



FARM'S BEST BERHAD
(301653-V)



Tasty Treats For All

Annual Report 2015



RATIONALE:

Farm's Best Berhad is renowned for creating delicious food products that are greatly sought after. The theme, "Tasty Treats For All", highlights the popularity as well as the diversity of our creations. On the cover, a wide selection of our products is proudly displayed within a design that resembles our logo for enhanced branding.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be held at **Bilik Bunga Dahlia, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka** on Thursday, 26 May 2016 at 12.30 p.m. for the following purposes :-

AGENDA

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 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 RM106,500 for the financial year ended 31 December 2015.
Ordinary Resolution 1
3. To re-elect the following Directors who retire in accordance with Article 106 of the Company's Articles of Association, and being eligible, offer themselves for re-election:-
 - (a) Dato' Fong Kok Yong **Ordinary Resolution 2**
 - (b) Datuk Fong Kiah Yeow **Ordinary Resolution 3**
4. To re-elect En Munawar Kabir Mohd Bin Zainal Abidin who retires in accordance to Article 100 of the Company's Articles of Association, and being eligible, offers himself for re-election.
Ordinary Resolution 4
5. 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

Notice of Annual General Meeting

(Cont'd)

AS SPECIAL BUSINESS:-

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

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

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

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

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

SHAHNIZA ANOM BINTI ELIAS (LS 0006472)

LIEW SENG AUN (MIA 13109)

Company Secretaries

Melaka

Date: 29 April 2016

Notice of Annual General Meeting

(Cont'd)

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- Second 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 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 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.

Notice of Annual General Meeting

(Cont'd)

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

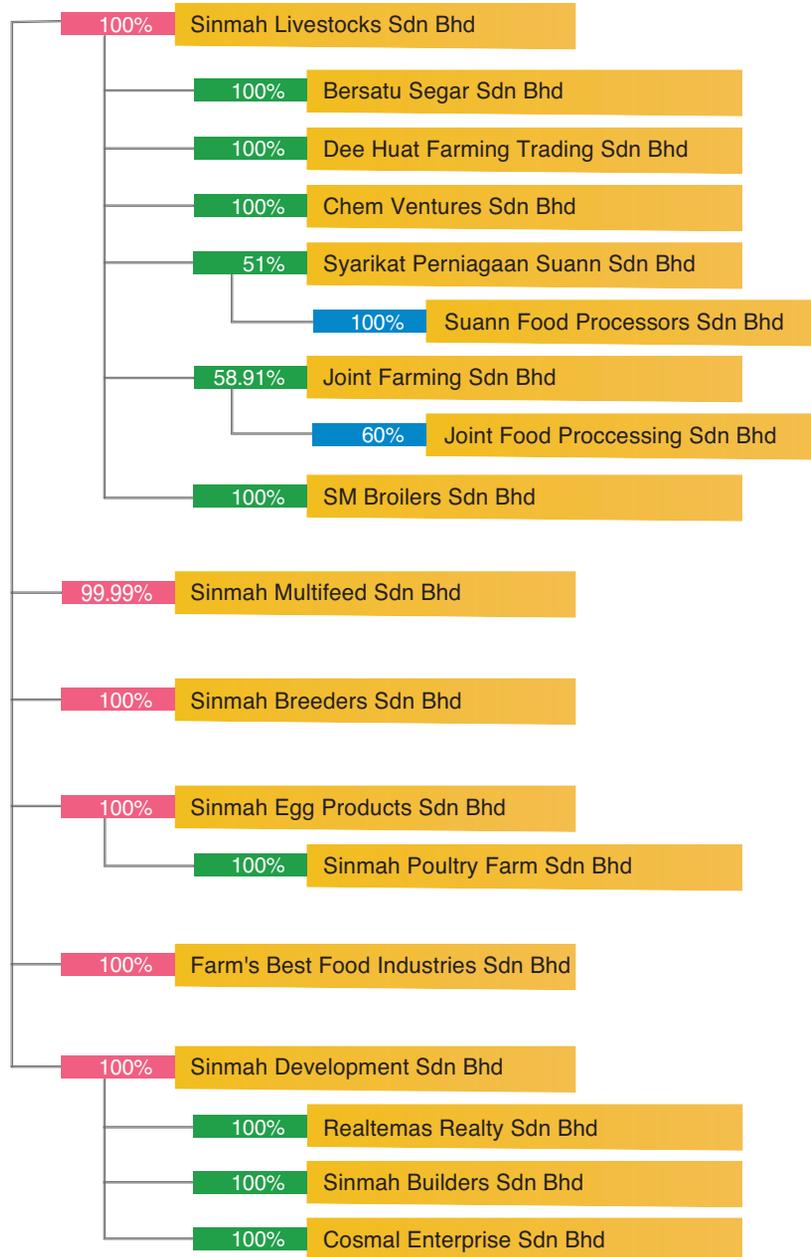
Proposed renewal of the authority for Directors to issue shares

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 Twenty - First Annual General Meeting held on 25 June 2015 and which will lapse at the conclusion of the forthcoming Twenty Second Annual General Meeting to be held on 26 May 2016.

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





Trusted For True Quality!

Our customers count on us to maintain the impeccable quality of our products. Over the years, our consistency has made our offerings increasingly popular among food lovers.

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

Datuk Ng Peng Hay @ Ng Peng Hong
Executive Director

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director
(retired on 25 June 2015)

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive
Director

**Munawar Kabir Mohd
Bin Zainal Abidin**
Independent Non-Executive Director
(appointed on 17 September 2015)

AUDIT COMMITTEE & NOMINATION COMMITTEE

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

Haji Baharom Bin Abd Wahab
Independent Non-Executive Director
(retired on 25 June 2015)

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive
Director

**Munawar Kabir Mohd
Bin Zainal Abidin**
Independent Non-Executive Director
(appointed on 17 September 2015)

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
(retired on 25 June 2015)

Dato' Fong Kok Yong
Managing Director

Datuk Fong Kiah Yeow
Executive Director

**Munawar Kabir Mohd
Bin Zainal Abidin**
Independent Non-Executive Director
(appointed on 17 September 2015)

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor
Tel: 03-7841 8000
Fax: 03-7841 8199

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

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

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

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

As at the date of this annual report, Y. Bhg. Datuk Hj. Zainal does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2015.

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 four (4) of the five (5) board meetings held during the financial year ended 31 December 2015.



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

**Chairman, Independent Non-Executive
Director & Chairman Of Audit Committee**
69 years of age - Malaysian

**Y. BHG. DATO'
FONG KOK YONG**

Managing Director
65 years of age - Malaysian

Directors' Profile

(Cont'd)

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 613,200 shares and an indirect interest of 21,463,805 shares in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2015.

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 five (5) board meetings held during the financial year ended 31 December 2015.



**Y. BHG. DATUK
FONG KIAH YEOW**

Executive Director
61 years of age - Malaysian

FONG NGAN TENG

Executive Director
58 years of age - Malaysian

Directors' Profile

(Cont'd)

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 five (5) board meetings held during the financial year ended 31 December 2015.

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 Tengkeru Constituency of Barisan Nasional between 1982 and 1986. He then served as a Senator in the Malaysian Parliament from 1987 to 1993. His first involvement in social activities was upon completing his secondary education. He has been appointed as the Investment 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, Y. Bhg. Datuk Ng Peng Hay is the Board Member of Malaysian Investment Development Authority (MIDA) and the Independent Non-Executive Director of Bonia Corporation (M) Berhad. In addition, he is also the Chairman of Wellcall Holdings Berhad, Icapital.Biz Berhad and Koperasi Jayadiri 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 five (5) board meetings held during the financial year ended 31 December 2015.



FONG CHOON KAI

Executive Director

55 years of age - Malaysian

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

Executive Director

64 years of age - Malaysian

Directors' Profile

(Cont'd)

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, Homeritz Corporation Berhad and Kinsteel Berhad as an Independent Non-Executive Director.

As at the date of this annual report, Mohd Khasan does not have any interest in Farm's Best. He has attended all five (5) board meetings held during the financial year ended 31 December 2015.



MOHD KHASAN BIN AHMAD

**Senior Independent
Non-Executive Director**
55 years of age - Malaysian

**MUNAWAR KABIR MOHD
BIN ZAINAL ABIDIN**

Independent Non-Executive Director
63 years of age - Malaysian

Munawar Kabir Mohd Bin Zainal Abidin was appointed to the Board of Farm's Best on 17 September 2015. He is also a member of the Audit, Nomination and Remuneration Committees of Farm's Best.

Munawar Kabir Mohd began his career in 1978 as an Investigation Officer attached to the then National Bureau of Investigation which later underwent transformation and is currently known as the Malaysian Anti-Corruption Commission. Whilst attached at Malaysian Anti-Corruption Commission, Munawar Kabir Mohd was given the task of investigating and prosecuting cases involving corruption and malpractices. He has represented the Malaysian Government at the United Nations Convention against Corruption at Vienna, Austria pursuant to resolution 55/61 of 4th December 2000, in which the United Nations General Assembly established an Ad Hoc Committee for the negotiation of an effective international legal instrument against corruption.

In March 2005, Munawar Kabir Mohd was seconded to a national energy supply utility viz. Tenaga Nasional Berhad which is responsible for the Generation, Transmission and Distribution of energy supply in West Malaysia. He was initially seconded as a Senior Manager of the Intelligence & Investigation Unit and was later promoted to the General Manager of Security & Intelligence Division.

