FARM'S BEST BERHAD
(301653-V)

GOODNESS THAT TASTES *great*

ANNUAL REPORT 2014

GRATIFYING

Chicken Meatballs

COVER RATIONALE

The cover's theme --**Goodness That Tastes Great**-- highlights the tremendous nutritional value of our products as well as their irresistible deliciousness. The diversity of our product range is clearly emphasized on the cover. In addition, the image of the delighted children conveys the satisfaction of our customers. Bold and vibrant, the cover captures the essence of our company's bouyant spirit as it grows from strength to strength.

DELICIOUS

Chicken Meatballs (Vegetable)

TANTALIZING

Terriyaki Nuggets

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of the Company will be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 25 June 2015 at 11.00 a.m. for the followings purposes :-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 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 for the financial year ended 31 December 2014. **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 Ng Peng Hay@Ng Peng Hong **Ordinary Resolution 2**

   (b) Mr Fong Ngan Teng **Ordinary Resolution 3**

   (c) Datuk Hj Zainal Bin Shamsudin **Ordinary Resolution 4**

   To record the retirement of Haji Baharom Bin Abd Wahab who will be retiring pursuant to Section 129(2) of the Companies Act, 1965 and he has decided not to seek re-appointment. Hence, he will retain office until the conclusion of the Twenty First (21st) Annual General Meeting.

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

AS SPECIAL BUSINESS:-

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

5. 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) En Mohd Khasan Bin Ahmad **Ordinary Resolution 6 (Explanatory Notes B)**

   (b) Datuk Hj Zainal Bin Hj Shamsudin **Ordinary Resolution 7 (Explanatory Notes B)**

6. Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965 **Ordinary Resolution 8 (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

LIEW SENG AUN (MIA 13109)
SHAHNIZA ANOM BINTI ELIAS (LS 0006472)
Company Secretaries

Melaka
Date: 28 May 2015

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 Twenty-First 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 19 June 2015. Only a depositor whose name appears on the Record of Depositors as at 19 June 2015 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 Resolutions No. 6 and 7
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. 8
Proposed renewal of the authority for Directors to issue shares

The ordinary resolution 8 above is proposed for the purpose of granting a renewed general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 and if passed, will give the Directors of the Company authority, from the date of the above Annual General Meeting, to issue and allot shares in the Company at any time up to an aggregate amount not exceeding ten percent (10%) of the issued and paid-up share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company ("Share Mandate") without convening a General Meeting.

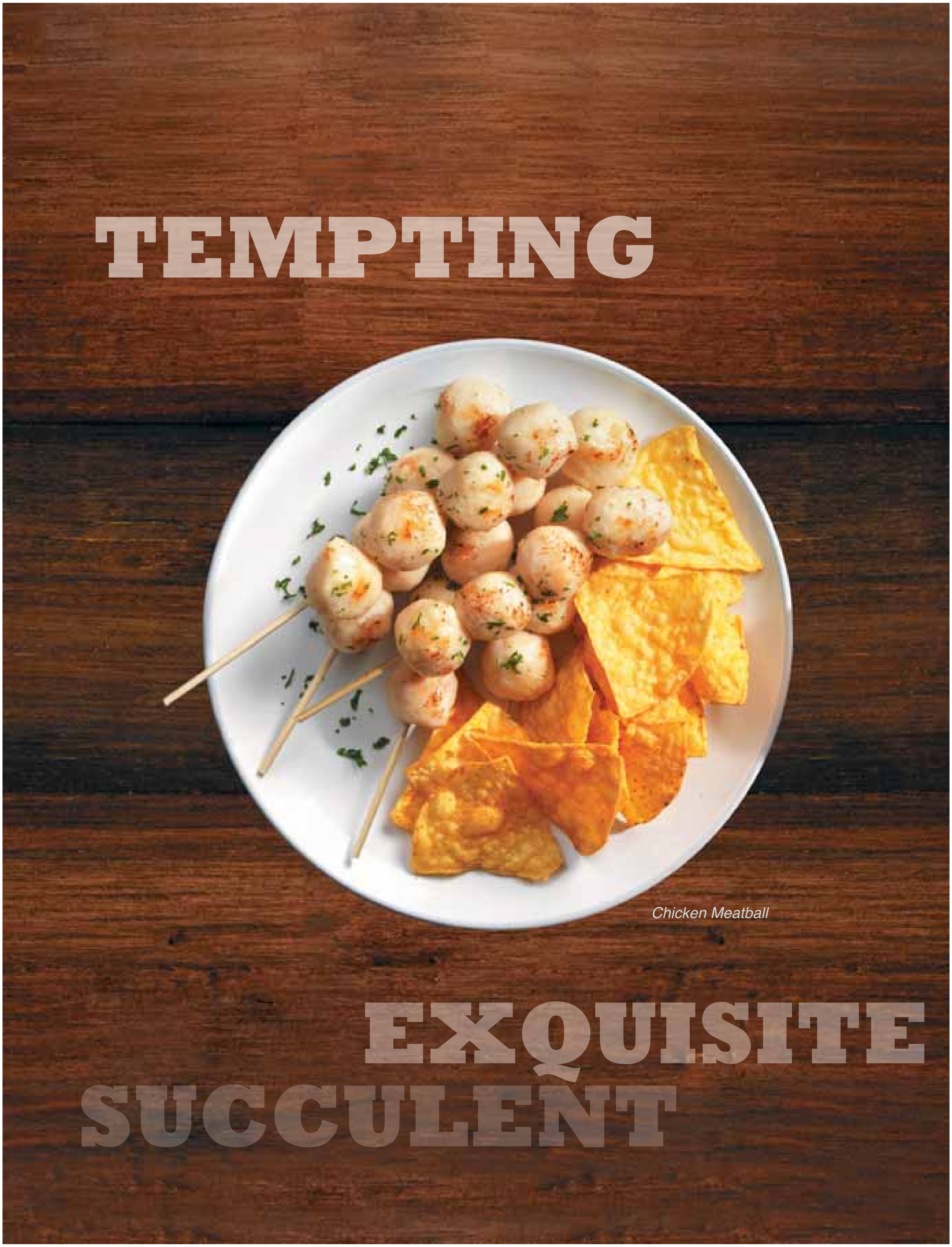
The Company has not issued any new shares pursuant to Section 132D of the Companies Act, 1965 under the general authority which was approved at the Twentieth Annual General Meeting held on 27 June 2014 and which will lapse at the conclusion of the forthcoming Twenty First Annual General Meeting to be held on 25 June 2015.

The Share Mandate, unless revoked or varied at a General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company. With this Share Mandate, the Company will have the flexibility to undertake any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/acquisition(s).

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
- 99.99% Sinmah Multifeed 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
- 100% Sinmah Development Sdn Bhd
  - 100% Sinmah Builders Sdn Bhd
  - 100% Realtemas Realty Sdn Bhd
  - 100% Cosmal Enterprise Sdn Bhd



Chicken Meatball

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
(Resigned on 29 January 2015) Executive Director

Datuk Ng Peng Hay @ Ng Peng Hong
Executive Director

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

AUDIT COMMITTEE & NOMINATION COMMITTEE

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

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

REMUNERATION COMMITTEE

Mohd Khasan Bin Ahmad
Chairman, Independent Non-Executive Director

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

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

REGISTRAR

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

COMPANY SECRETARIES

Shahniza Anom Binti Elias (LS 0006472)
Liew Seng Aun (MIA 13109)

AUDITORS

UHY
Chartered Accountants
Suite 11.05 Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: 03-2279 3088
Fax: 03-2279 3099

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

DIRECTORS' PROFILE

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

Chairman, Independent Non-Executive Director &
Chairman Of Audit Committee
68 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 six (6) board meetings held during the financial year ended 31 December 2014.

Y. BHG. DATO' FONG KOK YONG

Managing Director
64 years of age - Malaysian

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

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

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

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

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

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

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

As at the date of this annual report, Y. Bhg. Dato' Fong Kok Yong has an indirect interest of 21,463,805 shares in Farm's Best. He has attended five (5) of the six (6) board meetings held during the financial year ended 31 December 2014.

Y. BHG. DATUK FONG KIAH YEOW

Executive Director
60 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 six (6) board meetings held during the financial year ended 31 December 2014.

FONG NGAN TENG

Executive Director
57 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 all six (6) board meetings held during the financial year ended 31 December 2014.

FONG CHOON KAI

Executive Director
53 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 all six (6) board meetings held during the financial year ended 31 December 2014.

NG CHEU KUAN

Executive Director
60 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 six (6) board meetings held during the financial year ended 31 December 2014. Ng Cheu Kuan has retired from the Board on 29 January 2015.

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

Executive Director
63 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 and a Board Member of Malaysian Investment Development Authority (MIDA).

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

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 six (6) board meetings held during the financial year ended 31 December 2014.

TUAN HAJI BAHAROM BIN ABD WAHAB

Independent Non-Executive Director
80 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 all six (6) board meetings held during the financial year ended 31 December 2014.

MOHD KHASAN BIN AHMAD

Senior Independent Non-Executive Director
54 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 six (6) board meetings held during the financial year ended 31 December 2014.

ADDITIONAL INFORMATION

(i) Conflict of interest

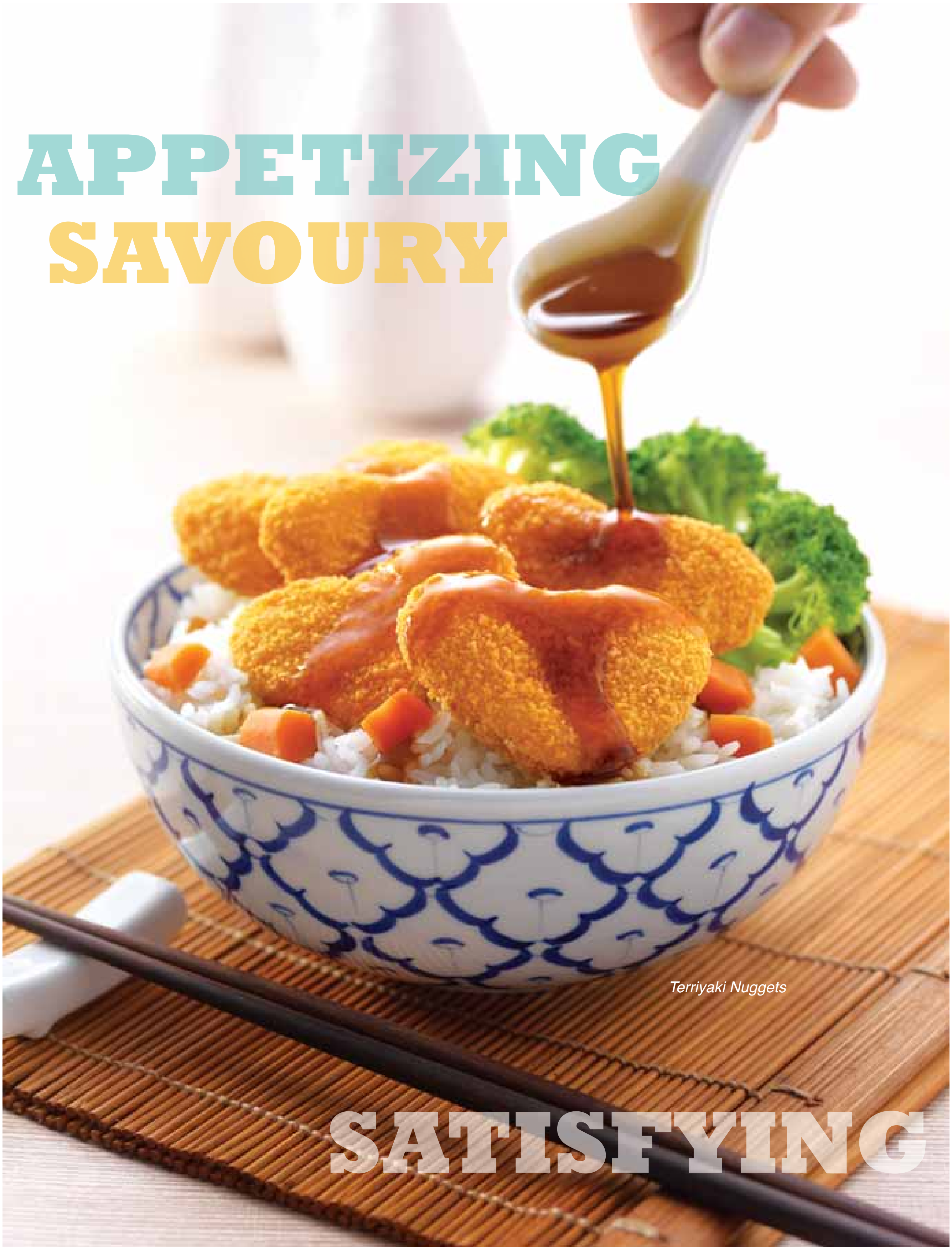
None of the Directors have any conflict of interest with the Company.

(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.



Terriyaki Nuggets

CHAIRMAN'S STATEMENT

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 2014.

