batu Pahat, Johor	Poultry processing plant & coldrooms / office block	Freehold	2,437,622	1991
H.S.(M) 1745, MLO 8674 Tanjung Sembrong 14 Batu Pahat, Johor	Broiler farm	Freehold	165,794	1995
Lot 3233, EMR 5066 Minyak Beku 6 Batu Pahat, Johor	Broiler farm	Freehold	601,939	1997
Lot 1730, CT 2851 Bandar Penggaram District of Batu Pahat, Johor	Double storey terrace shophouse	Freehold	269,782	1998

Additional Compliance Information

1. **Corporate Proposals And Utilisation Of Proceeds**

   During the financial year ended 31 December 2013, the Company had completed its Proposed Private Placement Exercise which was disclosed in the previous year's Annual Report. The utilization of proceeds from the Proposed Private Placement Exercise is as stated in the Chairman's Statement on page 19 of this Annual Report.

   Subsequent to the financial year ended 31 December 2013, the Company had entered into Corporate Proposal as explained in the Chairman's Statement on page 18 of this Annual Report.

2. **Share Buy-back**

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

3. **Options or Convertible Securities**

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

4. **Depository Receipt Programme**

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

5. **Imposition of Sanctions and/or Penalties**

   There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies for the financial year ended 31 December 2013 except for traffic offences.

6. **Non-Audit Fees**

   The total amount of non-audit fees paid or payable to the external auditors and their affiliated companies by the Company for the financial year ended 31 December 2013 mounted to RM41,000.

7. **Variation in Results**

   There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 27 February 2014 announcement of unaudited results for the financial year ended 31 December 2013 and the audited financial statements of the Group for the financial year ended 31 December 2013.

8. **Profit Guarantee**

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

9. **Material Contracts**

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

10. **Revaluation Policy on Landed Properties**

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

TWENTIETH ANNUAL GENERAL MEETING
FORM OF PROXY

FARM'S BEST BERHAD
(301653-V)

No. of shares held	

I/We ____
(Full Name in Capital Letters)
of ____
(Full Address)
being a member of FARM'S BEST BERHAD hereby appoint ______________________________
(Full Name in Capital Letters)
of ____
(Full Address)
or failing him/her, ______________________________ of ______________________________
(Full Name in Capital Letters)
____
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Function Room 2, Level 2, Holiday Inn Melaka, Jalan Syed Abdul Aziz, 75000, Melaka on Friday, 27 June 2014 at 11.00 a.m. and at any adjournment thereof.

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

No.	Resolution		For	Against
1.	To receive the Audited Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2013.		N/A	N/A
2.	To approve the payment of Directors' fees.	**Ordinary Resolution 1**		
3.	To re-elect Datuk Fong Kiah Yeow as Director.	**Ordinary Resolution 2**		
4.	To re-elect Mr Fong Choon Kai as Director.	**Ordinary Resolution 3**		
5.	To re-elect Encik Mohd Khasan bin Ahmad as Director.	**Ordinary Resolution 4**		
6.	To re-appoint Tuan Haji Baharom Bin Abd Wahab as Director.	**Ordinary Resolution 5**		
7.	To appoint Auditors and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**		
8.	To re-appoint Tuan Haji Baharom Bin Abd Wahab as Independent Non-Executive Director.	**Ordinary Resolution 7**		
9.	To re-appoint En Mohd Khasan Bin Ahmad as Independent Non-Executive Director.	**Ordinary Resolution 8**		
10.	Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965	**Ordinary Resolution 9**		

Dated this ______ day of ________________ , 2014.

____
(Signature/Common Seal of Shareholder)

Notes :-

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

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

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

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

(v) For the purpose of determining a member who shall be entitled to attend and vote in the forthcoming Twentieth Annual General Meeting, the Company shall be requesting the Record of Depositors in accordance with Article 71(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 20 June 2014. Only a depositor whose name appears on the Record of Depositors as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

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Stamp

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

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Farm's Best Depots / Offices In Peninsular Malaysia And Overseas Offices

FARM'S BEST BERHAD
(301653-V)

DEPOTS

RAWANG 1

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

RAWANG 2

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

SEREMBAN

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

BUTTERWORTH

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

TEMERLOH

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

KUANTAN

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

JOHOR BAHRU

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

MARKETING OFFICE

RAWANG

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

REPRESENTATIVE OFFICES

KOTA BHARU

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

MELAKA

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

IPOH

80, Jalan Leong Boon Siew
30000 Ipoh, Perak

OVERSEAS ADDRESSES

CHIX UNLIMITED INC.

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

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

Room 5212, 25th Floor
Jiangsu International Mansion
50 Zhong Hua Lu
Nanjing, Jiangsu 210001 China
Tel : 0086 25-8468 0456
Fax: 0086 25-8468 0326

FARM'S BEST BERHAD
(301653-V)

Alor Gajah Industrial Estate
78000 Alor Gajah, Melaka
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Fax: 06-556 2445

www.farmsbest.com.my