Munawar Kabir Mohd has been an active part of the prosecution team in several corruption cases; many of them being high profile corruption trials. He also has vast experience in the investigation and intelligence domain. Over the years, he was a member of the Task Force in matters related to International Extradition, Financial Disputes, Company Matters, Corporate Compliance Programmes, Forfeiture of Property and Money Laundering, to name a few.

As at the date of this annual report, Munawar Kabir Mohd does not have any interest in Farm's Best. He has attended one (1) of the five (5) board meetings held during the financial year ended 31 December 2015.

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.



Fine Ingredients For Fabulous Tastes!

We are determined to use only superb ingredients to ensure that our products are truly irresistible. In addition, our chefs have carefully developed recipes that suit the tastes of our customers.

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 2015.



Chairman's Statement

(Cont'd)

FINANCIAL REVIEW

The Group posted revenue of RM346.8 million for the year ended 31 December 2015, a decrease of RM71.6 million or 17% as compared to the previous year's revenue of RM418.4 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 loss attributable to owners of the parent of RM15.8 million as opposed to a net profit attributable to owners of the parent of RM2.2 million in the previous financial year ended 31 December 2014, resulting in a loss per share of 25.8 sen in the financial year under review as opposed to an earnings per share of 3.7 sen in the previous financial year ended 31 December 2014.

In our 2014 Annual Report, we had hoped that 2015 would also be a profitable year. However, our hopes were dashed by significant decreases in average selling prices of live broilers during the financial year under review.

Chairman's Statement

(Cont'd)

CORPORATE DEVELOPMENTS

The Group had on 6 June 2015 entered into a Sale and Purchase Agreement to dispose-off 10 parcels of freehold land which were used for its layer farming activity to a third party for a total consideration of RM27,000,000 ("Disposal"). An announcement was duly made to Bursa Securities on 12 June 2015. The Disposal contributed to a net gain on disposal of property, plant and equipment of RM8.4 million during the year under review.

The Disposal was duly approved by our shareholders at an Extraordinary General Meeting held on 29 September 2015.

On 5 February 2016, the Group received separate letters of intent from CAB Cakaran Corporation Berhad to purchase certain assets of three (3) of its wholly-owned subsidiaries, namely Farm's Best Food Industries Sdn Bhd ("FBF"), Sinmah Breeders Sdn Bhd ("SBSB") and Sinmah Livestocks Sdn Bhd ("SLSB"). An announcement was duly made to Bursa Securities on 5 February 2015.

The Company will make further announcements with regards to the above letters of intent in due course.

GOING FORWARD

The improved selling prices of live broilers in 2016 appear to indicate to the Group that a positive set of financial results is achievable for the financial year ending 31 December 2016. In the meantime, the Group will thread on with caution and hope that the Ringgit which appears to be strengthening against the US Dollar in recent times, will not be too volatile so that prices of imported raw feedstuffs can be stabilised.



Chairman's Statement

(Cont'd)

ACKNOWLEDGEMENT

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

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

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

With best wishes,

DATUK HJ. ZAINAL BIN HJ. SHAMSUDIN
CHAIRMAN



Management Discussion and Analysis



POULTRY DIVISION

During the financial year under review, the Group reported a net loss attributable to owners of the parent of RM15.8 million as opposed to a net profit attributable to owners of the parent of RM2.2 million in the previous financial year ended 31 December 2014. The adverse results in the financial year under review were mainly due to the decreased selling prices of live broilers during the financial year under review.

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

The poultry division comprises the integrated poultry operations and the egg layer operations. During the financial year ended 31 December 2015, the integrated poultry operations of the Group made a loss before tax of about RM23.7 million as opposed to a profit before tax of RM3.24 million during the previous financial year. The adverse performance 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 2014.

The Group's egg layer operations showed a profit before tax of about RM7.2 million during the current year under review as opposed to loss before tax of about RM0.9 million during the previous financial year. Even though sales volume of table eggs have decreased significantly due to cessation of egg layer operations during the financial year under review, the egg layer operations made a profit as compared to the previous financial year ended 31 December 2014. This was due to the disposal of ten (10) pieces of freehold land previously used in the egg layer operations in the financial year under review which resulted in a net gain of RM8.2 million to the egg layer operations.

Overall, both operations of the Group's poultry division turned in a combined loss before tax of RM16.5 million during the financial year under review as opposed to a profit before tax of RM2.5 million during the previous financial year.

Management Discussion and Analysis

(Cont'd)

HOUSING DEVELOPMENT DIVISION

During the financial year under review, the housing development division showed a lower profit before tax of RM1.1 million as compared to a profit before tax of RM2.9 million during the previous financial year. The decrease in profit was mainly attributable to decrease in turnover. Turnover from the housing development division decreased to RM11.1 million during the financial year under review as compared to RM23.3 million during the previous financial year. The decrease in revenue was mainly due to lesser increment in percentage completion during financial year under review as compared to the previous financial year.



MOVING FORWARD TOGETHER

The Ringgit appears to be strengthening against the US Dollar in recent times. The Group hopes that the Ringgit will remain stable against the US Dollar and that purchase prices of imported raw materials remained stable throughout the financial year ending 31 December 2016. In addition to that, the improved average selling prices of live broilers during the first quarter of the financial year ending 31 December 2016 seem to indicate to the possibility of producing a set of positive results in the financial year ending 31 December 2016.

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. However, during the year ended 31 December 2015 no workers were immunized as none of them are due for immunization in 2015.

On 29 November 2015, the Group's processing plant in Masjid Tanah, Melaka entered the "Kawad Kecekapan Pasukan Keselamatan Kebakaran" Competition held in Dataran Sejarah, Air Keroh, Melaka. The purpose 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.



Corporate Social Responsibility (Cont'd)

COMMUNITY

The Group carried out a blood donation campaign amongst our processing plant's employees in February 2015 as part of the Group's contribution towards the Malaysian Blood Bank. A total of 21 workers participated in the campaign.

As part of the Group's corporate social responsibility towards the community, the Group has also made cash donations to temples and schools in Melaka.

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 2015, students from Kolej Antarabangsa Unifield, SMK Klebang Besar Melaka, UNIKL (MICET) Alor Gajah, Sek. Men. Yok Bin, SMK Seri Ampang Kuala Lumpur and Universiti Malaysia Terengganu 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.





The Freshness Is Fantastic!

Our products are extraordinarily fresh to tantalize the taste buds of food connoisseurs. Freshness ensures that food is appetizing, wholesome and satisfying.

Corporate Governance Statement

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 ("Bursa"), 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.

Corporate Governance Statement

(Cont'd)

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board will take steps to formalize the Company's sustainability policy and embed the environment, social and governance elements in its corporate strategy.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on page 20 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 advices 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 eight (8) members, comprising five (5) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out under the Listing Requirements of 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 12 of this Annual Report.

Corporate Governance Statement

(Cont'd)

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 of Independent Non-Executive Directors as follows:

1. Datuk Hj. Zainal Bin Hj. Shamsudin - Chairman (Independent Non-Executive Director)
2. Tuan Haji Baharom Bin Abd. Wahab - Member (Independent Non-Executive Director), retired on 25 June 2015
3. Mohd Khasan Bin Ahmad – Member (Senior Independent Non-Executive Director)
4. Munawar Kabir Mohd Bin Zainal Abidin – Member (Independent Non-Executive Director), appointed on 17 September 2015

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

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

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

Directors' Remuneration

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

- 1 Mohd Khasan Bin Ahmad - Chairman (Senior Independent Non-Executive Director)
- 2 Datuk Hj. Zainal Bin Hj. Shamsudin - Member (Independent Non-Executive Director)
- 3 Tuan Haji Baharom Bin Abd. Wahab - Member (Independent Non-Executive Director), retired on 25 June 2015
- 4 Dato' Fong Kok Yong - Member (Managing Director)
- 5 Datuk Fong Kiah Yeow – Member (Executive Director)
- 6 Munawar Kabir Mohd Bin Zainal Abidin (Independent Non-Executive Director), appointed on 17 September 2015

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.

Corporate Governance Statement

(Cont'd)

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

Details of the aggregate remuneration of Directors for the financial year ended 31 December 2015 are as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
<u>Total remuneration</u>			
Fees	-	107	107
Salaries & other emoluments	2,502	-	2,502
Pension costs – defined contribution plan	287	-	287
Benefits-in-kind	4	-	4
	2,793	107	2,900

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	1	-	1
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.

Corporate Governance Statement

(Cont'd)

Datuk Hj. Zainal Bin Hj. Shamsudin, Tuan Haji Baharom Bin Abd Wahab and Mohd Khasan Bin Ahmad have served the Board as Independent Non-Executive Directors beyond the 9-year tenure limit promulgated by the MCCG 2012. Tuan Haji Baharom Bin Abd Wahab has retired during the last Annual General Meeting of the Company on 25 June 2015. Munawar Kabir Mohd Bin Zainal Abidin was appointed to the Board on 17 September 2015 and on the same date, he filled-in the vacancy in the Remuneration, Nomination and Audit committees of the Board. Hence, the Board has, after conducting an assessment of the other two (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:

- 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;
- They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
- 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 2015, five (5) Board meetings were held. Details of the attendance are as follows:

Directors	Description	No. of Board Meetings Attended	Percentage (%)
Datuk Hj. Zainal Bin Hj. Shamsudin	Chairman, Independent Non-Executive Director	5/5	100%
Dato' Fong Kok Yong	Managing Director	4/5	80%
Datuk Fong Kiah Yeow	Executive Director	5/5	100%
Fong Ngan Teng	Executive Director	5/5	100%
Fong Choon Kai	Executive Director	5/5	100%
Datuk Ng Peng Hay @ Ng Peng Hong	Executive Director	5/5	100%
Tuan Haji Baharom Bin Abd. Wahab (Retired on 25 June 2015)	Independent Non-Executive Director	3/3	100%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin (Appointed on 17 September 2015)	Independent Non-Executive Director	1/1	100%

Corporate Governance Statement

(Cont'd)

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 26 November 2015, all the directors had attended a training session on Sustainability Reporting and Amendments to the Main Market Listing Requirements conducted by KPMG Management & Risk Consultancy Sdn Bhd.