FINANCIAL REVIEW

The Group posted revenue of RM418.4 million for the year ended 31 December 2014, a decrease of RM37.0 million or 8% as compared to the previous year's revenue of RM455.4 million. The decrease in revenue was due to decrease in average selling prices of live broilers and decreases in 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 RM2.2 million as compared to a net profit attributable to owners of the parent of RM4.3 million in the previous financial year ended 31 December 2013. Hence, the Group's earnings per share decreased to 3.7 sen from 7.5 sen in 2013, a decrease of 3.8 sen.

Overall, the Group's adverse results during the current year under review compared to the previous year was due to decreases in average selling prices of live broilers during the financial year under review.

CHAIRMAN'S STATEMENT
(CONT'D)

CORPORATE DEVELOPMENTS

With regards to the Group's Corporate Proposals which were announced to Bursa Securities on 20 January 2014, the Securities Commission had on 13 April 2015 decided not to approve the Proposals. An announcement was made to Bursa Securities on 15 April 2015.

GOING FORWARD

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 2015.

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 2015.

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 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

Country Style Sausage

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year under review, the Group reported a lower profit attributable to owners of the parent of RM2.2 million as compared to RM4.2 million in the previous financial year ended 31 December 2013. The decrease in profit was mainly due to the decreased selling prices of live broilers during the financial year under review. However, our housing development division showed better results in the financial year under review compared to the previous financial year ended 31 December 2013.

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

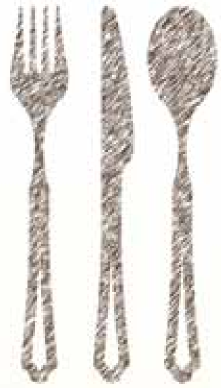
Poultry Division

The poultry division comprises the integrated poultry operations and the egg layer operations. During the financial year ended 31 December 2014, the integrated poultry operations of the Group made a profit before tax of about RM3.24 million as compared to a profit before tax of RM15.70 million during the previous financial year. The decrease in profit before tax was mainly due to decrease in average selling prices of live broilers during the financial year under review as compared to the previous financial year ended 31 December 2013.

The Group's egg layer division showed a lower operating loss of about RM0.79 million during the current year under review as compared to an operating loss of about RM4.92 million during the previous financial year. Even though sales volume of table eggs have decreased significantly during the financial year under review, the egg layer operations made a lower loss compared to the previous financial year ended 31 December 2013. This was due to the significant increase in average selling prices of table eggs in the financial year under review as compared to the previous financial year ended 31 December 2013.

Overall, both operations of the Group's poultry division turned in a combined profit before tax of RM2.45 million during the financial year under review as compared to a profit before tax of RM10.78 million during the previous financial year.

Crispy Fried Chicken



Housing Development Division

During the financial year under review, the housing development division showed a profit before tax of RM2.86 million as compared to a profit before tax of RM1.73 million during the previous financial year. Turnover from the housing development division decreased to RM23.32 million during the financial year under review as compared to RM26.46 million during the previous financial year. The decrease in revenue was mainly due to lesser increment in percentage completion during financial year under review compared to the previous financial year.

Although turnover decreased, profit before tax increased, due to higher budgeted profit applied during the financial year under review as the property division managed to increase its selling prices for properties sold during the financial year under review.

Moving Forward Together

The Group expects the financial year ending 31 December 2015 to be a tough year due to the depreciation of the Ringgit against the US Dollar as this would make purchase cost of imported raw materials increase even if prices remained stable. The Group will continue with its cost cutting strategies and work to increase productivity with hopes to produce a set of positive results in the financial year ending 31 December 2015.

CORPORATE SOCIAL RESPONSIBILITY

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 2014, 184 workers at the Group's processing plant in Masjid Tanah, Melaka had undergone typhoid vaccine immunization at the processing plant's clinic to ensure that the workers health were taken care of in order to satisfy the requirements of the Health Ministry.

The Group's processing plant in Masjid Tanah, Melaka also 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 December 2014.

CORPORATE SOCIAL RESPONSIBILITY

(CONT'D)

Besides that, the Group's processing plant also entered the Masjid Tanah Fire Department's Drill Skills Competition in May 2014. The purpose of the competition is to enhance the skills of the processing plant's Fire Safety Team and to foster close co-operation between the Fire Department and Farm's Best.

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 donations in-kind to schools for school activities such as sports day, canteen day and student camps, non-governmental organizations as well as Community Safety Committees in Melaka for fund raising activities and Hari Raya celebrations of these organisations.

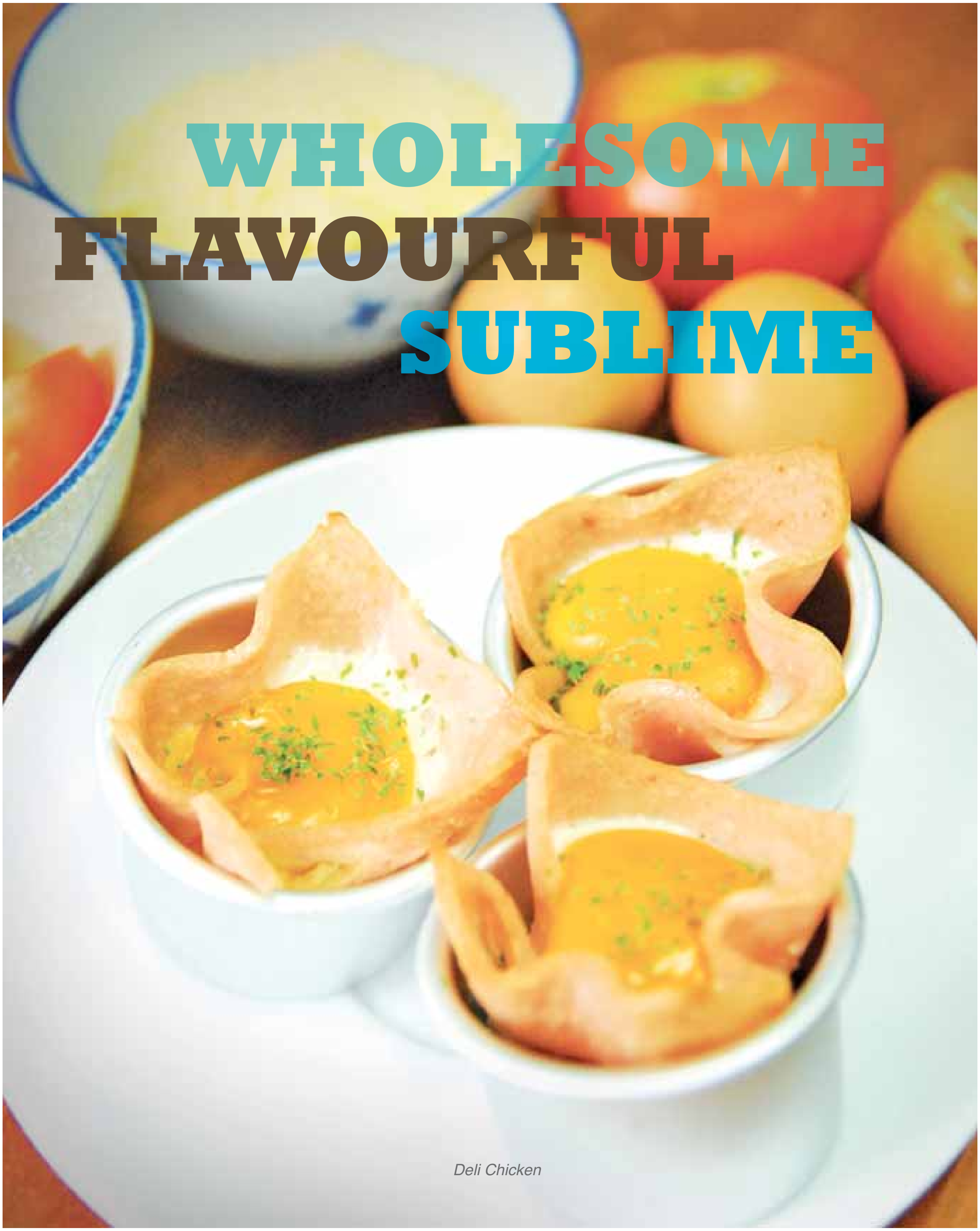
We also carried out a blood donation campaign amongst our employees in May 2014 as part of the Group's contribution towards the Malaysian Blood Bank. A total of 30 workers participated in the campaign.

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 2014, students from UITM (Melaka, Alor Gajah, Shah Alam and Kelantan), Universiti Putra Malaysia, Universiti Kuala Lumpur, Universiti Malaysia Kelantan, Institut Teknologi Unggas, Kolej Vokesional Dato' Lela Maharaja (Rembau, Negeri Sembilan), SMK Datuk Bendahara (Jasin, Melaka), Sek. Men. Jenis Kebagsaaan Yok Bin (Melaka), Sek. Men. Kebangsaan Klebang Besar (Melaka), Exco Perpaduan dan Hal Ehwal Pengguna and Biro Hawa Jabatan Immigresen Melaka 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.

WHOLESOME FLAVOURFUL SUBLIME



Deli Chicken

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 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 business;
- 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. Accordingly, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management are specified in the Company's Board Charter. The Board Charter, which has been adopted by the Board, 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. The Board Charter also includes a formal schedule of matters reserved to the Board for deliberation and decision so that the control and direction of the Company are in the Board's hands. In line with Recommendation 1.7 of the MCCG 2012, the Board Charter has been uploaded on the Company's website at http:\\www.farmsbest.com.my.

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, 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.

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 pages 22 to 23 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 9 to 14 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. Haji Baharom Bin Abd Wahab - Member (Independent Non-Executive Director)
3. Mohd Khasan Bin Ahmad - Member (Senior Independent Non-Executive Director)

The Nominating 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 Nominating Committee has taken this into consideration when assessing the performance of the Directors. The Board recognizes the important 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. 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 once, attended by all members.

Details of the aggregate remuneration of Directors for the financial year ended 31 December 2014 are as follows:

	Executive Directors RM'000	Non- Executive Directors RM'000	Total RM'000
Total remuneration			
Fees	-	108	108
Salaries & other emoluments	2,661	-	2,661
Pension costs – defined contribution plan	308	-	308
	2,969	108	3,077

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.

Datuk Hj. Zainal Bin Hj. Shamsudin, Haji Baharom bin Abd Wahab and En. Mohd Khasan Bin Ahmad have served the Board as Independent Non-Executive Directors beyond the 9-year tenure limit promulgated by the MCCG 2012. Haji Baharom bin Abd Wahab has indicated that he will not be seeking re-election as Independent Non-Executive Director of the Company at the forthcoming Annual General Meeting. Hence, the Board has, after conducting an assessment of the other 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 2014, six (6) 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	6/6	100%
Dato' Fong Kok Yong	Managing Director	5/6	83%
Datuk Fong Kiah Yeow	Executive Director	6/6	100%
Fong Ngan Teng	Executive Director	6/6	100%
Fong Choon Kai	Executive Director	6/6	100%
Ng Cheu Kuan	Executive Director	6/6	100%
Datuk Ng Peng Hay @ Ng Peng Hong	Executive Director	6/6	100%
Haji Baharom Bin Abd Wahab	Independent Non-Executive Director	6/6	100%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	6/6	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.

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.

On 13 September 2014, Datuk Hj. Zainal Bin Hj. Shamsudin, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng, Fong Choon Kai, Ng Cheu Kuan and Haji Baharom Bin Abd Wahab attended a one-day seminar on Understanding Goods and Services Tax (GST) in Malaysia conducted by the Royal Malaysian Customs to brief the directors and staff on how GST will be applied in Malaysia. On 2 July 2014, Datuk Ng Peng Hay @ Ng Peng Hong had attended advocacy sessions on corporate disclosure for directors of listed issuers conducted by Bursa Malaysia Securities Berhad. Mohd Khasan Bin Ahmad attended the training as mentioned below:

i "Briefing Session on Corporate Governance Guide: Towards Boardroom Excellence (2nd Edition) – An update", organized by Bursa Malaysia Securities Berhad on 26 March 2014;

ii "Goods and Services Tax", organized by NOTA.ASIA on 2nd and 3rd April 2014; and

iii "2014 MASB Roundtable on Financial Reporting", organized by Securities Commission Malaysia on 8th October 2014.

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 2014, 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 37 to 42 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 outsourced 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 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.

INTERNAL CONTROL STATEMENT

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. This review process is conducted by the Company's Management team and out-sourced internal audit function.

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.

The Group updates its risk profile once every two years and it was last updated during the financial year 2013.

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's internal audit function is carried out by appointing KPMG Management & Risk Consulting Sdn. Bhd., an independent professional firm to conduct internal audit on an out-sourced basis. The scope of work performed by the out-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 out-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 out-sourced internal audit function during the financial year comprise the following:

- conducted one cycle of internal audit on key processes such as financial management, procurement of materials, safety, health and environment, human resources management, poultry processing, marketing, sales and distribution, regulatory management, credit control, strategic management and project management;
- conducted a follow-up on outstanding issues raised in preceding cycles of out-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.

INTERNAL CONTROL

The Board has established a 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 out-sourced internal audit function, including follow-up by the out-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 37 to 42 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, which is also responsible for monitoring compliance with policies, procedures and guidelines.

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 of 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 out-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 2014, other than impairment of receivables totaling RM1.81 million. The Board continues to take measures to strengthen the internal control environment from time to time based on the recommendations of the out-sourced internal audit function as well as the external auditors.

This statement is issued in accordance with a resolution of the Board dated 20 April 2015.

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the following Audit Committee Report and its activities for the financial year ended 31 December 2014.

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

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

2. TERMS OF REFERENCE

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

2.1. Composition

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

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

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

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

2.2. Membership

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

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

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

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

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

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

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

2.3. Chairman

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

2.4. Quorum

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

2.5. Meeting

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

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

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

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

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

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

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

2.6. Voting and Proceeding of Meeting

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 2014, which were attended by the Audit Committee members as follows:

Member	Description	No. of Meetings Attended	Percentage (%)
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Haji Baharom Bin Abd Wahab	Independent Non-Executive Director	5/5	100%
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 and that the transactions were carried out on arm's length basis in line with the Transfer Pricing Guidelines 2012 of Inland Revenue Board;

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 30 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. During the year, the Company closed its in-house internal audit function. Hence, the internal audit function is wholly outsourced to an independent professional firm, KPMG Management & Risk Consulting Sdn. Bhd., which reports directly to the Audit Committee. The out-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 2014 was RM50,880.

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 page 33 to 36 of this Annual Report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies and associate companies are disclosed in Notes 6 and 7 to the financial statements respectively.

There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Net profit for the financial year attributable to:		
Owners of the parent	2,230	256
Non-controlling interests	(614)	-
	1,616	256

Reserves and Provisions

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

Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

Issue of Shares and Debentures

There was no issuance of shares or debentures during the financial year.

Directors

The Directors in office since the date of the last report are:

Datuk Hj. Zainal Bin Hj. Shamsudin
Dato' Fong Kok Yong
Datuk Fong Kiah Yeow
Fong Ngan Teng
Fong Choon Kai
Datuk Ng Peng Hay @ Ng Peng Hong
Haji Baharom Bin Abd Wahab
Mohd Khasan Bin Ahmad
Ng Cheu Kuan (resigned on 29.1.2015)

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Warrant Reserves

The Warrants 2013/2018 were constituted under the Deed Poll dated 27 June 2013.

As at 31 December 2014, the total number of Warrants that remain unexercised were 27,765,052 (2013: 27,765,052).

Directors' Interests

The interests and deemed interests in the shares and warrants over shares of the Company and of its related corporations of those who were Directors at financial year end, according to the Register of Directors' Shareholdings are as follows:

	No. of ordinary shares of RM1.00 each			
	At 1.1.2014	**Acquired**	**Disposed**	**At 31.12.2014**
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Direct interest				
Dato' Fong Kok Yong	1,250,000	-	-	1,250,000
Datuk Fong Kiah Yeow	1,250,000	-	-	1,250,000
Fong Ngan Teng	1,250,000	-	-	1,250,000
Fong Choon Kai	1,250,000	-	-	1,250,000
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	108,000	-	-	108,000
Haji Baharom Bin Abd Wahab	4,500	-	-	4,500
Indirect interest				
Dato' Fong Kok Yong	21,463,805	-	-	21,463,805
Datuk Fong Kiah Yeow	21,463,805	-	-	21,463,805
Fong Ngan Teng	21,463,805	-	-	21,463,805
Fong Choon Kai	21,463,805	-	-	21,463,805

Directors' Interests (Cont'd)

	No. of Warrants 2013/2018			
	At 1.1.2014	Acquired	Disposed	At 31.12.2014
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Direct interest				
Dato' Fong Kok Yong	41	-	-	41
Datuk Fong Kiah Yeow	41	-	-	41
Fong Ngan Teng	41	-	-	41
Fong Choon Kai	41	-	-	41
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	21,600	-	-	21,600
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.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Other Statutory Information

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

(i) to ascertain that 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 allowance for doubtful debts was required; 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:

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

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) 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.

(c) 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 liability 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 than those arising in the normal course of business of the Group and of the Company.

(d) In the opinion of the Directors:

(i) no contingent liability 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 and of the Company to meet its obligations as and when they fall due;

(ii) the results of 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; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

Significant Event

The significant event is disclosed in Note 38 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, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2015.

DATO' FONG KOK YONG **DATUK FONG KIAH YEOW**

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 117 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 of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 118 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2015.

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 financial statements set out on pages 52 to 117 are to the best of my knowledge and belief, 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 at MELAKA in the State of)
Melaka on 20 April 2015) **DATUK FONG KIAH YEOW**

Before me,

NO: M 070 ZALINA BINTI ZAINUDDIN, BKT
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 as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 52 to 117.

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 judgement, including the assessment of risk 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 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 of 31 December 2014 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(b) to the financial statements which indicates that the Group and the Company reported accumulated losses of approximately RM32,052,000 (2013: RM34,282,000) and RM46,440,000 (2013: RM46,696,000) respectively. 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 cash flows 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 followings:

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

(b) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 118 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 Disclosures 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

The financial statements of the Company for the financial year 31 December 2013 were audited by another firm of auditors who expressed an unmodified opinion but included an emphasis of matter on those statements on 29 April 2014.

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.

UHY
Firm Number: AF 1411
Chartered Accountants

CHAN JEE PENG
Approved Number: 3068/08/16 (J)
Chartered Accountant

KUALA LUMPUR
20 April 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	136,537	140,113	275	284
Land use rights	5	61	142	-	-
Investment in subsidiary companies	6	-	-	78,451	78,466
Investment in associate companies	7	-	245	-	-
Quoted investments	8	-	25	-	-
Goodwill	9	2,302	2,302	-	-
Deferred tax assets	10	1,407	2,259	-	-
Land held for property development	11	782	1,229	-	-
		141,089	146,315	78,726	78,750
Current Assets					
Property development costs	12	17,215	18,019	-	-
Biological assets	13	9,288	13,762	-	-
Inventories	14	18,033	15,030	-	-
Accrued billing in respect of property development costs		3,293	7,036	-	-
Trade receivables	15	161,716	159,988	-	-
Other receivables	16	2,153	9,469	14	13
Amount due from subsidiary companies	17	-	-	17,162	15,612
Held-to-maturity investments	18	53,698	45,271	-	-
Tax recoverable		225	1,876	-	833
Deposits, bank and cash balances	19	6,753	4,170	3	3
Total Current Assets		272,374	274,621	17,179	16,461
Total Assets		413,463	420,936	95,905	95,211

STATEMENTS OF FINANCIAL POSITION

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> AS AT 31 DECEMBER 2014 (CONT'D) <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Equity and Liabilities Equity					
Share capital	20	61,083	61,083	61,083	61,083
Share premium	21	62,410	62,410	62,410	62,410
Other reserves	22	3,706	3,142	3,706	3,706
Accumulated losses		(32,052)	(34,282)	(46,440)	(46,696)
Equity attributable to owners of the parent		95,147	92,353	80,759	80,503
Non-controlling interests		5,505	6,580	-	-
Total Equity		100,652	98,933	80,759	80,503
Non-Current Liabilities					
Bank borrowings	23	61,057	60,490	-	-
Finance lease payables	24	3,532	4,095	-	-
Deferred tax liabilities	10	13,420	12,352	-	-
		78,009	76,937	-	-
Current Liabilities					
Trade payables	25	27,936	30,602	-	-
Other payables	26	19,220	21,309	195	453
Amount due to holding company	27	-	5,377	-	-
Amount due to subsidiary companies	17	-	-	12,536	8,495
Bank borrowings	23	184,604	183,105	2,415	5,760
Finance lease payables	24	1,778	2,363	-	-
Tax payable		1,264	2,310	-	-
Total Current Liabilities		234,802	245,066	15,146	14,708
Total Liabilities		312,811	322,003	15,146	14,708
Total Equity and Liabilities		413,463	420,936	95,905	95,211

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Continuing operations					
Revenue	28	418,426	455,381	-	2,500
Cost of sales		(362,262)	(389,690)	-	-
Gross profit		56,164	65,691	-	2,500
Other income		5,428	4,590	1,550	106
Administrative expenses		(22,532)	(23,614)	(456)	(2,540)
Selling and marketing expenses		(14,814)	(13,318)	-	-
Profit from operations		24,246	33,349	1,094	66
Finance costs	29	(18,813)	(20,982)	(583)	(897)
Share of losses in associate companies		-	(1,011)	-	-
Profit/(Loss) before taxation	30	5,433	11,356	511	(831)
Taxation	31	(3,817)	(7,052)	(255)	(500)
Net profit/(loss) for the financial year		1,616	4,304	256	(1,331)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operations		(461)	(182)	-	-
Total comprehensive income for the financial year		1,155	4,122	256	(1,331)
Net profit for the financial year attributable to:					
Owners of the parent		2,230	4,330	256	(1,331)
Non-controlling interests		(614)	(26)	-	-
		1,616	4,304	256	(1,331)
Total comprehensive income for the financial year attributable to:					
Owners of the parent		2,230	4,202	256	(1,331)
Non-controlling interests		(1,075)	(80)	-	-
		1,155	4,122	256	(1,331)
Earnings per share attributable to the owners of the parent (sen)					
Basic	32	3.7	7.5		
Diluted	32	3.7	7.5		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

Group	Attributable to Owners of the Parent						
	Non-distributable					Non-	
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated losses RM'000	Total RM'000	Controlling Interests RM'000	Total Equity RM'000
At 1 January 2014	61,083	62,410	3,142	(34,282)	92,353	6,580	98,933
Total comprehensive income for the financial year	-	-	564	2,230	2,794	(1,075)	1,719
At 31 December 2014	61,083	62,410	3,706	(32,052)	95,147	5,505	100,652

Group	Attributable to Owners of the Parent						
	Non-distributable					Non-	
	Share Capital RM	Share Premium RM	Other Reserves RM	Accumulated losses RM	Attributable equity holders of the parent RM	Controlling Interests RM	Total Equity RM
At 1 January 2013	55,530	62,641	(368)	(36,196)	81,607	6,660	88,267
Total comprehensive income for the financial year	-	-	(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
At 31 December 2013	61,083	62,410	3,142	(34,282)	92,353	6,580	98,933

STATEMENTS OF CHANGES IN EQUITY

	Non-distributable				
Company	**Share Capital RM'000**	**Share Premium RM'000**	**Other Reserve RM'000**	**Accumulated Losses RM**	**Total RM**
At 1 January 2014	61,083	62,410	3,706	(46,696)	80,503
Total comprehensive income for the financial year	-	-	-	256	256
At 31 December 2014	61,083	62,410	3,706	(46,440)	80,759
At 1 January 2013	55,530	62,641	-	(42,881)	75,290
Total comprehensive income for the financial year	-	-	-	(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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Operating Activities					
Profit/(Loss) before taxation from:		5,433	11,356	511	(831)
Adjustments for:					
Amortisation of Land use right		12	12	-	-
Depreciation of property, plant and equipment		9,994	9,384	9	10
Impairment losses on:					
Goodwill		-	2,160	-	-
Trade receivables		1,805	179	-	-
Other receivables		-	1,001	-	-
Investment in subsidiaries		-	-	-	100
Investment in associates		245	-	-	-
Capital contribution in subsidiaries		-	-	-	1,626
Quoted investments written off		25	-	-	-
Dividend income		-	-	-	(2,500)
Gain on disposal of property, plant property, plant and equipment		(137)	(206)	-	-
Gain on disposal of investment in associate company		(1,200)	-	-	-
Loss/(Gain) on disposal of investment in subsidiaries		44	-	(100)	-
Interest expense		18,813	20,982	583	897
Interest income		(1,467)	(1,337)	(67)	(106)
Property, plant and equipment written off		4	96	-	-
Reversal of impairment on:					
Trade receivables		(3)	(290)	-	-
Amount due from subsidiaries		-	-	(1,307)	-
Share of losses in associate companies		-	1,011	-	-
Unrealised foreign exchange loss		-	6	-	-
Decrease/(Increase) in working capital					
Property development costs		1,251	2,814	-	-
Biological assets		4,474	2,826	-	-
Inventories		(3,003)	1,329	-	-
Trade receivables		213	(21,298)	-	-
Other receivables		8,568	4,972	3,671	(6,589)
Trade payables		(2,666)	(758)	-	-
Other payables		(2,089)	(14,444)	(258)	2,750
		6,748	(24,559)	3,413	(3,839)
Cash generated from/(used in) operations		40,316	19,795	3,042	(4,643)
Interest received		1,467	1,337	-	106
Interest paid		(18,813)	(20,982)	(391)	(897)
Tax (paid)/refund		(1,292)	(1,463)	578	(396)
		(18,638)	(21,108)	187	(1,187)
Net cash from/(used in) operating activities		21,678	(1,313)	3,229	(5,830)

STATEMENTS OF CASH FLOWS

>>>>>>>>>>>>>>>>>>> FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014 (CONT'D) <<<<<<<<<<<<<<<<<<<

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash Flows From Investing Activities					
Additional investment in subsidiary companies		-	-	-	(15)
Proceeds from disposal of property, plant and equipment		323	402	-	-
Proceeds from disposal of investment in associate company		1,200	-	-	-
Increased in held-to-maturity investments		(8,427)	(9,796)	-	-
Net cash inflows from disposal of subsidiary companies	6(a)	81	-	115	-
Dividend received		-	-	-	2,500
Purchase of property, plant and equipment	4(d)	(5,014)	(1,108)	-	-
Net cash from/(used in) investing activities		(11,837)	(10,502)	115	2,485
Cash Flows From Financing Activities					
Drawdown of bank borrowings		-	8,350	-	-
Increase /(Decrease) in amount due to holding company		(5,377)	24	-	-
Proceeds from issue of private placement		-	6,775	-	6,775
Private placement expenses		-	(231)	-	(231)
Repayment of bank borrowings		(5,601)	(8,517)	(668)	(558)
Repayment of hire purchase payables		(3,947)	(2,362)	-	-
Increase in short tem borrowings		7,807	7,962	-	-
Net cash from/(used in) financing activities		(7,118)	12,001	(668)	5,986
Net increase in cash and cash equivalents		2,723	186	2,676	2,641
Effects of exchange rate changes		-	(182)	-	-
Cash and cash equivalents at beginning of the financial year		(15,928)	(15,932)	(4,988)	(7,629)
Cash and cash equivalents at the end of the financial year		(13,205)	(15,928)	(2,312)	(4,988)
Cash and cash equivalents at the end of the financial year comprise:					
Deposits, bank and cash balances		6,753	4,170	3	3
Bank overdrafts		(19,958)	(20,098)	(2,315)	(4,991)
		(13,205)	(15,928)	(2,312)	(4,988)

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

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies and associate companies are disclosed in Notes 6 and 7 respectively. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated in Malaysia under the Companies Act, 1965 and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at AG 5730, Alor Gajah Industrial Estate, 78000 Alor Gajah, Melaka.