Apart from the above, Mohd Khasan Bin Ahmad had on 31 July 2015 attended a seminar titled "Bringing the Best Out in Boardrooms", conducted by Bursatra Sdn Bhd and Munawar Kabir Mohd Bin Zainal Abidin had on 9 and 10 December 2015 attended the "Mandatory Accreditation Programme for Directors of Public Listed Companies", conducted by Bursatra Sdn Bhd.

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.

Corporate Governance Statement

(Cont'd)

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 2015, 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 35 to 40 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, 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 Statement on Risk Management and Internal Control in the Annual Report.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartiality, 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 Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance Statement

(Cont'd)

Principle 7 – Ensure timely and high quality disclosure

The Board has established a corporate disclosure policy to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. The Board had formalized a corporate disclosure policy 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 had 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.

Statement on Risk Management and Internal Control

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 Statement on Risk Management and Internal Control (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 Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Listing Requirements.

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's risk profile was last updated during the financial year ended 31 December 2013. The Group reviews its risk profile once every two years. Hence, the Group's risk profile was due for review at end of the financial year under review. However, as the contract with our existing internal audit service provider ended at the end of the current financial year under review and the Group has yet to renew the contract, no update of the risk profile was carried out during the year. The Group will have discussions with our internal audit service provider on the new contract and shall update its risk profile in the financial year ending 31 December 2016.

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.

Statement on Risk Management and Internal Control

(Cont'd)

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. The risk profile of the Group was last reviewed in 2013 to cover the financial years 2014 to 2015. The changes to key risks have been documented and updated in the risk profiles of the companies concerned. The risk profile of the Group is due to be reviewed during the current financial year to cover the financial years 2016 to 2017. However, the Company is yet to renew the engagement contract of the internal audit service provider. Hence, the risk profile of the Group will only be reviewed and updated in 2016 to cover the financial years 2016 to 2017.

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, marketing, sales and distribution, maintenance of plant and machinery and maintenance of utilities and ventilation systems;
- 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.

Statement on Risk Management and Internal Control

(Cont'd)

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;
- Regular informal meetings with Heads of division which provide a 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 35 to 40 of this Annual Report, contains further details on the activities undertaken by the Audit Committee during the financial year under review.

Statement on Risk Management and Internal Control (Cont'd)

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 2015, other than impairment of receivables and bad debts totaling RM3.77 million and property, plant and equipment written-off totaling RM6.19 million. The write-off of property, plant and equipment was mainly due to disposal of all freehold land used for its layer operations. The disposal of the freehold land resulted in a gain of RM14.44 million to the Group. 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 29 March 2016.

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 2015.

1. MEMBERS OF THE COMMITTEE

The Audit Committee comprises the following members:

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

Tuan Haji Baharom Bin Abd Wahab (*retired on 25 June 2015*)
Independent Non-Executive Director

Mohd Khasan Bin Ahmad
Senior Independent Non-Executive Director

Munawar Kabir Bin Zainal Abidin (*appointed on 17 September 2015*)
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

Audit Committee Report

(Cont'd)

- (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.

Audit Committee Report

(Cont'd)

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;

Audit Committee Report

(Cont'd)

- (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.

Audit Committee Report

(Cont'd)

3. MEETINGS

There were five (5) meetings of the Audit Committee held during the financial year ended 31 December 2015, 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 (retired on 25 June 2015)	Independent Non-Executive Director	3/3	100%
Mohd Khasan Bin Ahmad	Senior Independent Non-Executive Director	5/5	100%
Munawar Kabir Mohd Bin Zainal Abidin (Appointed on 17 September 2015)	Independent Non-Executive Director	1/1	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;

Audit Committee Report

(Cont'd)

- 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 Statement on Risk Management and Internal Control 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 28 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. 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 2015 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 Statement on Risk Management and Internal Control on pages 31 to 34 of this Annual Report.

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Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

Principal Activities

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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	(15,771)	(576)
Non-controlling interests	236	-
	(15,535)	(576)

Reserves and Provisions

There were no material transfers to or from reserves or provisions during the financial year.

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.

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 2015, the total numbers of Warrants that remain unexercised were 27,765,052 (2014: 27,765,052).

Directors' Report

(Cont'd)

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	
Mohd Khasan Bin Ahmad	
Munawar Kabir Mohd Bin Zainal Abidin	(appointed on 17.09.2015)
Tuan Haji Baharom Bin Abd Wahab	(retired on 25.06.2015)

Directors' Interests

The interests and deemed interests in the shares and warrants 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:

	Number of ordinary shares of RM1.00 each			
	At 01.01.2015	Bought	Sold	At 31.12.2015
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
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' Report

(Cont'd)

	No. of Warrants 2013/2018			At 31.12.2015
	At 01.01.2015	Bought	Sold	
Interests in the Company				
Direct interest				
Datuk Fong Kiah Yeow	21,600	-	-	21,600
Interests in the Holding Company				
F.C.H. Holdings Sdn. Bhd.				
Indirect interest				
Dato' Fong Kok Yong	41	-	-	41
Datuk Fong Kiah Yeow	41	-	-	41
Fong Ngan Teng	41	-	-	41
Fong Choon Kai	41	-	-	41

By virtue of their interests in the shares of the company, Dato' Fong Kok Yong, Datuk Fong Kiah Yeow, Fong Ngan Teng and Fong Choon Kai are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

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 a benefit (other than a benefit 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 whose object was 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 than warrants.

Directors' Report

(Cont'd)

Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other 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 adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (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.
- (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 their obligations 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, except as disclosed in the notes to the financial statements; 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 financial year in which this report is made.

Directors' Report

(Cont'd)

Holding Company

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

Significant Events

The significant events are disclosed in Note 36 to the financial statements.

Subsequent Events

The subsequent events are disclosed in Note 37 to the financial statements.

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 14 April 2016.

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 50 to 115 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 39 to the financial statements on page 116 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 14 April 2016.

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 to the best of my knowledge and belief, the financial statements set out on pages 50 to 115 are 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 14 April 2016)

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 statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements 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 50 to 115.

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 2015 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 RM47,823,000 (2014: RM32,052,000) and RM47,016,000 (2014: RM46,440,000) 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.

Independent Auditors' Report

to the Members of Farm's Best Berhad (Cont'd)

Report on Other Legal and Regulatory Requirements

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements 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) Our audit reports on the financial statements 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 39 on page 116 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

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
14 APRIL 2016

Statements of Financial Position

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	115,488	136,537	267	275
Land use rights	5	57	61	-	-
Investment in subsidiary companies	6	-	-	78,451	78,451
Goodwill	7	2,302	2,302	-	-
Deferred tax assets	8	1,380	1,407	-	-
Land held for property development	9	782	782	-	-
		120,009	141,089	78,718	78,726
Current Assets					
Property development costs	10	9,344	17,215	-	-
Biological assets	11	10,066	9,288	-	-
Inventories	12	18,371	18,033	-	-
Accrued billing in respect of property development costs		-	3,293	-	-
Trade receivables	13	152,228	161,716	-	-
Other receivables	14	28,459	2,153	13	14
Amount due from subsidiary companies	15	-	-	2,959	17,162
Held-to-maturity investments	16	55,899	53,698	-	-
Tax recoverable		113	225	-	-
Deposits, cash and bank balances	17	6,125	6,753	2	3
		280,605	272,374	2,974	17,179
Total Assets		400,614	413,463	81,692	95,905

Statements of Financial Position

as at 31 December 2015 (Cont'd)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
EQUITY					
Share capital	18	61,083	61,083	61,083	61,083
Share premium	19	62,410	62,410	62,410	62,410
Other reserves	20	3,706	3,706	3,706	3,706
Accumulated losses		(47,823)	(32,052)	(47,016)	(46,440)
Equity attributable to owners of the parent		79,376	95,147	80,183	80,759
Non-controlling interests		1,223	5,505	-	-
Total Equity		80,599	100,652	80,183	80,759
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	21	61,651	61,057	-	-
Finance lease payables	22	3,162	3,532	-	-
Deferred tax liabilities	8	11,488	13,420	-	-
		76,301	78,009	-	-
Current Liabilities					
Trade payables	23	32,457	27,936	-	-
Other payables	24	32,837	19,220	200	195
Amount due to directors	25	2,458	-	-	-
Amount due to subsidiary companies	15	-	-	995	12,536
Bank borrowings	21	173,229	184,604	-	2,415
Finance lease payables	22	1,837	1,778	-	-
Tax payable		896	1,264	314	-
		243,714	234,802	1,509	15,146
Total Liabilities		320,015	312,811	1,509	15,146
Total Equity and Liabilities		400,614	413,463	81,692	95,905