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) Statement of Compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards and IC Interpretation

During the financial year, the Group and the Company have adopted the following amendments to FRSs and IC Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to FRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to FRS 119	Defined Benefits 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 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012–2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (cont'd)

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the 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* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2017. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2014 could be different if prepared under the MFRS Framework.

(b) Going concern assumption

During the current financial year, the Group and the Company reported accumulated losses of approximately RM32,052,000 (2013: RM34,282,000) and RM46,440,000 (2013: RM46,696,000) respectively. 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 cash flows 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.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and Company's functional currency and all values has been rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting judgements, estimates and assumptions

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

Judgements made in applying accounting policies

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are below:

(i) Useful lives of property, plant and equipment

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and reviews the useful lives of depreciable assets at end of each reporting period. At 31 December 2014, management assesses that the useful lives represent the expected utilisation of the assets to the Group. Actual results, however, may vary due to change in the business plan and strategies, expected level of usage and technological developments, resulting in adjustment to the Group's assets. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(ii) Property development costs

The Group recognises property development revenue and expenses in the statements of comprehensive income 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. Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(iii) Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience of assets with similar credit risk characteristics.

2. BASIS OF PREPARATION (CONT'D)

(d) Significant accounting judgements, estimates and assumptions (cont'd)

(iv) Impairment of goodwill on consolidation

The Group in determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of investment in subsidiary companies

The carrying values of investment in subsidiary companies and the related goodwill are reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(vi) Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

(vii) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expense in determining the Group wide provision for income taxes. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made.

(viii) Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 139 *Financial Instruments*: *Recognition and Measurement* either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss. See accounting policy Note 3(j)(i) to the financial statements on impairment of non-financial assets.

(v) Non-controlling interests

Non-controlling interest is the equity in a subsidiary company not attributable, directly or indirectly, to the parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary company's equity since the date of combination.

All earnings and losses of the subsidiary company are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

(vi) Associates companies

Associates are entities in which the Group has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in associates is initially at cost, and recognising the Group's share of its associates' post-acquisition results and its share of post-acquisition net results and other changes to comprehensive income against the carrying amount of the investments. When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate company.

When the Group ceases to have significant influence over an associate company, it is accounted for as a disposal of the entire interest in that associate, with a resulting gain or loss being recognised in profit or loss. Any retaining investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(vi) Associate companies (cont'd)

When the Group's interest in an associate reduces but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate company, unless the transaction provides evidence of an impairment of the asset transferred.

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

(b) Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date. Income and expenses items are translated at the average rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rate at the dates of the transactions are used. Exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in equity shall be reclassified to profit or loss when the gain or loss on disposal is recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment is in accordance with Note 3(j).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained profits.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. No depreciation is charged for freehold land and capital work-in-progress.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold land	Over the remaining lease
Buildings	50 years
Motor vehicles	5 to 10 years
Plant and machinery	5 to 20 years
Other assets	5 to 10 years

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(d) 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.

(e) Land and property development costs

(i) Land held for property development

Land held for property development consists of land held for future development activities where no development activities has been undertaken or where development activities are not expected to be completed within normal operating cycle. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(j).

Land held for property development is reclassified as current asset when the development activities have commenced or development activities are expected to commence within the period of twelve months after the end of financial year and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(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.

Property development costs shall be classified as non-current asset where no development activities have been carried out or development activities are not expected to commence within the period of twelve months after the end of financial year or where development activities are not expected to be completed within the normal operating cycle.

Property development costs shall be reclassified to current asset when the development activities have been commenced or development activities are expected to commence within the period of twelve months after the end of financial year or where the activities are expected to be completed within the normal operating cycle.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Land and property development costs (cont'd)

(ii) Property development costs (cont'd)

When the financial outcome of development activity can be reliably estimated, property development revenue and expenses are recognised in the statements of comprehensive income by using the stage of completion. 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.

When 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 units 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 shall be recognised as an expense immediately.

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

When the revenue recognised in the statements of comprehensive income exceeds billings to purchasers, the balance is shown as accrued billings under current assets. When the billings to purchasers exceed the revenue recognised in the statement of comprehensive income, the balance is shown as progress billings under current liabilities.

(f) 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).

(g) Financial assets

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

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

The Group and the Company classifies its financial assets depends on the purpose for which it was acquired at initial recognition, into the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (cont'd)

(i) Loans and receivables (cont'd)

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group and the Company have the positive intention and ability to hold to maturity. They are classified as non-current assets, except for those having maturity within 12 months after the end of the reporting period which are classified as current.

After initial recognition, financial assets categorised as held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when held-to-maturity investments are derecognised or impaired, and though the amortisation process.

(iii) Available for sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

(iv) Regular way purchase or sale of financial assets

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

(v) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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:

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

(ii) 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.

(iii) 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 the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits and sinking funds account pledged to secure banking facilities, if any.

(j) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting period, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exists. An 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 asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than those at fair value through profit or loss, investment in subsidiary company and investment on associate company, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment 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) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

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

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline of fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss is reclassified from equity to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Impairment losses on available-for-sale equity investment that is carried at cost are not reversed in profit or loss in the subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss, if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(k) Share capital

(i) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as deduction from share premium, otherwise, it is charged to the statement of comprehensive income.

Dividends on ordinary shares, when declared or proposed by the Director of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

(l) Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when the Group and the Company becomes a party to the contractual provisions of the financial instrument.

All financial liabilities are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method, other than those categorised as fair value through profit or loss. Changes in the carrying value of these liabilities are recognised in the profit or loss.

The Group and the Company classifies its financial liabilities at initial recognition, into the following categories:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, derivative (except for financial guarantee contracts or a designated and effective hedging instrument) and financial liabilities designated into this category upon initial recognition.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other liabilities measured at amortised cost

Other financial liabilities are non-derivatives financial liabilities. The Group's and the Company's other financial liabilities comprise trade and other payables and borrowings. Other financial liabilities are classified as current liabilities; except for maturities more than 12 months after the end of the reporting period, in which case they are classified as non-current liabilities.

Other liabilities are subsequently measured at amortised cost using the effective interest 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 amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial liabilities (cont'd)

(iii) Derecognition of financial liabilities

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(m) 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 asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases 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. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

(n) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) 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:

(i) 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 goods.

(ii) Sale of development properties
Revenue from sale of development properties is accounted for by the stage of completion method. The stage of completion is determined based on the total actual costs incurred to date over the estimated total property development costs.

(iii) Interest income
Interest income is recognised on accruals basis using the effective interest method.

(iv) Management fee
Management fee are recognised when services are rendered.

(v) Dividend income
Dividend income is recognised when the shareholder's right to receive payment is established.

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income taxes (cont'd)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Employee benefits

(i) Short term employee 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 of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Cost							
At 1 January 2014	24,243	3,666	86,803	151,741	20,979	13,336	300,768
Additions	1,250	-	3,947	482	1,719	415	7,813
Disposal of subsidiaries	-	-	(1,119)	(2,808)	(371)	(392)	(4,690)
Disposals	-	-	-	-	(674)	(221)	(895)
Written off	-	-	-	(436)	(262)	(10)	(708)
Reclassification	-	-	-	803	-	(803)	-
Transfer to land held for property devlopment	(782)	-	-	-	-	-	(782)
At 31 December 2014	24,711	3,666	89,631	149,782	21,391	12,325	301,506
Accumulated depreciation							
At 1 January 2014	-	823	40,157	94,051	14,922	10,702	160,655
Charge for the financial year	-	28	2,702	5,131	1,690	443	9,994
Disposal of subsidiaries	-	-	(1,118)	(2,387)	(371)	(391)	(4,267)
Disposals	-	-	-	-	(489)	(220)	(709)
Written off	-	-	-	(436)	(262)	(6)	(704)
At 31 December 2014	-	851	41,741	96,359	15,490	10,528	164,969
Carrying amount							
At 31 December 2014	24,711	2,815	47,890	53,423	5,901	1,797	136,537

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Land and buildings RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Cost							
At 1 January 2013	24,243	3,666	86,088	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	24,243	3,666	86,803	151,741	20,979	13,336	300,768
Accumulated depreciation							
At 1 January 2013	-	770	37,258	89,268	15,355	10,461	153,112
Charge for the financial year	-	53	2,899	4,783	1,342	307	9,384
Disposals	-	-	-	-	(1,570)	(1)	(1,571)
Written off	-	-	-	-	(205)	(65)	(270)
At 31 December 2013	-	823	40,157	94,051	14,922	10,702	160,655
Carrying amount							
At 31 December 2013	24,243	2,843	46,646	57,690	6,057	2,634	140,113

Company	Buildings RM'000	Office Equipment RM''000	Total RM'000
Cost			
At 1 January /31 December 2014	410	246	656
Accumulated depreciation			
At 1 January 2014	126	246	372
Charge for the financial year	9	-	9
At 31 December 2014	135	246	381
Carrying amount			
At 31 December 2014	275	-	275

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings RM'000	Office Equipment RM''000	Total RM'000
Cost			
At 1 January /31 December 2013	410	246	656
Accumulated depreciation			
At 1 January 2013	118	244	362
Charge for the financial year	8	2	10
At 31 December 2013	126	246	372
Carrying amount			
At 31 December 2013	284	-	284

a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tube well, renovations and improvements and capital work-in-progress. The cost of assets under capital work-in-progress herein amounts to RM660,000 (2013: RM660,000).

b) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements are:

	Group	
	2014 RM'000	2013 RM'000
Land and buildings	61,256	63,098
Plant and machinery	33,161	35,368
Other assets	907	1,009
	95,324	99,475

c) Assets held under financial leases

The net carrying amount of leased plant and machinery of the Group is as follows:

	Group	
	2014 RM'000	2013 RM'000
Motor vehicles	3,456	4,810
Plant and machinery	1,481	2,390
	4,937	7,200

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

d) The aggregate additional cost for the property, plant and equipment of the Group during the financial year acquired under finance lease arrangement, term loan financing and cash payment are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Aggregate costs	7,813	4,303
Less: Hire purchase financing	(2,799)	(3,195)
Cash payments	5,014	1,108

5. LAND USE RIGHTS

	Group	
	2014	**2013**
	RM'000	**RM'000**
Cost		
At 1 January	191	191
Disposal of subsidiary	(69)	-
At 31 December	122	191
Accumulated amortisation		
At 1 January	49	37
Amortisation for the year	12	12
At 31 December	61	49
Carrying amount		
At 31 December	61	142

Land use rights have been pledged to secure the bank borrowings as disclosed in Note 23.

6. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost		
At 1 January	116,704	115,063
Acquisition during the year	-	15
Capital contribution	-	1,626
Disposal during the year	(115)	-
At 31 December	116,589	116,704
Accumulated impairment losses		
At 1 January	38,238	36,512
Impairment on contribution	-	1,626
Impairment for the year	-	100
Reversal of impairment	(100)	-
At 31 December	38,138	38,238
	78,451	78,466

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	Effective interest 2013 %	Principal activities
Held by the Company				
Sinmah Livestocks Sdn. Bhd.	Malaysia	100	100	Contract farming and trading of chicken feeds, day old chicks and vaccines.
Sinmah Multifeed Sdn. Bhd.	Malaysia	99.99	99.99	Wholesale of chicken feeds
Sinmah Egg Products Sdn. Bhd.	Malaysia	100	100	Investment holding
Farm's Best Food Industries Sdn. Bhd.	Malaysia	100	100	Poultry processing, contract farming, marketing and distribution of poultry products
Sinmah Development Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Breeders Sdn. Bhd.	Malaysia	100	100	Poultry breeding and hatchery operations
Sinmah Ventures Sdn. Bhd.*	Malaysia	-	100	Investment holding
Lynbridge Sdn. Bhd.*	Malaysia	-	100	Dormant
Farm's Best (Cambodia) Co., Ltd.*	Cambodia	-	100	Dormant

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows (cont'd):

Name of company	Country of incorporation	Effective interest 2014 %	2013 %	Principal activities
Held by the Company				
Joint Farming Sdn. Bhd.	Malaysia	58.91	58.91	Dormant
Bersatu Segar Sdn. Bhd.	Malaysia	100	100	Trading of feeds, medication and poultry farming
Dee Huat Farming Trading Sdn. Bhd.	Malaysia	100	100	Dormant
Chem Ventures Sdn. Bhd.	Malaysia	100	100	Trading of chemicals, medication and related equipment
Syarikat Perniagaan Suann Sdn. Bhd.	Malaysia	51	51	Trading of feeds, medication and poultry farming
Held by the Joint Farming Sdn. Bhd.				
Joint Food Proccessing Sdn. Bhd.	Malaysia	60	60	Dormant
Held by Syarikat Perniagaan Suann Sdn. Bhd.				
Suann Food Processors Sdn. Bhd.	Malaysia	100	100	Dormant
Held by Sinmah Multifeed Sdn. Bhd.				
Premier Broilers Sdn. Bhd.*	Malaysia	-	100	Dormant
Held by Sinmah Egg Products Sdn. Bhd.				
Sinmah Poultry Farm Sdn. Bhd.	Malaysia	100	100	Poultry farming and investment holding
Held by Farm's Best Food Industries Sdn. Bhd.				
SM Broilers Sdn. Bhd.	Malaysia	100	100	Contract farming, marketing and distribution of poultry products
Held by Sinmah Poultry Farm Sdn. Bhd. and SM Broilers Sdn. Bhd.				
Farm's Best Eggmart Sdn. Bhd.*	Malaysia	-	100	Dormant

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows (cont'd):

Name of company	Country of incorporation	Effective interest 2014 %	2013 %	Principal activities
Held by Sinmah Development Sdn. Bhd.				
Realtemas Realty Sdn. Bhd.	Malaysia	100	100	Property development
Cosmal Enterprise Sdn. Bhd.	Malaysia	100	100	Property development
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services
Held by Sinmah Ventures Sdn. Bhd.				
FB Food (Nanjing) Pte. Ltd.*	People's Republic of China	-	100	International trade, import and export of poultry products, value-added production and sales and marketing
Chix Unlimited Inc.*	Philippines	-	51	Hatchery operations

*not audited by UHY

(a) Disposal of subsidiary companies

During the financial year, the Group re-organised its internal group structure:

(i) On 30 April 2014, the Company transferred its entire shareholdings in FARM'S BEST (Cambodia) Co., Ltd. to a subsidiary company, Sinmah Ventures Sdn. Bhd.

(ii) On 30 April 2014, a subsidiary company, Sinmah Multifeed Sdn. Bhd. transferred its entire shareholdings in Premier Broilers Sdn. Bhd. to a subsidiary company, Lynbridge Sdn. Bhd.

(iii) On 30 April 2014, 2 subsidiary companies, SM Broilers Sdn. Bhd. and Sinmah Poultry Farm Sdn. Bhd. transferred their entire shareholding in Farm's Best Eggmart Sdn. Bhd. to a subsidiary company, Lynbridge Sdn. Bhd.

During the financial year, the Group completed the following disposals:

i) On 18 June 2014, the Company entered into Share Sale and Purchase agreement to dispose of its entire shareholdings in Lynbridge Sdn. Bhd. ('LSB') for a total cash consideration of RM2. Upon completion of the disposal, LSB and its wholly owned subsidiaries, Premier Broilers Sdn. Bhd. and Farm's Best Eggmart Sdn. Bhd. and associated company, SMNS Rubber Holdings Sdn. Bhd. ceased to be subsidiaries and associates of the Group.

ii) On 27 August 2014, the Company entered into Share Sale and Purchase agreement to dispose of its entire shareholdings in Sinmah Ventures Sdn. Bhd. ('SVSB') for a total cash consideration of RM100,000. Upon completion of the disposal, SVSB and its wholly owned subsidiaries, FB Food (Nanjing) Pte. Ltd., Chix Unlimited Inc. and FARM'S BEST (Cambodia) Co., Ltd. and its associated company, SM Enterprise (Nanjing) Pte. Ltd. ceased to be subsidiaries and associates of the Group.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Disposal of subsidiary companies (cont'd)

The effect of the disposal on the financial results of the Group in respect of the financial year is as follows:

	Group 2014 RM'000	Group 2013 RM'000
Revenue	897	-
Other income	2	-
Operating expenses	(903)	-
Loss from operation	(4)	-
Finance costs	(10)	-
Loss before taxation	(14)	-
Taxation	(12)	-
Net loss for the financial year	(26)	-

The assets and liabilities arising from the disposal of subsidiary companies are as follows:

	Group 2014 RM'000	Group 2013 RM'000
Property, plant and equipment	309	-
Prepaid lease payments	37	-
Inventories	526	-
Trade receivables	2,099	-
Other receivables	675	-
Cash and bank balances	19	-
Foreign exchange reserve	129	-
Tax payables	(39)	-
Trade payables	(1,883)	-
Other payables	(1,376)	-
Net assets	496	-
Less: Non-controlling interests	(352)	-
	144	-
Loss on disposal of investment in subsidiary companies	(44)	-
	100	-

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Disposal of subsidiary companies (cont'd)

The cash inflow arising from the disposal is as follows:

	Group 2014 RM'000	Group 2013 RM'000
Disposal proceeds settled by cash	100	-
Less: Cash and cash equivalents of subsidiary companies disposed	(19)	-
Net cash inflow from disposal of investment in subsidiary companies	81	-

(b) Non-controlling interests

The summarised financial information on subsidiary companies with material non-controlling interests ("NCI") is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2014 %	2013 %	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Syarikat Perniagaan Suann Sdn. Bhd.	49	49	262	288	241	(21)
Joint Farming Sdn. Bhd.	41.09	41.09	(523)	(14)	4,643	5,166
Individually immaterial subsidiaries with non-controlling interests					621	1,435
Total non-controlling interests					5,505	6,580

The summarised financial information for each subsidiary that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amount before inter-company eliminations.

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Non-controlling interests (cont'd)

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total assets	5,945	5,524	11,309	12,699
Total liabilities	(13,316)	(13,433)	(6)	(126)
Net (liabilities)/assets	(7,371)	(7,909)	11,303	12,573
Equity attributable to owners of the parent	(7,612)	(7,888)	6,660	7,407
Non-controlling interests	241	(21)	4,643	5,166
	(7,371)	(7,909)	11,303	12,573
Revenue	37,119	35,516	-	-
(Loss)/Profit before taxation	537	588	(1,268)	(34)
Taxation	-	-	(2)	-
Net (loss)/profit for the financial year	537	588	(1,270)	(34)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	537	588	(1,270)	(34)
Net cash generated from/(used in) operating activities	(120)	180	(35)	(12)
Net cash used in investing activities	(99)	(44)	1,200	8
Net cash generated from/(used in) financing activities	(6)	-	-	-
Net increase/(decrease) in cash and cash equivalents	(225)	136	1,165	(4)

7. INVESTMENT IN ASSOCIATE COMPANIES

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares in Malaysia, at cost	-	5,646
Share of post acquisition reserves	-	(5,401)
	-	245

7. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

Details of the associate companies are as follows:

Name of company	Country of incorporation	Effective interest 2014 %	2013 %	Principal activities
Held by Sinmah Ventures Sdn. Bhd.				
S.M. Enterprise (Nanjing) Pte. Ltd	People's Republic of China	-	50	Dormant
Held by Lynbridge Sdn. Bhd				
SMNS Rubber Holdings Sdn. Bhd	Malaysia	-	49.9	Management of rubber small holdings
Held by Joint Farming Sdn. Bhd				
Ban Yen Sdn. Bhd	Malaysia	-	30.77	Poultry breeding and hatchery operations. Temporarily cease operation in prior years.

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

** The Group holds a 50% voting share in S.M. Enterprise (Nanjing) Pte. Ltd. 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.

During the financial year, the Group completed the following disposals:

i) As disclosed in Note 6(a)(i), the Group disposed of the subsidiaries of which directly held the associates, S.M. Enterprise (Nanjing) Pte. Ltd. and SMNS Rubber Holdings Sdn. Bhd. Upon completion of the disposals, they ceased to be subsidiaries and associates of the Group.

ii) On 19 August 2014, a subsidiary of the Company, Joint Farming Sdn. Bhd. entered into Share Sale agreement to dispose of its entire shareholdings in Ban Yen Sdn. Bhd. for a total cash consideration of RM1,200,000.

7. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

Summarised financial information of the Group's material associates S.M. Enterprise (Nanjing) Pte. Ltd., SMNS Rubber Holdings Sdn. Bhd. and Ban Yen Sdn. Bhd. 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets and liabilities								
Non-current assets	-	-	-	-	-	1,129	-	1,129
Current assets	-	490	-	7	-	11	-	508
Total assets	-	490	-	7	-	1,140	-	1,637
Non-current liabilities	-	-	-	-	-	919	-	919
Current liabilities	-	-	-	9	-	1,932	-	1,941
Total liabilities	-	-	-	9	-	2,851	-	2,860
Net assets	-	490	-	(2)	-	(1,711)	-	(1,223)
Results								
Revenue	-	-	-	4	-	3,601	-	3,605
Net loss for the year	-	(1)	-	(1,045)	-	(3,304)	-	(4,350)

The unrecognised share of losses of the associate companies is as follows:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	-	-
Additions during the financial year	-	528
At 31 December	-	528

8. OTHER INVESTMENTS

	Group	
	2014 RM'000	2013 RM'000
Financial assets at fair value through profit or loss		
Shares quoted in Malaysia	-	25

9. GOODWILL

	Group 2014 RM'000	Group 2013 RM'000
Cost		
At 1 January / 31 December	19,660	19,660
Accumulated impairment losses		
At 1 January	17,358	15,198
Impairment for the year	-	2,160
At 31 December	17,358	17,358
Net carrying amount	2,302	2,302

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

	Group 2014 RM'000	Group 2013 RM'000
Poultry Division		
Sinmah Breeders Sdn. Bhd.	38	38
Housing Development		
Sinmah Development Sdn. Bhd.	2,264	2,264
Net carrying amount	2,302	2,302

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 extrapolated cash flows for the five year period and pre-tax discount rated applied to the cash flow projections are as follows:

	Poultry Division		Housing Division	
	2014	2013	2014	2013
Growth rate	5%	5%	-	-
Budgeted gross margins	10%	10%	11%	11%
Pre-tax discount rate	10%	10%	10%	10%

9. GOODWILL (CONT'D)

Impairment testing of goodwill (cont'd)

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 of the industry 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 budgeted period for the anticipated efficiency improvements.

Pre-tax discount rates -The discount rate calculations 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 publically available market data.

Market share assumptions - When using industry data for growth rate (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 depended upon, to be stable over the budget period.

Impairment losses recognised

During the financial year, impairment losses of Nil (2013: RM2,160,000) were recognised.

10. DEFERRED TAX (ASSETS)/LIABILITIES

	Group	
	2014 RM'000	2013 RM'000
At 1 January	10,093	6,168
Recognised in profit or loss	1,920	3,925
At 31 December	12,013	10,093

The deferred tax assets and liabilities shown on the statement of financial position before the appropriate offsetting are as follows:

	Group	
	2014 RM'000	2013 RM'000
Deferred tax assets	(1,407)	(2,259)
Deferred tax liabilities	13,420	12,352
	12,013	10,093

10. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows:

	Property, plant and equipment RM'000	Unutilised tax losses and capital allowance RM'000	Unabsorbed reinvestment allowance RM'000	Others RM'000	Total RM'000
At 1 January 2014	18,312	(4,652)	(1,712)	(1,855)	10,093
Recognised in profit and loss	(1,353)	603	815	1,855	1,920
At 31 December 2014	16,959	(4,049)	(897)	-	12,013
At 1 January 2013	19,891	(7,094)	(2,188)	(4,441)	6,168
Recognised in profit and loss	(1,579)	2,442	476	2,586	3,925
At 31 December 2013	18,312	(4,652)	(1,712)	(1,855)	10,093

Deferred tax assets have not been recognised in respect of the following temporary difference due to uncertainty of its recoverability:

	Group	
	2014 RM'000	2013 RM'000
Unutilised tax allowance capital allowances	91,528	78,757
Unabsorbed reinvestment allowances	7,746	7,746
Others	-	30
	99,274	86,533

11. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Group			
Cost			
At 1 January 2013	-	5,102	5,102
Transfer to property development costs	-	(3,873)	(3,873)
At 31 December 2013/1 January 2014	-	1,229	1,229
Transfer from property, plant and equipment	782	-	782
Transfer to property development costs	-	(1,229)	(1,229)
At 31 December 2014	782	-	782

12. PROPERTY DEVELOPMENT COSTS

	Freehold Land RM'000	Leasehold Land RM'000	Development Costs RM'000	Total RM'000
2014				
Cumulative property development costs				
At 1 January	462	5,304	35,799	41,565
Transfer from land held for property development	-	1,229	-	1,229
Cost incurred during the year	5	240	20,249	20,494
Reversal of completed projects	(245)	(405)	(5,108)	(5,758)
At 31 December	222	6,368	50,940	57,530
Cumulative costs recognised in profit or loss				
At 1 January	-	(1,631)	(21,915)	(23,546)
Recognised during the year	-	(2,606)	(19,676)	(22,282)
Reversal of completed projects	-	405	5,108	5,513
At 31 December	-	(3,832)	(36,483)	(40,315)
Property development costs as at 31 December 2014	222	2,536	14,457	17,215
2013				
Cumulative property development costs				
At 1 January	581	2,139	24,834	27,554
Transfer from inventories	242	-	-	242
Transfer from land held for property development	-	3,873	-	3,873
Cost incurred during the year	-	-	20,503	20,503
Reversal of completed projects	(361)	(708)	(9,538)	(10,607)
At 31 December	462	5,304	35,799	41,565
Cumulative costs recognised in profit or loss				
At 1 January	(361)	(1,185)	(9,048)	(10,594)
Recognised during the year	-	(1,133)	(22,176)	(23,309)
Transfer from inventories	-	(21)	(229)	(250)
Reversal of completed projects	361	708	9,538	10,607
At 31 December	-	(1,631)	(21,915)	(23,546)
Property development costs as at 31 December 2013	462	3,673	13,884	18,019

The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 23.