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

Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	26	346,763	418,426	-	-
Cost of sales		(322,269)	(362,262)	-	-
Gross profit		24,494	56,164	-	-
Other income		16,698	5,428	31	1,550
Administrative expenses		(25,825)	(22,532)	(504)	(456)
Selling and marketing expenses		(12,717)	(14,814)	-	-
Profit from operations		2,650	24,246	(473)	1,094
Finance costs	27	(18,449)	(18,813)	(103)	(583)
(Loss)/Profit before taxation	28	(15,799)	5,433	(576)	511
Taxation	29	264	(3,817)	-	(255)
(Loss)/Profit for the financial year		(15,535)	1,616	(576)	256
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operations		-	(461)	-	-
Total comprehensive income for the financial year		(15,535)	1,155	(576)	256
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(15,771)	2,230	(576)	256
Non-controlling interests		236	(614)	-	-
		(15,535)	1,616	(576)	256
Total comprehensive income attributable to:					
Owners of the parent		(15,771)	2,230	(576)	256
Non-controlling interests		236	(1,075)	-	-
		(15,535)	1,155	(576)	256
Earnings per share attributable to the owners of the parent (sen)					
Basic	30	(25.8)	3.7		
Diluted	30	(25.8)	3.7		

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

Statements of Changes in Equity

for the financial year ended 31 December 2015

	← Attributable to Owners of the Parent →				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →		Other Reserves RM'000	Accumulated Losses RM'000			
	Share Capital RM'000	Share Premium RM'000					
Group							
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
At 1 January 2015	61,083	62,410	3,706	(32,052)	95,147	5,505	100,652
Capital reduction in subsidiary company	-	-	-	-	-	(4,518)	(4,518)
Total comprehensive income for the financial year	-	-	-	(15,771)	(15,771)	236	(15,535)
At 31 December 2015	61,083	62,410	3,706	(47,823)	79,376	1,223	80,599

	← Attributable to Owners of the Parent →				Total RM'000		
	← Non-distributable →		Other Reserve RM'000	Accumulated Losses RM'000			
	Share Capital RM'000	Share Premium RM'000					
Company							
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 2015			61,083	62,410	3,706	(46,440)	80,759
Total comprehensive income for the financial year			-	-	-	(576)	(576)
At 31 December 2015			61,083	62,410	3,706	(47,016)	80,183

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

Statements of Cash Flows

for the financial year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash Flows From Operating Activities				
(Loss)/Profit before taxation	(15,799)	5,433	(576)	511
Adjustments for:				
Amortisation of land use rights	4	12	-	-
Bad debts written off				
- Trade	630	4,850	-	-
- Non-trade	248	-	-	-
Bad debts recovered	(6)	-	-	-
Deposit written off	27	-	-	-
Depreciation of property, plant and equipment	9,810	9,994	8	9
Impairment losses on :				
- Trade receivables	3,869	1,805	-	-
- Investment in associates	-	245	-	-
Interest expense	18,449	18,813	103	583
Interest income	(1,892)	(1,467)	-	(67)
Dividend income	-	-	-	-
Foreign exchange loss :				
- Realised	395	-	-	-
- Unrealised	34	-	-	-
Gain on disposal of property, plant and equipment	(14,637)	(137)	-	-
Gain on disposal of investment in associate company	-	(1,200)	-	-
Loss/(Gain) on disposal of investment in subsidiaries	-	44	-	(100)
Property, plant and equipment written off	6,188	4	-	-
Quoted investments written off	-	25	-	-
Reversal of impairment on:				
- Trade receivables	(977)	(3)	-	-
- Amount due from subsidiaries	-	-	-	(1,307)
	6,343	38,418	(465)	(371)
Decrease/(Increase) in working capital				
Property Development Costs	7,871	1,251	-	-
Biological assets	(778)	4,474	-	-
Inventories	(338)	(3,003)	-	-
Accrued billing in respect of property development costs	3,293	-	-	-
Trade receivables	5,972	(4,637)	-	-
Other receivables	(26,581)	8,568	1	(1)
Trade payables	4,092	(2,666)	-	-
Other payables	13,617	(2,089)	5	(258)
Amount due to directors	2,458	-	-	-
Amount due from/(to) subsidiary	-	-	2,662	3,672
	9,606	1,898	2,668	3,413
Cash generated from operations	15,949	40,316	2,203	3,042

Statements of Cash Flows

for the financial year ended 31 December 2015 (Cont'd)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest received		1,892	1,467	-	-
Interest paid		(18,449)	(18,813)	(103)	(391)
Tax (paid)/refund		(1,897)	(1,292)	314	578
		(18,454)	(18,638)	211	187
Net cash from/(used in) operating activities		(2,505)	21,678	2,414	3,229
Cash Flows From Investing Activities					
Proceeds from disposal of property, plant and equipment		28,486	323	-	-
Proceeds from disposal of investment in associate company		-	1,200	-	-
Increased in held-to-maturity investments		(2,201)	(8,427)	-	-
Net cash inflows from disposal of subsidiary companies	6(a)	-	81	-	115
Purchase of property, plant and equipment	4(d)	(6,797)	(5,014)	-	-
Net cash from/(used in) investing activities		19,488	(11,837)	-	115
Cash Flows From Financing Activities					
Capital reduction in subsidiary company		(4,518)	-	-	-
Increase /(Decrease) in amount due to holding company		-	(5,377)	-	-
Repayment of bank borrowings		(5,169)	(5,601)	(100)	(668)
Repayment of hire purchase payables		(2,050)	(3,947)	-	-
Increase in short term borrowings		-	7,807	-	-
Net cash used in financing activities		(11,737)	(7,118)	(100)	(668)
Net increase in cash and cash equivalents		5,246	2,723	2,314	2,676
Cash and cash equivalents at the beginning of the financial year		(13,205)	(15,928)	(2,312)	(4,988)
Cash and cash equivalents at the end of the financial year		(7,959)	(13,205)	2	(2,312)
Cash and cash equivalents at the end of the financial year comprises:					
Deposits, cash and bank balances		6,125	6,753	2	3
Bank overdrafts		(14,084)	(19,958)	-	(2,315)
		(7,959)	(13,205)	2	(2,312)

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

Notes To The Financial Statements

1. Corporate Information

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

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

The registered office of the Company is located at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor.

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

The Directors regard F.C.H. Holdings Sdn. Bhd., a company incorporated and domiciled 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

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

Amendments to FRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to FRSs 2010 - 2012 Cycle
Annual Improvements to FRSs 2011 - 2013 Cycle

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

Notes To The Financial Statements

(Cont'd)

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
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 101	Disclosure Initiative	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
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
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 of 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*.

Notes To The Financial Statements

(Cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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 without subsequent recycling to profit or loss. 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.

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 2018.

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 2018. 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 2015 could be different if prepared under the MFRS Framework.

Notes To The Financial Statements

(Cont'd)

2. Basis of Preparation (Cont'd)

(b) Going concern

During the current financial year, the Group and the Company reported accumulated losses of approximately RM47,823,000 (2014: RM32,052,000) and RM47,016,000 (2014: RM46,440,000) 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

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand except when otherwise stated.

(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.

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 set out below:

Useful lives of property, plant and equipment (Note 4)

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 2015, 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.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount 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. The key assumptions used to determine the value-in-use is disclosed in Note 7.

Notes To The Financial Statements

(Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 8.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists.

Property development

The Group recognises property development revenue and expenses in the statement 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 cost 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. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 10.

Notes To The Financial Statements

(Cont'd)

2. Basis of Preparation (Cont'd)

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

Key sources of estimation uncertainty (Cont'd)

Impairment of receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable 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 receivable 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 for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Note 13.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/ or deferred tax provisions in the period in which such determination is made.

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 Note 34(c) 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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(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 company 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. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. 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(o)(i) to the financial statements on impairment of non-financial assets.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(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.

(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.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

(b) Foreign currency translation

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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(b) Foreign currency translation (Cont'd)

Foreign currency transactions and balances (Cont'd)

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.

(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(o).

(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.

(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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. 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 its intended use.

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
Plant and machinery	5 to 20 years
Motor vehicles	5 to 10 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) 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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As lessee

(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 as 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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

(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 and measured using fair value model.

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.

As lessor

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

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Freehold land and buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land	Over the remaining lease
Freehold buildings	50 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(g) 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 assets and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment is in accordance with Note 3(o).

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 with the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of land, professional fees, stamp duties, commission, 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.

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 is 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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(h) 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).

(i) 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.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

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

(ii) 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 included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(i) Financial assets (Cont'd)

(iii) 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 assets.

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 through the amortisation process.

(iv) 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 included in non-current assets unless the investment matures or 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 from 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.

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 or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have 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 profit or loss.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities 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.

The Group and the Company classify their 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, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categorised as held for trading unless they are designated as effective hedging instruments.

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

(ii) Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(j) Financial liabilities (Cont'd)

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

(k) Offsetting of financial instruments

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

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions 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 overhead 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.

(m) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(m) Construction contracts (Cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and short term deposits with a maturity of three months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, accrued billing and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised 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. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the 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 or amortisation, 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 categorised as fair value through profit or loss, investments in subsidiary companies, associates and joint ventures, 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 profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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 in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Available-for-sale financial assets

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. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

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 recognised. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. 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.