13. BIOLOGICAL ASSETS

	Group	
	2014 RM'000	2013 RM'000
At cost		
Hatching eggs	1,817	1,819
At cost less amortisation		
Layers	16	4,068
Breeders	7,455	7,875
	9,288	13,762

14. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
At cost		
Raw materials, medical supplies and chemicals	3,407	4,480
Processed chickens	8,750	5,949
Trading eggs	12	85
Consumable supplies	4,426	3,295
Completed houses and shops	466	141
Ingredient stocks and others	972	1,080
	18,033	15,030

15. TRADE RECEIVABLE

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	183,919	185,239	-	-
Less: Accumulated impairment	(22,203)	(25,251)	-	-
	161,716	159,988	-	-

Trade receivables are non-interest bearing and are generally on 30 to 120 (2013: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

15. TRADE RECEIVABLE (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	25,251	25,432
Impairment during the financial year	1,805	179
Reversal of impairment	(3)	(290)
Written off	(4,850)	(70)
At 31 December	22,203	25,251

Analysis of the trade receivables ageing at the end of the financial year is as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Neither past due nor impaired	78,689	81,326
Past due less than 30 days not impaired	16,530	22,092
Past due for 31-60 days not impaired	22,362	7,271
Past due for more than 60 days not impaired	44,135	49,299
	83,027	78,662
	161,716	159,988
Impaired	22,203	25,251
	183,919	185,239

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

As at 31 December 2014, trade receivables of RM83,027,000 (2013: RM78,662,000) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM22,203,000 (2013: RM25,251,000), relates to customers that are in financial difficulties, have defaulted on payments and / or have on the billings. These balances are expected to be recovered through the debts recovery process.

16. OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivable	1,134	5,705	-	-
Prepayments	352	1,697	6	5
Refundable deposits	1,875	3,275	8	8
	3,361	10,677	14	13
Less: Accumulated impairment	(1,208)	(1,208)	-	-
	2,153	9,469	14	13

Movement in the allowance for impairment losses of other receivable are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	1,208	2,033	-	-
Impairment during the financial year	-	1,001	-	-
Written off	-	(1,826)	-	-
At 31 December	1,208	1,208	-	-

17. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Company	
	2014 RM'000	2013 RM'000
Amount due from subsidiary companies		
Non-interest bearing and non trade related	17,162	16,919
Less: Accumulated impairment losses	-	(1,307)
	17,162	15,612
Amount due to subsidiary companies		
Non-interest bearing and non trade related	12,536	8,495

Amount due from/(to) subsidiaries companies are non-interest bearing, unsecured and repayable on demand.

18. 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	
	2014 RM'000	2013 RM'000
Deposits with licensed commercial banks	53,698	45,271

The weighted average effective interest rates of held-to-maturity investments are ranging from 3.04% to 3.15% (2013: 3.04%). The maturity period of held-to-maturity investments is 365 days (2013: 365 days).

Deposits with licensed financial institutions of the Group are pledged to secure banking facilities granted to the Group as disclosed in Note 23.

19. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	5,545	4,170	3	3
Deposits with licensed banks	1,208	-	-	-
	6,753	4,170	3	3

Included in cash and bank balances of the Group is an amount of RM2,862,162 (2013: RM994,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

Deposits with licensed bank have maturity periods of 1 month (2013: Nil) and earned interest at effective interest rate of 3.1% (2013: Nil).

20. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	2014 Unit	2013 Unit	2014 RM	2013 RM
Ordinary shares of RM1.00 each				
Authorised	500,000	500,000	500,000	500,000
Issued and fully paid				
At 1 January	61,083	55,530	61,083	55,530
Private share placement	-	5,553	-	5,553
At 31 December	61,083	61,083	61,083	61,083

20. SHARE CAPITAL (CONT'D)

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.

21. 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	
	2014 RM'000	2013 RM'000
Non-distributable		
At 1 January	62,410	62,641
Private share placement	-	1,222
Share issuance expenses	-	(231)
Issuance of warrants	-	(1,222)
At 31 December	62,410	62,410

22. OTHER RESERVES

a) Foreign currency translation reserve

The foreign currency translation reserve represents 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) Warrant reserve

Warrant reserve represents reserve allocated to free detachable warrants issued with existing and new issue of Company's shares.

In the financial year 2013, the Company

i) issued 11,106,052 free warrants on the basis of one (1) free warrant for every five (5) existing ordinary shares of RM1.00 each in the Company.

ii) issued 5,553,000 ordinary shares of RM1.00 each in the Company by way of a private placement together with 16,659,000 free detachable warrants on the basis of three (3) warrants for every one (1) placement share issued.

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. 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.

22. OTHER RESERVES (CONT'D)

b) Warrant reserve (cont'd)

The new ordinary shares allotted and issued upon exercise of the Warrants shall rank pari passu in all respects with the then existing ordinary shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new ordinary shares arising from exercise of the Warrants.

As at 31 December 2014, the total number of Warrants that remain unexercised was 27,765,052 (2013: 27,765,052).

23. BANK BORROWINGS

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Secured				
Bank overdrafts	19,958	20,098	2,315	4,991
Banker's acceptance	38,244	28,872	-	-
Revolving credits	116,944	116,961	-	-
Term loans	64,413	70,014	100	769
Trust receipt	6,102	7,650	-	-
	245,661	243,595	2,415	5,760
Analysed as				
Repayable within twelve months				
Bank overdrafts	19,958	20,098	2,315	4,991
Banker's acceptance	38,244	28,872	-	-
Revolving credits	116,944	116,961	-	-
Term loans	3,356	9,524	100	769
Trust receipt	6,102	7,650	-	-
	184,604	183,105	2,415	5,760
Repayable after twelve months				
Term loans	61,057	60,490	-	-
Total bank borrowings	245,661	243,595	2,415	5,760

The bank overdrafts, banker's acceptance, revolving credits, term loans and trust receipts are secured by the following:

a) Fixed and floating charges over certain assets and also negative pledges over the assets of the Group. The borrowings of the subsidiaries are additionally guaranteed by the Company.

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

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

d) 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.

23. BANK BORROWINGS (CONT'D)

Range of interest rates during the financial year is as follows:

	Group		Company	
	2014	2013	2014	2013
	%	%	%	%
Bank overdrafts	9.40	9.15	9.40	9.15
Banker's acceptance	5.10	4.83	-	-
Revolving credits	8.35	8.10	-	-
Term loans	8.33	8.08	8.33	8.08
Trust receipt	9.35	9.10	-	-

24. FINANCE LEASE PAYABLES

	Group	
	2014	2013
	RM'000	RM'000
(a) Minimum lease payments:		
Within one year	2,153	2,734
Between one and five years	1,667	1,880
After five years	2,085	2,518
	5,905	7,132
Less: Future finance charges	(595)	(674)
Present value of minimum lease payments	5,310	6,458
(b) Present value of minimum lease payments:		
Within one year	1,778	2,363
Between one and five years	1,324	1,691
After five years	2,208	2,404
	5,310	6,458
Analysed as:		
Repayable within twelve months	1,778	2,363
Repayable after twelve months	3,532	4,095
	5,310	6,458

The hire purchase liabilities interest are charges at rates ranging from 2.40% to 4.75% (2013: 2.40% to 4.75%) per annum.

25. TRADE PAYABLE

	Group	
	2014	2013
	RM'000	RM'000
Trade payables	26,190	29,170
Retention sum	1,746	1,432
	27,936	30,602

Trade payables are non-interest bearing and are normally settled on 30 to 90 (2013: 30 to 90) day terms. Other credit terms are negotiated with the trade payables.

26. OTHER PAYABLE

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Other payables	11,370	13,048	72	330
Accruals	7,850	8,261	123	123
	19,220	21,309	195	453

27. AMOUNT DUE TO HOLDING COMPANY

Amount due to holding company is non-interest bearing, unsecured and repayable on demand.

28. REVENUE

	Group		Company	
Continuing operations	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Sales of goods	395,105	428,922	-	-
Sales of completed houses and development revenue	23,321	26,459	-	-
Dividend from subsidiary companies	-	-	-	2,500
	418,426	455,381	-	2,500

29. FINANCE COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest expenses on:				
Bank overdrafts	2,406	1,829	363	595
Bankers' acceptance	1,615	1,898	-	-
Term loans	4,141	6,660	28	85
Obligations under finance leases	360	358	-	-
Revolving credits	9,523	9,460	-	-
Trust receipts	587	727	-	-
Others	181	50	-	-
Interest recouped by subsidiaries	-	-	192	217
	18,813	20,982	583	897

30. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Auditors' remuneration				
- statutory				
- current year	187	202	15	15
- underprovision in prior year	105	27	61	4
- others	-	41	-	41
Impairment loss on				
- investment in subsidiaries	-	-	-	100
- capital contribution in subsidiaries	-	-	-	1,626
- goodwill	-	2,160	-	-
- trade receivables	1,805	179	-	-
- other receivables	-	1,001	-	-
- investment in associates	245	-	-	-
Depreciation and amortisation:				
- property, plant and equipment	9,994	9,384	9	10
- land use rights	12	12	-	-
Employee benefits expenses (Note 33)	25,969	29,045	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(137)	(206)	-	-
- subsidiary companies	44	-	(100)	-
- associate company	(1,200)	-	-	-
Loss on foreign exchange:				
- unrealised	-	6	-	-
- realised	-	41	-	-

30. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum operating lease payments:				
- land and buildings	556	448	-	-
- plant and machinery	-	1,661	-	-
- motor vehicles	-	184	-	-
Non-executive director remuneration	108	108	108	108
Property, plant and equipment written off	4	96	-	-
Quoted investment written off	25	-	-	-
Reversal of impairment losses of				
- trade receivables	(3)	(290)	-	-
- amount due from subsidiaries	-	-	(1,307)	-

31. TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	2,083	2,860	-	500
- Under/(Over)provision in prior year	(186)	267	255	-
	1,897	3,127	255	500
Deferred tax (Note 10):				
Origination and reversal of temporary differences	1,677	2,185	-	-
Underprovision in prior year	243	1,740	-	-
	1,920	3,925	-	-
	3,817	7,052	255	500

Malaysian income tax is calculated at the statutory rate of 25% (2013: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

31. TAXATION (CONT'D)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before taxation	5,433	11,356	636	(831)
Taxation at statutory tax rate of 25% (2013: 25%)	1,400	2,839	200	(208)
Income not subject to tax	-	(14)	(371)	-
Expenses not deductible for tax purposes	2,360	3,473	171	708
Share of results of associates	-	253	-	-
Effects of tax relief	-	(5)	-	-
Utilisation of previously unrecognised deferred tax assets	-	(1,501)	-	-
Underprovision in prior year				
- current tax	(186)	267	255	-
- deferred tax	243	1,740	-	-
Tax expense for the financial year	3,817	7,052	255	500

32. EARNINGS PER SHARE

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2014	2013
Profit attributable to ordinary shareholders (RM'000)	2,230	4,330
Weighted average number of ordinary shares in issue (in thousands of shares)*	61,083	57,949
Basic earnings per ordinary share (in sen)	3.7	7.5

* The weighted average number of ordinary shares takes into account the weighted average effect of changes in share capital in year 2013.

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

33. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages and other emoluments	21,353	25,491	108	108
Defined contribution plan	2,037	2,439	-	-
Other benefits	2,579	1,115	-	-
Total staff costs for financial year	25,969	29,045	108	108

Included in the employee benefits expenses is aggregate amount of remuneration received and receivable by the Executive Director of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive Directors				
Existing Directors of the Company				
Salary and other emoluments	2,661	2,685	-	-
Defined contribution plans	308	318	-	-
Estimated money value of benefit-in-kind	3	4	-	-
	2,972	3,007	-	-
Existing Directors of subsidiary companies				
Salary and other emoluments	353	346	-	-
Defined contribution plans	42	40	-	-
	395	386	-	-

34. RELATED PARTY DISCLOSURE

(a) Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its holding Company, subsidiary companies, associates and key management personnel.

34. RELATED PARTY DISCLOSURE (CONT'D)

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under normal trade terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant party transaction of the Group and the Company are as follows:

	2014 RM'000	2013 RM'000
Group		
Transaction with holding company:		
Advance from holding company	-	10,606
Repayment to holding company	(5,377)	(10,582)
Transaction with other related company		
Rental paid to a director of a susidiary	9	36
Company		
Transaction with subsidiary companies		
Advances from subsidiaries	2,745	881
Advances to subsidiaries	(182)	(84)
Repayment through contra within subsidiaries	(121)	-
Payments on behalf of subsidiaries	(218)	(6,652)
Payments on behalf by subsidiaries	1,204	1,388
Gross dividend from subsidiaries	-	2,500
Interest recouped from subsidiaries	(192)	(217)
Interest recouped by subsidiary	67	106
Allocation of centralised service cost by subsidiaries	-	390

(c) Compensation of key management personnel

Remuneration of Directors and key management personnel are as follows:

	Group	
	2014 RM'000	2013 RM'000
Salary, fees and other emoluments	3,014	3,031
Defined contribution plans	350	358
Estimated money value of benefit-in-kind	3	4
	3,367	3,393

35. 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:

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.
Housing development	This consists of development and construction of residential and commercial properties
Other business segments	This includes 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 purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Group	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Total RM'000
2014					
Revenue					
Sales	394,208	23,321	897	-	418,426
Inter-segment sales	843,408	19,584	7,583	(870,575)	-
Total revenue	1,237,616	42,905	8,480	(870,575)	418,426
Results					
Interest income	1,330	137	-	-	1,467
Depreciation and amortisation	9,785	156	65	-	10,006
Share of results of associates	-	-	-	-	-
Segment profit/(loss)	(44,736)	3,155	314	46,700	5,433
Assets					
Additional to non-current assets	7,753	42	18	-	7,813
Segment assets	567,026	67,484	100,777	(321,824)	413,463
Liabilities					
Segment liabilities	503,962	41,422	6,747	(239,320)	312,811

35. SEGMENT INFORMATION (CONT'D)

Group	Poultry RM'000	Housing development RM'000	Others RM'000	Eliminations RM'000	Total RM'000
2013					
Revenue					
Sales	423,423	26,459	5,499	-	455,381
Inter-segment sales	916,338	15,457	7,851	(939,646)	-
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 profit/(loss)	10,785	1,726	31,258	(32,413)	11,356
	20,789	1,940	31,281	(32,932)	21,078
Assets					
Investment in associates	490	-	766	(1,011)	245
Additional to non-current assets	3,795	283	225	-	4,303
Segment assets	565,819	58,195	116,910	(319,988)	420,936
Liabilities					
Segment liabilities	496,926	34,907	25,402	(235,232)	322,003

Adjustments and eliminations

Interest income, finance costs and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

36. FINANCIAL INSTRUMENTS

(a) Classification of financial assets

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Loans and receivable RM'000	Avaliable-for-sale RM'000	Held-to-maturity RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
2014					
Financial Assets					
Trade receivables	161,716	-	-	-	161,716
Other receivables	2,153	-	-	-	2,153
Held-to-maturity investments	-	-	53,698	-	53,698
Deposits, bank and cash balances	6,753	-	-	-	6,753
	170,622	-	53,698	-	224,320
Financial Liabilities					
Trade payables	-	-	-	27,936	27,936
Other payables	-	-	-	19,220	19,220
Finance lease payables	-	-	-	5,310	5,310
Bank borowings	-	-	-	245,661	245,661
	-	-	-	298,127	298,127
2013					
Financial Assets					
Quoted investment	-	25	-	-	25
Trade receivables	159,988	-	-	-	159,988
Other receivables	9,469	-	-	-	9,469
Held-to-maturity investments	-	-	45,271	-	45,271
Deposits, bank and cash balances	4,170	-	-	-	4,170
	173,627	25	45,271	-	218,923
Financial Liabilities					
Trade payables	-	-	-	30,602	30,602
Other payables	-	-	-	21,309	21,309
Finance lease payables	-	-	-	6,458	6,458
Bank borowings	-	-	-	243,595	243,595
	-	-	-	301,964	301,964

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial assets (cont'd)

Company	Loans and receivable RM'000	Avaliable-for-sale RM'000	Held-to-maturity RM'000	Financial liabilities at amortised costs RM'000	Total RM'000
2014					
Financial Assets					
Other receivables	14	-	-	-	14
Amount due from subsidiary companies	17,162	-	-	-	17,162
Deposits, bank and cash balances	3	-	-	-	3
	17,179	-	-	-	17,179
Financial Liabilities					
Other payables	-	-	-	195	195
Amount due to subsidiary companies	-	-	-	12,536	12,536
Bank borowings	-	-	-	2,415	2,415
	-	-	-	15,146	15,146
2013					
Financial Assets					
Other receivables	13	-	-	-	13
Amount due from subsidiary companies	15,612	-	-	-	15,612
Deposits, bank and cash balances	3	-	-	-	3
	15,628	-	-	-	15,628
Financial Liabilities					
Other payables	-	-	-	453	453
Amount due to subsidiary companies	-	-	-	8,495	8,495
Bank borowings	-	-	-	5,760	5,760
	-	-	-	14,708	14,708

(b) Financial risk management objectives and policies

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

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM225,108,000 (2013:RM225,108,000), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall. 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 funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM'000	1 to 5 years RM'000	After 5 years RM'000	Total contractual cash flows RM'000	Total carrying amounts RM'000
Group					
2014					
Trade payables	27,936	-	-	27,936	27,936
Other payables	19,220	-	-	19,220	19,220
Finance lease payables	2,153	3,752	-	5,905	5,310
Bank borrowings	191,934	59,739	17,161	268,834	245,661
	241,243	63,491	17,161	321,895	298,127
2013					
Trade payables	30,602	-	-	30,602	30,602
Other payables	21,309	-	-	21,309	21,309
Finance lease payables	2,734	4,398	-	7,132	6,458
Bank borrowings	190,185	57,331	19,035	266,551	243,595
	244,830	61,729	19,035	325,594	301,964
Company					
2014					
Other payables	195	-	-	195	195
Amount due to subsidiary companies	12,536	-	-	12,536	12,536
Bank borrowings	2,415	-	-	2,415	2,415
	15,146	-	-	15,146	15,146
2013					
Other payables	453	-	-	453	453
Amount due to subsidiary companies	8,495	-	-	8,495	8,495
Bank borrowings	5,760	-	-	5,760	5,760
	14,708	-	-	14,708	14,708

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk is primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD	
	Group RM'000	**Company RM'000**
2014		
Trade payables	(886)	-
Bank borrowings	(100)	(100)
	(986)	(100)
2013		
Trade payables	(1,598)	-
Bank borrowings	(769)	(769)
	(2,367)	(769)

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

	Group	
	2014 RM'000	**2013 RM'000**
USD - strengthened 5%	(49)	(119)
- weakened 5%	49	119

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2014 RM'000	2013 RM'000
Group		
Financial Asset		
Deposits with licensed bank	1,208	-
Held-to-maturity investments	53,698	45,271
	54,906	45,271
Financial Liability		
Bank borrowings	245,661	243,595
Company		
Financial Liability		
Bank borrowings	2,415	5,760

A change in 1% interest rate at the end of the reporting period would have decreased the Group' and the Company's profit before tax by RM1,863,000 and RM24,000 (2013: RM1,983,000 and RM58,000) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risk (cont'd)

c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and fair value cannot be reliably measured.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2014										
Group										
Financial liabilities										
Finance lease payables	-	-	-	-	-	-	3,188	3,188	3,188	3,532
	-	-	-	-	-	-	3,188	3,188	3,188	3,532
2013										
Group										
Financial assets										
Quoted investments	25	-	-	-	-	-	-	-	25	25
	25	-	-	-	-	-	-	-	25	25
Financial liabilities										
Finance lease payables	-	-	-	-	-	-	3,417	3,417	3,417	4,095
	-	-	-	-	-	-	3,417	3,417	3,417	4,095

36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (cont'd)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (I e. as prices) or indirectly (I e. derived from prices).

(iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants.

The gearing ratio at end of the reporting period are as follows:

	2014 RM'000	2013 RM'000
Loans and borrowings	250,971	250,053
Trade and other payables	47,156	57,288
Less: Deposits, bank and cash balances	(6,753)	(4,170)
Net debt	291,374	303,171
Total equity	95,147	92,353
Gearing ratio	75%	77%

There were no changes in the Group's approach to capital management during the year.

38. SIGNIFICANT EVENT

On 20 January 2014, Farm's Best Berhad ('FBB') 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 FBB which, inter-alia shall encompass the following:

(i) for the Target Shareholders to set up special purpose vehicle to facilitate the Proposed Acquisition. Lerfood International Berhad ('Lerfood') has been incorporated on 5 May 2014 for this purpose;

(ii) for FBB to conduct and implement the Proposals as further elaborated below; and

(iii) for the Target Shareholders, SHH Malaysia and Lerfood to participate in the Proposals to be undertaken by FBB and eventually to apply for the listing of an quotation for the entire issued and fully paid up share capital of Lerfood and Lerfood Warrants on the Main Market of Bursa Securities Malaysia Berhad, assuming the listing status of FBB.

Pursuant thereto, the Proposals comprise the following:

(a) Proposed Par Value Reduction

FBB proposes to reduce its existing issued and paid-up share capital comprising ordinary shares of RM1.00 each in FBB credited as fully paid-up via the cancellation of RM0.50 from the par value of each existing ordinary share of RM1.00 in FBB pursuant to Section 64 of the Companies Act, 1965 ('Proposed Par Value Reduction').

(b) Proposed Acquisition

On 12 June 2014, Zhu Zong Ying, Zheng Wendi, Xu Maolei and HH Food Holding Limited (Collectively the 'Vendors'), FBB and Lerfood had entered into a conditional sale and purchase agreement ('SPA') wherein Lerfood shall acquire the entire equity interest in SHH Malaysia from the Vendors for a total purchase consideration of RM380,000,000 to be satisfied entirely via the allotment and issuance of 760,000,000 new ordinary shares of RM0.50 each in Lerfood to the Vendors at an issue price of RM0.50 each (Proposed Acquisition').

On 11 December 2014, the Vendors, FBB and Lerfood agreed to extend the conditional period under the SPA to 12 months from the date of the SPA, until 11 June 2015.

(c) Proposed Securities Exchange

FBB proposes to undertake scheme of arrangement under Section 176 of the Companies Act, 1965 that the entire issued and paid-up share capital of FBB after the exercise of existing warrants and after the Proposed Par Value Reduction be exchanged for new Lerfood Shares and Warrants (Proposed Securities Exchange').

(d) Proposed Offer for Sale

The Vendors, namely Zhu Zongying, Zheng Wendi and Xu Maolei will undertake an offer for sale of up to 185,000,000 Lerfood Shares ('Offer Shares') to be held by them upon the completion of the Proposed Acquisition, to an existing substantial shareholder of FBB and the remaining to identified investors at an offer price of RM0.50 per Lerfood Share ('Proposed Offer for Sale').

(e) Proposed Special Issue

Lerfood proposes to undertake an issuance of up to 130,000,000 new Lerfood Shares to identified investors at an issue price of RM0.50 per Lerfood Share ('Issue Shares') ('Proposed Special Issue').

38. SIGNIFICANT EVENT (CONT'D)

(f) Proposed Amendments

The Proposed Amendments entails the amendment to relevant clauses of the Memorandum and/or Articles of Association of FBB to facilitate the reduction in the par value of the shares in FBB from RM1.00 per share to RM0.50 per share resulting from the Proposed Par Value Reduction ('Proposed Amendments').

(g) Proposed Transfer of Listing Status

It is proposed that the entire issued and paid-up share capital of FBB be de-listed from the Official List of the Main Market of Bursa Securities Malaysia Berhad and that the entire issued and paid-up share capital of Lerfood be admitted to the Official List of the Main Market of Bursa Securities Malaysia Berhad in place of FBB ('Proposed Transfer of Listing Status').

On 22 September 2014, FBB announced that the Application to the Securities Commission Malaysia for the Proposals has been submitted on the even date.

On 13 April 2015, the Securities Commission Malaysia decided not to approve the Application. An announcement was made to Bursa Securities Malaysia Berhad on 15 April 2015. The Directors deliberate on the next course of action to be taken and an announcement will be made in due course.

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 20 April 2015.