(p) Share capital

Ordinary shares

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

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(q) Provisions (Cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short term employee benefits

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

(s) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(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) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(m) to the financial statements.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(s) Revenue (Cont'd)

(iv) Interest income

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

(v) Dividend income

Dividend income is recognised when the Group'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.

(vii) Management fee

Management fee are recognised on accrual basis when services are rendered.

(t) 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.

(u) 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.

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.

Notes To The Financial Statements

(Cont'd)

3. Significant Accounting Policies (Cont'd)

(u) Income taxes (Cont'd)

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.

(v) Segments 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.

(w) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

Notes To The Financial Statements

(Cont'd)

4. Property, Plant and Equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
Cost								
At 1 January 2015	24,711	3,666	89,631	149,782	21,391	12,325	-	301,506
Additions	-	-	2,965	716	1,982	56	2,817	8,536
Disposals	(4,596)	-	(7,126)	(9,332)	(2,029)	(87)	-	(23,170)
Written off	-	-	-	(21,823)	(98)	(1,040)	-	(22,961)
Reclassifications	-	-	355	-	-	-	-	355
At 31 December 2015	20,115	3,666	85,825	119,343	21,246	11,254	2,817	264,266
Accumulated depreciation								
At 1 January 2015	-	851	41,741	96,359	15,490	10,528	-	164,969
Charge for the financial year	-	32	3,546	4,111	1,833	288	-	9,810
Disposals	-	-	(4,483)	(3,005)	(1,746)	(87)	-	(9,321)
Written off	-	-	-	(15,704)	(112)	(957)	-	(16,773)
Reclassifications	-	-	93	-	-	-	-	93
At 31 December 2015	-	883	40,897	81,761	15,465	9,772	-	148,778
Carrying amount								
At 31 December 2015	20,115	2,783	44,928	37,582	5,781	1,482	2,817	115,488

Notes To The Financial Statements

(Cont'd)

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Spare parts RM'000	Total RM'000
Group								
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 development	(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

Notes To The Financial Statements

(Cont'd)

4. Property, Plant and Equipment (Cont'd)

Company	Buildings RM'000	Office equipment RM'000	Total RM'000
Cost			
At 1 January 2015 /31 December 2015	410	246	656
Accumulated depreciation			
At 1 January 2015	135	246	381
Charge for the financial year	8	-	8
At 31 December 2015	143	246	389
Carrying amount			
At 31 December 2015	267	-	267
Cost			
At 1 January 2014 /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

- (a) Other assets consist of furniture, fixtures and fittings, office equipment, piping, fencing and tube well, renovations and improvements and capital work-in-progress.
- (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 21 to the financial statements are:

	Group	
	2015 RM'000	2014 RM'000
Land and buildings	63,907	61,256
Plant and machinery	34,564	33,161
Other assets	771	907
	99,242	95,324

Notes To The Financial Statements

(Cont'd)

4. Property, Plant and Equipment (Cont'd)

(c) Assets held under financial leases

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

	Group	
	2015 RM'000	2014 RM'000
Motor vehicles	5,355	3,456
Plant and machinery	359	1,481
	<hr/>	<hr/>
	5,714	4,937

(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	
	2015 RM'000	2014 RM'000
Aggregate costs	8,536	7,813
Less : Hire purchase financing	(1,739)	(2,799)
	<hr/>	<hr/>
Cash payments	6,797	5,014

5. Land Use Rights

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January	122	191
Disposal of subsidiary	-	(69)
	<hr/>	<hr/>
At 31 December	122	122
Accumulated amortisation		
At 1 January	61	49
Amortisation for the financial year	4	12
	<hr/>	<hr/>
At 31 December	65	61
Carrying amount		
At 31 December	57	61

Land use rights have been pledged to secure the bank borrowings as disclosed in Note 21.

Notes To The Financial Statements

(Cont'd)

6. Investment in Subsidiary Companies

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost		
At 1 January	116,589	116,704
Disposal during the year	-	(115)
At 31 December	116,589	116,589
Accumulated impairment losses		
At 1 January	38,138	38,238
Reversal of impairment losses	-	(100)
At 31 December	38,138	38,138
	78,451	78,451

The reversal of impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Effective interest		Principal activities
		2015 %	2014 %	
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	Manufacturing and 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

Notes To The Financial Statements

(Cont'd)

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		Principal activities
		2015 %	2014 %	
Held by Sinmah Livestocks Sdn. Bhd.				
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 Joint Farming Sdn. Bhd.				
Joint Food Processing Sdn. Bhd.	Malaysia	60	60	Dormant
Held by Syarikat Perniagaan Suann Sdn. Bhd.				
Suann Food Processors Sdn. Bhd.	Malaysia	100	100	Poultry meat processing
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 Development Sdn. Bhd.				
Realtemas Realty Sdn. Bhd.	Malaysia	100	100	Property development
Cosmal Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant
Sinmah Builders Sdn. Bhd.	Malaysia	100	100	Building and general contracting and provision of management services

Notes To The Financial Statements

(Cont'd)

6. Investment in Subsidiary Companies (Cont'd)

(a) 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		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2015	2014	2015	2014	2015	2014
	%	%	RM'000	RM'000	RM'000	RM'000
Syarikat Perniagaan Suann Sdn. Bhd.	49.00	49.00	68	262	309	241
Joint Farming Sdn. Bhd.	41.09	41.09	(79)	(523)	4,564	4,643
Individually immaterial subsidiaries with non-controlling interests					(3,650)	621
Total non-controlling interests					1,223	5,505

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.

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total assets	5,180	5,945	2,423	11,309
Total liabilities	(12,413)	(13,316)	(2,306)	(6)
Net (liabilities)/assets	(7,233)	(7,371)	117	11,303
Equity attributable to owners of the parent	(7,542)	(7,612)	(4,447)	6,660
Non-controlling interests	309	241	4,564	4,643
	(7,233)	(7,371)	117	11,303

Notes To The Financial Statements

(Cont'd)

6. Investment in Subsidiary Companies (Cont'd)

(a) Non-controlling interests (Cont'd)

	Syarikat Perniagaan Suann Sdn. Bhd.		Joint Farming Sdn. Bhd.	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	30,872	37,119	-	-
Profit/(Loss) before taxation	138	537	(186)	(1,268)
Taxation	-	-	(5)	(2)
Net profit/(loss) for the financial year	138	537	(191)	(1,270)
Other comprehensive income	-	-	-	-
Total comprehensive (loss)/income	138	537	(191)	(1,270)
Net cash generated from/(used in) operating activities	4	(120)	9,760	(35)
Net cash generated from/(used in) investing activities	23	(99)	-	1,200
Net cash (used in) financing activities	(40)	(6)	(9,786)	-
Net increase/(decrease) in cash and cash equivalents	(13)	(225)	(26)	1,165

7. Goodwill

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January / 31 December	19,660	19,660
Accumulated impairment losses		
At 1 January / 31 December	17,358	17,358
Carrying amount		
At 31 December	2,302	2,302

Notes To The Financial Statements

(Cont'd)

7. Goodwill (Cont'd)

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

	Group	
	2015 RM'000	2014 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 rate applied to the cash flow projections are as follows:

	Poultry Division		Housing Division	
	2015	2014	2015	2014
Growth rate	5%	5%	-	-
Budgeted gross margins	10%	10%	11%	11%
Pre-tax discount rate	10%	10%	10%	10%

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

Growth rates – the forecast growth rates are based on published industry research and do not exceed the long term average growth rate 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 increases over the budgeted period for the anticipated efficiency improvements.

The discount rate reflects the specific risks relating to the respective CGUs.

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.

Management believes that any reasonably possible change in the key consumptions on which recoverable amount is based would not cause the aggregate carrying value to exceed the aggregate recoverable amount of the CGU.

Notes To The Financial Statements

(Cont'd)

8. Deferred Tax (Assets)/Liabilities

	Group	
	2015 RM'000	2014 RM'000
At 1 January	12,013	10,093
Recognised in profit or loss (Over)/Under provision in prior year	(354) (1,551)	1,677 243
At 31 December	10,108	12,013

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

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets	(1,380)	(1,407)
Deferred tax liabilities	11,488	13,420
	10,108	12,013

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 2015	16,959	(4,049)	(897)	-	12,013
Recognised in profit and loss	(3,948)	1,904	139	-	(1,905)
At 31 December 2015	13,011	(2,145)	(758)	-	10,108
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

Notes To The Financial Statements

(Cont'd)

8. Deferred Tax (Assets)/Liabilities (Cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
Unutilised tax allowance capital allowances	58,356	91,528
Unabsorbed reinvestment allowances	4,407	7,746
	62,763	99,274

9. Land Held for Property Development

	Freehold Land RM'000	Leasehold Land RM'000	Total RM'000
Group			
At cost			
At 1 January 2015 /31 December 2015	782	-	782
At 1 January 2014	-	1,229	1,229
Transfer from property, plant and equipment	782	-	782
Transfer to property development cost	-	(1,229)	(1,229)
At 31 December 2014	782	-	782

10. Property Development Costs

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2015				
Cumulative property development costs				
At 1 January	222	6,368	50,940	57,530
Transfer to inventories	-	(466)	(5,917)	(6,383)
Cost incurred during the year	-	-	6,265	6,265
Reversal of completed projects	-	(1,357)	(15,716)	(17,073)
At 31 December	222	4,545	35,572	40,339

Notes To The Financial Statements

(Cont'd)

10. Property Development Costs (Cont'd)

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
2015				
Cumulative costs recognised in profit or loss				
At 1 January	-	(3,832)	(36,483)	(40,315)
Recognised during the year	-	(577)	(7,176)	(7,753)
Reversal of completed projects	-	1,357	15,716	17,073
At 31 December	-	(3,052)	(27,943)	(30,995)
Property development costs as at 31 December 2015	222	1,493	7,629	9,344
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

The freehold and leasehold land have been pledged to secure bank borrowings as disclosed in Note 21.