40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at 31 December 2014 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total accumulated losses of the Company and its subsidiaries:.				
- Realised	56,379	62,689	-	-
- Unrealised	9,766	7,846	46,440	46,696
	66,145	70,535	46,440	46,696
Total share of accumulated losses of associates				
- Realised	-	5,401	-	-
	66,145	75,936	-	-
Less: Consolidation adjustments	(34,093)	(41,654)	-	-
Total accumulated losses	32,052	34,282	46,440	46,696

The disclosure of realised and unrealised profit or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

STATISTICS ON SHAREHOLDINGS

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> AS AT 30 APRIL 2015 <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

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	5.61	1,601	0.00
100 to 1,000	470	22.55	319,741	0.52
1,001 to 10,000	1,028	49.33	4,900,126	8.02
10,001 to 100,000	411	19.72	13,368,193	21.89
100,001 to less than 5% of issued shares	56	2.69	15,490,702	25.36
5% of issued shares and above	2	0.10	27,002,900	44.21
Total	**2,084**	**100.00**	**61,083,263**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
1	UOBM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for F.C.H. Holdings Sdn Bhd	21,000,000	34.38
2	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG London (PB Priam)	6,002,900	9.83
3	Teh Sen Siew	2,317,800	3.79
4	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jeremy Chia Pei Chai	837,000	1.37
5	Gan Wil Lai	641,300	1.05
6	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ooi Tai	557,000	0.91
7	M&A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Lau Joo Liang (M&A)	547,000	0.90
8	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Gan Chu Cheng (PB)	531,000	0.87
9	Chong Mei	500,000	0.82
10	Onn Kok Puay (Weng Guopei)	483,700	0.79
11	Tee Kiam Heng	410,000	0.67
12	Leong Sai Mun	400,000	0.65

STATISTICS ON SHAREHOLDINGS

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> AS AT 30 APRIL 2015 (CONT'D) <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
13	Chiang Siew Eng @ Le Yu Ak Ee	380,000	0.62
14	Lew Brothers Poultry Farm Sdn Bhd	380,000	0.62
15	Low Ah Lin	350,000	0.57
16	Mercsec Nominees (Tempatan) Sdn Bhd F.C.H Holdings Sdn Bhd	348,705	0.57
17	Gan Kar Ong	325,000	0.53
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chia Hong@ Gan Chia Hong (E-TMR)	300,000	0.49
19	Lim Pang Hoo	291,300	0.48
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Sem Yam	277,600	0.45
21	Tay Chee Kian	267,000	0.44
22	Hong Foh Nyok	250,000	0.41
23	Toh Cheng Hai	249,000	0.41
24	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Yoke Kee	243,400	0.40
25	Tan Yong Chiow	230,000	0.38
26	Teo Geok Kiam	217,600	0.36
27	Maybank Nominees (Tempatan) Sdn Bhd Chong Yoon Loong	193,400	0.32
28	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ban Lye	181,100	0.30
29	Goh Ah Kow @ Goh Bak Cheng	178,000	0.29
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Hock (E-SPI)	155,700	0.25
TOTAL		**39,045,505**	**63.92**

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
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Haji Baharom Bin Abd Wahab	4,500	0.01	-	-
Mohd Khasan Bin Ahmad	-	-	-	-

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	SHAREHOLDINGS			
Name	Direct	%	Indirect	%
UOB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for F.C.H Holdings Sdn Bhd	21,000,000*	34.38	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt An for Deutsche Bank AG London (PB Priam)	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 30 APRIL 2015

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	245	13.36	5,719	0.02
100 to 1,000	919	50.11	415,063	1.49
1,001 to 10,000	375	20.45	1,412,427	5.09
10,001 to 100,000	229	12.49	8,516,363	30.67
100,001 to less than 5% of issued shares	65	3.54	15,765,480	56.78
5% of issued shares and above	1	0.05	1,650,000	5.94
Total	1,834	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	1,650,000	5.94
2	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Ming Chung (CEB)	1,241,000	4.47
3	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,075,900	3.88
4	Maybank Nominees (Tempatan) Sdn Bhd Fua Kia Pha	748,800	2.70
5	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nordin Bin Mohamad	700,000	2.52
6	Teh Sen Siew	543,000	1.96
7	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Young Ah Nyen (028)	445,300	1.60
8	Ng Chim Chi	427,340	1.54
9	Maybank Nominees (Tempatan) Sdn Bhd Kong Cheak Ling	341,000	1.23
10	AmBank (M) Berhad Pledged Securities Account for Wong Ah Yong (SMART)	300,000	1.08
11	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong (MY1278)	300,000	1.08

STATISTICS ON SHAREHOLDINGS-WARRANT

AS AT 30 APRIL 2015 (CONT'D)

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
12	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong (470281)	300,000	1.08
13	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	300,000	1.08
14	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	300,000	1.08
15	Maybank Nominees (Tempatan) Sdn Bhd Wong Ah Yong	300,000	1.08
16	Tai Chee Meng	300,000	1.08
17	Wong Ah Yong	300,000	1.08
18	Tee See Eng	251,000	0.90
19	Ong Chin Ling	250,000	0.90
20	Tan John Too	245,000	0.88
21	Wong Kee Hui	243,800	0.88
22	Lim Chu Bin	240,300	0.87
23	Wong Mei Kee	230,000	0.83
24	Wong Mei Wen	230,000	0.83
25	Ng Yuet Shem	225,000	0.81
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Siew Leong	217,300	0.78
27	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Oh Tow@ Lee Eng (REM 178-Margin)	209,000	0.75
28	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liau Yong Hwa (8048931)	200,000	0.72
29	JF Apex Nominees (Tempatan) Sdn Bhd AISB for Megat Sari Bin Megat Ali (STA 3)	200,000	0.72
30	Khoo Pui Sik	200,000	0.72
TOTAL		**12,513,740**	**45.07**

STATISTICS ON SHAREHOLDINGS-WARRANT

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>> AS AT 30 APRIL 2015 (CONT'D) <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	SHAREHOLDINGS			
Name	**Direct**	**%**	**Indirect**	**%**
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	69,700.00*	0.25
Datuk Fong Kiah Yeow	21,600.00	0.08	69,700.00*	0.25
Fong Ngan Teng	-	-	69,700.00*	0.25
Fong Choon Kai	-	-	69,700.00*	0.25
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Haji Baharom Bin Abd Wahab	900.00	-	-	-
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	1,650,000	5.94	-	-

LIST OF PROPERTIES OWNED BY THE GROUP

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	2,488,442	1987
Lot No. 2893 - 2899 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	3,255,523	1993
Lot 142 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,593,925	1983
Lot No. 401 & 73 Mukim of Ramuan Cina Besar District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,054,883	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	1,073,845	1996
Lot 458 & 459 GRN 60152 & 60151 Mukim of Tebong District of Tampin Negeri Sembilan	Breeder Farm	Freehold	783,770	1994
Lot 9467 Q.T.(M) No. 182 Tanjong Sembrong Batu Pahat, Johor	Broiler Farm	Freehold	1,522,067	1995
Lot No. 4160 & 4161 GM 2548 and GM 2547 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,226,855	2011
Lot 4163, GM 1799 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,246,918	2011

LIST OF PROPERTIES OWNED BY THE GROUP

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	472,636	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)	339,626	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	1,379,994	1995
GM2404, Lot No. 4967 Mukim Triang Ilir District of Jelebu Negeri Sembilan	Broiler Farm	Freehold	805,773	1995
Taman Mewah Alor Gajah, Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	112,857	1995
PTD 64217 H.S.(D) 208128 Mukim Tebrau, Johor	1 1/2 Storey Terrace Factory	Freehold	272,290	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	360,294	1994
P.T.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	3,480,401	1994
Lot 3, 4 & 5 Masjid Tanah Ind. Estate Masjid Tanah, Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2095)	8,896,464	1995
Lot No. 7688, HS(M) 1733 Tanjong Sembrong (VII) District of Batu Pahat, Johor	Broiler Farm	Freehold	368,034	1996

LIST OF PROPERTIES OWNED BY THE GROUP

(CONT'D)

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	523,467	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	628,150	2006
H.S. (D) 24408, No PT11630 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	424,169	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of 3 bedrooms apartment	Freehold	275,137	1998
PTD 2163, H.S.(D) 5124 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	753,677	1997
PTD 2164, H.S.(D) 5125 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	1,267,547	1997
PTD 2165, H.S.(D) 5126 Mukim Grisek District of Muar, Johor	Agricultural land	Freehold	241,862	1997
PTD 2166, H.S.(D) 5127 Mukim Grisek District of Muar, Johor	Agricultural land	Freehold	125,057	1997
PTD 2167, H.S.(D) 5128 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	870,545	1997
PTD 2168, H.S. (D) 5129 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	884,906	1997
PTD 2169, H.S. (D) 5130 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	501,842	1997

LIST OF PROPERTIES OWNED BY THE GROUP

(CONT'D)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
PTD 2170, H.S. (D) 5131 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	588,747	1997
PTD 2171, H.S. (D) 5132 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	367,952	1997
PTD 6321 Grant 4778 Mukim Grisek District of Muar, Johor	Layer farm	Freehold	320,585	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)	6,088	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)	744,844	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)	514,975	2009
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double storey shophouse	Leasehold (Expiring in 2091)	148,878	2006
Lot 345 & 346 GRN 76358 & 76359 Mukim of Keru District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,679,160	2012
Lot 423, GRN 20691 Mukim of Jelai District of Jempol Negeri Sembilan	Broiler Farm	Freehold	2,509,200	2012
Lot 4071 & 2619 GM 415 & 51 Mukim of Jementah District of Segamat Johor	Broiler Farm	Freehold	1,494,755	2012

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 1075/5 H.S. (M) 4096 Mukim of Bukit Serampang District of Ledang Johor	Broiler Farm	Freehold	1,378,955	2012
Plot No. 170 & 171 H.S. (M) 586 & 500 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,146,500	2012
Lot 3733 & 3734 GM2481 & 2482 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,182,500	2012
Lot 3200 & 3201 GRN 163132 & GRN 163133 Mukim Titian Bintangor District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,467,082	2012
Lot 967 & 968 GRN 29154 & GRN 29155 Mukim of Semerbok District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,517,356	2012
Lot 5541, GRN 19254 Mukim of Port Dickson District of Port Dickson Negeri Sembilan	Broiler Farm	Freehold	1,822,240	2012
Lot 4671 & 4672 GRN 71818 & 71819 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,902,798	2012
Lot 1105 & 1106 GM3228 & 3229 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	2,142,404	2012

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
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	2,011,482	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	1,831,408	2012
PT 371 & Lot 2210 H.S. (D) 3512 & GRN 46887 Mukim of Tabong Naning District of Alor Gajah Melaka	Broiler Farm	Freehold	3,089,180	2012
Lot No. 3608, Mukim of Gemencheh, District of Tampin, Negeri Sembilan	Broiler Farm	Freehold	1,716,667	2014
Lot No. 1684, Mukim of Gemas, District of Tampin, Negeri Sembilan	Broiler Farm	Freehold	1,966,668	2014
JOINT VENTURE SUBSIDIARIES				
Lot 1310, GN47071 Minyak Beku 6 Batu Pahat, Johor	Poultry processing plant & coldrooms / office block	Freehold	2,434,774	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	262,678	1998

ADDITIONAL COMPLIANCE INFORMATION

1. **Corporate Proposals And Utilisation Of Proceeds**

   During the financial year ended 31 December 2014, the Company had entered into Corporate Proposals as explained in the Chairman's Statement on page 18 of this Annual Report. The Securities Commission had decided not to approve the Corporate Proposals on 13 April 2015. An announcement was duly made to Bursa Securities on 15 April 2015.

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 2014 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 2014 a mounted to RM nil.

7. **Variation in Results**

   There was no deviation of 10% or more between the profit after taxation and minority interest stated in the 26 February 2015 announcement of unaudited results for the financial year ended 31 December 2014 and the audited financial statements of the Group for the financial year ended 31 December 2014.

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.

TWENTY-FIRST ANNUAL GENERAL MEETING

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>

FORM OF PROXY

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>

No. of shares held	

FARM'S BEST BERHAD
(301653-V)

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 Twenty-First Annual General Meeting of the Company to be held at Bilik Bunga Teratai, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 25 June 2015 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.	Ordinary Business	For	Against
1.	To receive the Audited Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2014.	N/A	N/A
2.	To approve the payment of Directors' fees. **Ordinary Resolution 1**		
3.	To re-elect Datuk Ng Peng Hay@Ng Peng Hong as Director. **Ordinary Resolution 2**		
4.	To re-elect Mr Fong Ngan Teng as Director. **Ordinary Resolution 3**		
5.	To re-elect Datuk Hj Zainal Bin Shamsudin as Director. **Ordinary Resolution 4**		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**		
No.	**Special Business**	**For**	**Against**
7.	To re-appoint En Mohd Khasan Bin Ahmad as Independent Non-Executive Director. **Ordinary Resolution 6**		
8.	To re-appoint Datuk Hj Zainal Bin Shamsudin as Independent Non-Executive Director. **Ordinary Resolution 7**		
9.	Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965 **Ordinary Resolution 8**		

Dated this ______ day of ________________ , 2015.

(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 Twenty -First 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 19 June 2015. Only a depositor whose name appears on the Record of Depositors as at 19 June 2015 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 BERHAD
(301653-V)

>>>

FARM'S BEST DEPOTS/ OFFICES IN PENINSULAR MALAYSIA

>>

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 OFFICE

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

FARM'S BEST BERHAD
(301653-V)

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

www.farmsbest.com.my