Notes To The Financial Statements

(Cont'd)

11. Biological Assets

	Group	
	2015 RM'000	2014 RM'000
At cost		
Hatching eggs	1,897	1,817
At cost less amortisation		
Layers	-	16
Breeders	8,169	7,455
	10,066	9,288

12. Inventories

	Group	
	2015 RM'000	2014 RM'000
At cost		
Raw materials, medical supplies and chemicals	2,775	3,407
Processed chickens	1,347	8,750
Trading eggs	-	12
Consumable supplies	2,501	4,426
Completed houses and shops	8,518	466
Ingredient stocks and others	3,230	972
	18,371	18,033
Recognised in profit or loss:		
- Inventories recognised at cost of sales	577,502	630,923

13. Trade Receivables

	Group	
	2015 RM'000	2014 RM'000
Trade receivables	180,970	188,196
Less: Accumulated impairment losses	(28,742)	(26,480)
	152,228	161,716

Trade receivables are non-interest bearing and are generally on 30 to 120 (2014: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes To The Financial Statements

(Cont'd)

13. Trade Receivables (Cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
At 1 January	26,480	29,638
Impairment losses recognised	3,869	1,695
Impairment losses reversed	(977)	(3)
Amount written off	(630)	(4,850)
	28,742	26,480

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

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	63,922	78,689
Past due nor impaired:		
Less than 30 days	30,979	16,530
31 to 60 days	24,275	22,362
More than 60 days	33,052	44,135
	88,306	83,027
	152,228	161,716
Impaired	28,742	26,480
	180,970	188,196

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

As at 31 December 2015, trade receivables of approximately RM88,306,000 (2014:RM83,027,000) 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 approximately RM28,742,000 (2014: RM26,480,000), related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

Notes To The Financial Statements

(Cont'd)

14. Other Receivables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables	25,857	1,134	-	-
Prepayments	884	352	13	6
Refundable deposits	2,926	1,875	-	8
	29,667	3,361	13	14
Less: Accumulated impairment losses	(1,208)	(1,208)	-	-
	28,459	2,153	13	14

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At 1 January /31 December	1,208	1,208	-	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

15. Amount Due from/(to) Subsidiary Companies

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

16. 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	
	2015 RM'000	2014 RM'000
Deposits with licensed commercial banks	55,899	53,698

The weighted average effective interest rates of held-to-maturity investments are ranging from 3.04% to 3.15% (2014: 3.04% to 3.15%). The maturity period of held-to-maturity investments is 365 days (2014: 365 days).

Deposits with licensed institutions are pledged to secure banking facilities granted to the Group as disclosed in Note 21.

Notes To The Financial Statements

(Cont'd)

17. Deposits, Cash and Bank Balances

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	6,125	5,545	2	3
Deposits with licensed banks	-	1,208	-	-
	6,125	6,753	2	3

Included in cash and bank balances of the Group is an amount of RM2,402,505 (2014:RM2,862,000) held under Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Deposits with licensed banks have maturity periods of Nil (2014: 1 month) and earned interest at effective interest rate of Nil (2014: 3.1%).

18. Share Capital

	Group / Company			
	Number of shares		Amount	
	2015 Unit '000	2014 Unit '000	2015 RM'000	2014 RM'000
Ordinary shares of RM1.00 each				
Authorised:				
At 1 January / 31 December	500,000	500,000	500,000	500,000
Issued and fully paid shares:				
At 1 January / 31 December	61,083	61,083	61,083	61,083

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.

Notes To The Financial Statements

(Cont'd)

19. 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 / Company	
	2015	2014
	RM'000	RM'000
Non-distributable		
At 1 January / 31 December	62,410	62,410

20. Other Reserves

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 RM1.00 each in the Company at an exercise price of RM1.00 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.

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 2015, the total number of Warrants that remain unexercised was 27,765,052 (2014: 27,765,052).

Notes To The Financial Statements

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21. Bank Borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Secured				
Bank overdrafts	14,084	19,958	-	2,315
Bankers acceptance	34,827	38,244	-	-
Revolving credits	96,928	116,944	-	-
Term loans	89,041	64,413	-	100
Trust receipt	-	6,102	-	-
	234,880	245,661	-	2,415
Current				
Bank overdrafts	14,084	19,958	-	2,315
Bankers acceptance	34,827	38,244	-	-
Revolving credits	96,928	116,944	-	-
Term loans	27,390	3,356	-	100
Trust receipt	-	6,102	-	-
	173,229	184,604	-	2,415
Non-current				
Term loans	61,651	61,057	-	-
Total bank borrowings	234,880	245,661	-	2,415

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

- (i) 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;
- (ii) Corporate guarantees from the Company's certain existing operating subsidiaries;
- (iii) Undertaking by the holding company to fully repay the facilities should the Company be unable to meet its obligations;
- (iv) Cross defaults, rights of set-off, negative pledges and pari passu ranking with all other debts of the Company, except where the obligations are preferred by applicable laws; and
- (v) Certain fixed deposits of the Group as disclosed in Note 16 to the financial statements.

Notes To The Financial Statements

(Cont'd)

21. Bank Borrowings (Cont'd)

The average effective interest rates per annum are as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bank overdrafts	9.40	9.40	-	9.40
Banker's acceptance	5.10	5.10	-	-
Revolving credits	8.35	8.35	-	-
Term loans	8.33	8.33	-	8.33
Trust receipt	-	9.35	-	-

22. Finance Lease Payables

	Group	
	2015 RM'000	2014 RM'000
Minimum lease payments:		
Within one year	2,090	2,153
Later than one year and not later than five years	3,356	1,667
Later than five years	44	2,085
	5,490	5,905
Less: Future finance charges	(491)	(595)
Present value of minimum lease payments	4,999	5,310
Present value of minimum lease payments:		
Within one year	1,837	1,778
Later than one year and not later than five years	3,162	1,324
Later than five years	-	2,208
	4,999	5,310
Analysed as:		
Repayable within twelve months	1,837	1,778
Repayable after twelve months	3,162	3,532
	4,999	5,310

The finance lease payables interest rates ranges from 2.40% to 4.75% (2014: 2.40% to 4.75%) per annum.

Notes To The Financial Statements

(Cont'd)

23. Trade Payables

	Group	
	2015 RM'000	2014 RM'000
Trade payables	30,677	26,190
Retention sum	1,780	1,746
	<hr/>	<hr/>
	32,457	27,936
	<hr/>	<hr/>

Credit terms of trade payables of the Group and of the Company ranged from 30 to 90 days (2014: 30 to 90 days) depending on the terms of the contracts.

24. Other Payables

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other payables	24,369	11,370	67	72
Accruals	8,468	7,850	133	123
	<hr/>	<hr/>	<hr/>	<hr/>
	32,837	19,220	200	195
	<hr/>	<hr/>	<hr/>	<hr/>

25. Amount Due to Directors

Amount due to directors are non-interest bearing, unsecured and repayable on demand.

26. Revenue

	Group	
	2015 RM'000	2014 RM'000
Sales of goods	335,633	395,105
Sales of completed houses and development revenue	11,130	23,321
	<hr/>	<hr/>
	346,763	418,426
	<hr/>	<hr/>

Notes To The Financial Statements

(Cont'd)

27. Finance Costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expenses on:				
Bank overdrafts	1,624	2,406	101	363
Bankers' acceptance	2,260	1,615	-	-
Term loans	6,996	4,141	2	28
Obligations under finance leases	341	360	-	-
Revolving credits	6,819	9,523	-	-
Trust receipts	409	587	-	-
Others	-	181	-	-
Interest recouped by subsidiaries	-	-	-	192
	18,449	18,813	103	583

28. (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Auditors' remuneration				
- current year	189	187	15	15
- (over)/under provision in prior year	(8)	105	-	61
Bad debts recovered	(6)	-	-	-
Bad debts written off on:				
- trade receivables	630	4,850	-	-
- other receivables	248	-	-	-
Impairment losses on:				
- trade receivables	3,869	1,695	-	-
- investment in associates	-	245	-	-
Deposit written off	27	-	-	-
Depreciation / amortisation:				
- property, plant and equipment	9,810	9,994	8	9
- land use rights	4	12	-	-
(Gain)/Loss on disposal of :				
- property, plant and equipment	(14,637)	(137)	-	-
- subsidiary companies	-	44	-	(100)
- associate company	-	(1,200)	-	-
Loss on foreign exchange:				
- realised	395	-	-	-
- unrealised	34	-	-	-

Notes To The Financial Statements

(Cont'd)

28. (Loss)/Profit Before Taxation (Cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Rental paid for:				
- land and buildings	-	556	-	-
- office	43	-	-	-
- motor vehicles	248	-	-	-
Non-executive director remuneration	107	108	107	108
Property, plant and equipment written off	6,188	4	-	-
Quoted investment written off	-	25	-	-
Reversal of impairment losses of:				
- trade receivables	(977)	(3)	-	-
- amount due from subsidiaries	-	-	-	(1,307)
Rental income	(75)	-	-	-
Interest income	(1,892)	(1,467)	-	(67)

29. Taxation

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	1,658	2,083	-	-
- (Over)/Under provision in prior year	(17)	(186)	-	255
	1,641	1,897	-	255
Deferred tax (Note 8):				
Origination and reversal of temporary differences	(354)	1,677	-	-
(Over)/Under provision in prior year	(1,551)	243	-	-
	(1,905)	1,920	-	-
	(264)	3,817	-	255

Malaysian income tax is calculated at the statutory rate of 25% (2014: 25%) of the estimated assessable profits for the financial year.

Notes To The Financial Statements

(Cont'd)

29. Taxation (Cont'd)

A reconciliation of income tax expenses applicable to (loss)/profit before taxation 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Profit before taxation	(15,799)	5,433	(576)	511
Taxation at statutory tax rate of 25% (2014: 25%)	(3,900)	1,400	(144)	100
Income not subject to tax	-	-	-	(371)
Expenses not deductible for tax purposes	14,332	2,360	59	271
Utilisation of previously unrecognised tax allowance	(9,128)	-	-	-
Utilisation of prior year unabsorbed business loss	-	-	85	-
Under provision in prior year				
- current tax	(17)	(186)	-	255
- deferred tax	(1,551)	243	-	-
Tax expenses for the financial year	(264)	3,817	-	255

30. Earnings Per Share

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

	Group	
	2015	2014
Profit attributable to owners of the parent (RM'000)	(15,771)	2,230
Weighted average number of ordinary shares in issue (in thousands of shares)	61,083	61,083
Basic (losses)/earnings per ordinary share (in sen)	(25.8)	3.7

The Group has no dilution in its (losses)/earnings per ordinary shares as warrants as disclosed in Note 20. There are no dilutive potential shares are anti-dilutive and is therefore excluded from the weighted average number of ordinary shares for the purpose of diluted (losses)/earnings per ordinary shares.

Notes To The Financial Statements

(Cont'd)

31. Staff Costs

	Group	
	2015 RM'000	2014 RM'000
Salaries, wages and other emoluments	23,698	21,353
Defined contribution plan	2,250	2,037
Other benefits	3,665	2,579
	29,613	25,969

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group	
	2015 RM'000	2014 RM'000
Executive Directors		
<u>Existing Directors of the Company</u>		
Salary and other emoluments	2,502	2,661
Defined contribution plans	287	308
Estimated money value of benefit-in-kind	4	3
	2,793	2,972

Executive DirectorsExisting Directors of subsidiary companies

Salary and other emoluments	124	353
Defined contribution plans	15	42
	139	395

32. 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 has the ability, directly or indirectly, to control or joint 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. 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 either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

Notes To The Financial Statements

(Cont'd)

32. Related Party Disclosure (Cont'd)

(b) Significant related party transaction

Related party transactions have been entered into in the normal course of business under negotiated 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:

	2015 RM'000	2014 RM'000
Group		
Transaction with holding company		
Repayment to holding company	-	(5,377)
Transaction with other related company		
Rental paid to related company	19	9
Company		
Transaction with subsidiary companies		
Advances from subsidiaries	2,027	2,745
Advances to subsidiaries	-	(182)
Repayment through contra within subsidiaries	-	(121)
Payments on behalf of subsidiaries	-	(218)
Payments on behalf by subsidiaries	297	1,204
Repayment from subsidiaries	270	-
Interest recouped from subsidiaries	-	(192)
Interest recouped by subsidiary	-	67

(c) Compensation of key management personnel

Remuneration of key management personnel are as follows:

	Group	
	2015 RM'000	2014 RM'000
Salary, fees and other emoluments	3,288	3,014
Defined contribution plans	383	350
Estimated money value of benefit-in-kind	39	3
	3,710	3,367

Notes To The Financial Statements

(Cont'd)

33. 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.

	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group					
2015					
Revenue					
Sales	335,633	11,130	-	-	346,763
Inter-segment sales	464,751	9,996	12,526	(487,273)	-
Total revenue	800,384	21,126	12,526	(487,273)	346,763
Results					
Interest income	1,804	88	-	-	1,892
Interest expenses	17,624	479	346	-	18,449
Depreciation and amortisation	9,235	156	74	349	9,814
Gain on disposal of property, plant and equipment	17,562	-	-	(2,925)	14,637
Impairment losses on trade receivables	3,710	-	159	-	3,869
Property, plant and equipment written off	6,187	1	-	-	6,188
Segment (loss)/profit	(13,895)	(3,353)	(394)	1,843	(15,799)
Assets					
Additional to non-current assets	5,699	20	-	-	5,719
Segment assets	462,283	57,843	92,503	(212,015)	400,614
Liabilities					
Segment liabilities	411,146	36,221	10,775	(138,127)	320,015

Notes To The Financial Statements

(Cont'd)

33. Segment Information (Cont'd)

	Poultry RM'000	Housing development RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000
Group					
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
Interest expenses	17,479	656	678	-	18,813
Depreciation and amortisation	9,785	156	65	-	10,006
Loss/(Gain) on disposal of property, plant and equipment	(139)	2	-	-	(137)
Impairment losses on trade receivables	1,800	-	5	-	1,805
Property, plant and equipment written off	-	-	4	-	4
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

Adjustments and eliminations

Fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Additional to non-current assets 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.

Notes To The Financial Statements

(Cont'd)

34. 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:

	Loans and receivable RM'000	Held-to- maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Group				
2015				
Financial Assets				
Trade receivables	152,228	-	-	152,228
Other receivables	27,575	-	-	27,575
Held-to-maturity investments	-	55,899	-	55,899
Deposits, bank and cash balances	6,125	-	-	6,125
	185,928	55,899	-	241,827
Financial Liabilities				
Trade payables	-	-	32,457	32,457
Other payables	-	-	32,837	32,837
Amount due to Directors	-	-	2,458	2,458
Finance lease payables	-	-	4,999	4,999
Bank borrowings	-	-	234,880	234,880
	-	-	307,631	307,631

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

	Loans and receivable RM'000	Held-to- maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Group				
2014				
Financial Assets				
Trade receivables	161,716	-	-	161,716
Other receivables	1,801	-	-	1,801
Held-to-maturity investments	-	53,698	-	53,698
Deposits, bank and cash balances	6,753	-	-	6,753
	170,270	53,698	-	223,968
Financial Liabilities				
Trade payables	-	-	27,936	27,936
Other payables	-	-	19,220	19,220
Finance lease payables	-	-	5,310	5,310
Bank borrowings	-	-	245,661	245,661
	-	-	298,127	298,127
Company				
2015				
Financial Assets				
Amount due from subsidiary companies	2,959	-	-	2,959
Deposits, bank and cash balances	2	-	-	2
	2,961	-	-	2,961
Financial Liabilities				
Other payables	-	-	200	200
Amount due to subsidiary companies	-	-	995	995
	-	-	1,195	1,195

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

	Loans and receivable RM'000	Held-to- maturity RM'000	Financial liabilities measured at amortised costs RM'000	Total RM'000
Company				
2014				
Financial Assets				
Other receivables	8	-	-	8
Amount due from subsidiary companies	17,162	-	-	17,162
Deposits, bank and cash balances	3	-	-	3
	<u>17,173</u>	<u>-</u>	<u>-</u>	<u>17,173</u>
Financial Liabilities				
Other payables	-	-	195	195
Amount due to subsidiary companies	-	-	12,536	12,536
Bank borrowings	-	-	2,415	2,415
	<u>-</u>	<u>-</u>	<u>15,146</u>	<u>15,146</u>

(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 and interest rate 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.

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.

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

(i) Credit risk (Cont'd)

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 represent 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 RM234,880,000 (2014: 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 advances 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.

Notes To The Financial Statements

(Cont'd)

34. 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					
2015					
Trade payables	32,457	-	-	32,457	32,457
Other payables	32,837	-	-	32,837	32,837
Finance lease payables	2,090	3,356	44	5,490	4,999
Bank borrowings	178,697	54,618	24,473	257,788	234,880
	246,081	57,974	24,517	328,572	305,173
2014					
Trade payables	27,936	-	-	27,936	27,936
Other payables	19,220	-	-	19,220	19,220
Finance lease payables	2,153	1,667	2,085	5,905	5,310
Bank borrowings	191,934	59,739	17,161	268,834	245,661
	241,243	61,406	19,246	321,895	298,127
Company					
2015					
Other payables	200	-	-	200	200
Amount due to subsidiary companies	995	-	-	995	995
Financial guarantee	234,880	-	-	234,880	-
	236,075	-	-	236,075	1,195
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
Financial guarantee	225,108	-	-	225,108	-
	240,254	-	-	240,254	15,146

Notes To The Financial Statements

(Cont'd)

34. 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:

	Denominated in USD	
	Group	Company
	RM'000	RM'000
2015		
Trade payables	(656)	-
<hr/>		
2014		
Trade payables	(886)	-
Bank borrowings	(100)	(100)
<hr/>		
	(986)	(100)
<hr/>		

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

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.

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

	Group	
	2015	2014
	RM'000	RM'000
USD - strengthened 5%	(33)	(49)
- weakened 5%	33	49
	<hr/>	<hr/>

(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 interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2015	2014
	RM'000	RM'000
Group		
Fixed rate instruments		
Financial Assets		
Deposits with licensed banks	-	1,208
Held-to-maturity investments	55,899	53,698
	<hr/>	<hr/>
	55,899	54,906
	<hr/>	<hr/>

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

	2015 RM'000	2014 RM'000
Group		
Fixed rate instruments		
Financial Liability		
Finance lease payables	4,999	5,310
	<hr/>	<hr/>
Floating rate instruments		
Financial Liability		
Bank borrowings	234,880	245,661
	<hr/>	<hr/>
Company		
Floating rate instruments		
Financial Liability		
Bank borrowings	-	2,415
	<hr/>	<hr/>

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group' and the Company's profit before tax by RM2,348,000 and Nil (2014: RM2,456,610 and RM24,150) respectively, arising mainly as a result of lower/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.

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

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

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2015				
Group				
Financial Liability				
Finance lease payables	-	3,220	-	3,162
<hr/>				
2014				
Group				
Financial Liability				
Finance lease payables	-	3,188	-	3,532
<hr/>				

(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).

Notes To The Financial Statements

(Cont'd)

34. Financial Instruments (Cont'd)

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

(iii) Level 2 fair value (Cont'd)

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

35. 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 and regulatory requirements. The gearing ratio at end of the reporting period is as follows:

	2015	2014
	RM'000	RM'000
Total loans and borrowings	239,879	250,971
Less: Deposits, bank and cash balances	(6,125)	(6,753)
Net debt	<u>233,754</u>	<u>244,218</u>
Equity attributable to owners of the parent	<u>79,376</u>	<u>95,147</u>
Gearing ratio	<u>2.94</u>	<u>2.57</u>

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

Notes To The Financial Statements

(Cont'd)

36. Significant Events

- (a) On 12 June 2015, the subsidiary company Sinmah Poultry Farm Sdn. Bhd. has entered into a sale and purchase agreement with Budi Saja Sdn. Bhd. for the proposed disposal of ten (10) parcels of freehold vacant land with a total cash consideration of RM27,000,000 and this exercise was approved on 29 September 2015.
- (b) On 16 June 2015, the High Court of Malaya has granted an order confirming the Proposed Capital Reduction in Joint Farming Sdn. Bhd, a 58.91% owned indirect subsidiary of the Company, held via Sinmah Livestocks Sdn. Bhd..

37. Subsequent Events

- (a) On 5 February 2016, the Company received a letter of intent ("LOI") from CAB Cakaran Corporation Berhad ("CAB") to purchase certain assets from the Company's wholly owned subsidiaries, namely Farm's Best Food Industries Sdn. Bhd. ("FBFI"), Sinmah Breeders Sdn. Bhd. ("SBSB") and Sinmah Livestocks Sdn. Bhd. ("SLSB"). The Company has also accepted both the terms of the LOI and received earnest deposits respectively on 5 February 2016.
- (b) On 22 March 2016, FBFI a wholly owned subsidiary company of the Company has disposed off 200,000 ordinary shares of RM1.00 each in SM Broilers Sdn. Bhd. ("SMB"), representing 100% equity in SMB to SLSB for a total sales consideration of RM200,000 ("the Disposal").

38. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 14 April 2016.

Notes To The Financial Statements

(Cont'd)

39. 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 2015 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total accumulated losses of the Company and its subsidiaries:-				
- Realised	76,641	56,379	-	-
- Unrealised	9,320	9,766	47,016	46,440
	85,961	66,145	47,016	46,440
Less: Consolidation adjustments	(38,138)	(34,093)	-	-
Total accumulated losses	47,823	32,052	47,016	46,440

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 31 March 2016

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	116	5.66	1,591	0.00
100 to 1,000	472	23.01	315,601	0.52
1,001 to 10,000	1,010	49.24	4,673,076	7.65
10,001 to 100,000	393	19.16	13,264,493	21.71
100,001 to less than 5% of issued shares	57	2.78	15,825,602	25.91
5% of issued shares and above	3	0.15	27,002,900	44.21
Total	2,051	100.00	61,083,263	100.00

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares held	Percentage of issued capital (%)
1	M & A Nominee (Tempatan) Sdn Bhd Genting Utama Sdn Bhd for F.C.H. Holdings Sdn Bhd	11,000,000	18.01
2	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securitites Account for F.C.H Holdings Sdn Bhd	10,000,000	16.37
3	DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG London (PB Priam)	6,002,900	9.83
4	Teh Sen Siew	2,317,700	3.79
5	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Juai Hian (M09)	1,550,000	2.54
6	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Leong Sai Mun (MY1636)	524,700	0.86
7	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Fong Kiah Yeow (M&A)	505,200	0.83
8	Affin Hwang Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Ng Kok Peng	500,000	0.82
9	Ong Bee Lian	483,700	0.79
10	Lew Brothers Poultry Farm Sdn Bhd	430,000	0.70

Statistics on Shareholdings

as at 31 March 2016 (Cont'd)

	No. of Ordinary Shares held	Percentage of issued capital (%)
11 Gan Wil Lai	426,100	0.70
12 Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tay Seong Meng (MY2432)	370,000	0.61
13 Low Ah Lin	350,000	0.57
14 Mercsec Nominees (Tempatan) Sdn Bhd F.C.H Holdings Sdn Bhd	348,705	0.57
15 RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Soo Sook Mee	315,000	0.52
16 Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Lim Geok Meng	300,000	0.49
17 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chia Hong@ Gan Chia Hong (E-TMR)	300,000	0.49
18 Lim Pang Hoo	291,300	0.48
19 Tay Chee Kian	267,000	0.44
20 RHB Nominees (Tempatan) Sdn Bhd Khoo Yoke Kee	260,000	0.43
21 Goh Juai Hian	250,000	0.41
22 Hong Foh Nyok	250,000	0.41
23 Lim Yoon Leng	250,000	0.41
24 Loi Lang Yean	244,000	0.40
25 Goh Ah Kow @Goh Bak Cheng	233,000	0.38
26 Kwek Eng Seong	230,000	0.38
27 Public Invest Nominees (Tempatan) Sdn Bhd Exempt an for Phillip Securities Pte Ltd (Clients)	230,000	0.38
28 Tan Yong Chiow	230,000	0.38
29 Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ban Lye	201,100	0.33
30 Ting Hock Foo	200,000	0.33
TOTAL	38,860,405	63.62

Statistics on Shareholdings as at 31 March 2016 (Cont'd)

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct	SHAREHOLDINGS		%
		%	Indirect	
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	21,463,805*	35.14
Datuk Fong Kiah Yeow	613,200	1.00	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	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-

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

SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	SHAREHOLDINGS		%
		%	Indirect	
M & A Nominee (Tempatan) Sdn Bhd Genting Utama Sdn Bhd for F.C.H Holdings Sdn Bhd	11,000,000	18.01	-	-
Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for F.C.H Holdings Sdn Bhd	10,000,000	16.37	-	-
DB (Malaysia) Nominee (Asing) Sdn Bhd Exempt an for Deutsche Bank AG London (PB Priam)	6,002,900	9.83	-	-

Statistics on Shareholdings-Warrant

as at 31 March 2016

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 WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	246	13.87	5,837	0.02
100 to 1,000	895	50.48	396,705	1.43
1,001 to 10,000	331	18.67	1,264,247	4.55
10,001 to 100,000	237	13.37	9,083,163	32.71
100,001 to less than 5% of issued shares	63	3.55	15,575,100	56.10
5% of issued shares and above	1	0.06	1,440,000	5.19
Total	1,773	100.00	27,765,052	100.00

THIRTY (30) LARGEST WARRANTHOLDERS

	Name of Warrantholders	No. of Warrants held	Percentage of issued warrants (%)
1	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Ming Chung (CEB)	1,440,000	5.19
2	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,276,000	4.60
3	Teh Sen Siew	568,000	2.05
4	Ng Beng Hong	450,000	1.62
5	Chung Cheng Yuan	446,060	1.61
6	Ng Chim Chi	427,340	1.54
7	Maybank Nominees (Tempatan) Sdn Bhd Fu Kia Pha	391,600	1.41
8	Cimsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Leo Song Yeo (T MLKRAYA-CL)	390,000	1.40
9	Tan Cheng Seang	350,000	1.26
10	Malacca Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Swee Hun	330,000	1.19
11	Ng Chze Tan	325,000	1.17

Statistics on Shareholdings-Warrant

as at 31 March 2016 (Cont'd)

Name of Warrantholders	No. of Warrants held	Percentage of issued warrants (%)
12 Leo Song Yeo	323,300	1.16
13 Maybank Nominees (Tempatan) Sdn Bhd Kong Cheak Ling	311,000	1.12
14 Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong (SMART)	300,000	1.08
15 Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong (MY1278)	300,000	1.08
16 Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong (470281)	300,000	1.08
17 HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	300,000	1.08
18 HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Yong	300,000	1.08
19 Maybank Nominees (Tempatan) Sdn Bhd Wong Ah Yong	300,000	1.08
20 SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Wee Keong (SMT)	300,000	1.08
21 Tai Chee Meng	300,000	1.08
22 Wong Ah Yong	300,000	1.08
23 Tong Yueh Lee	280,000	1.01
24 Yeoh Beng Teik	270,000	0.97
25 Tee See Eng	251,000	0.90
26 RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Boon Siong	250,800	0.90
27 Tan John Too	245,000	0.88
28 Wong Kee Hui	243,800	0.88
29 Lim Chun Bin	240,300	0.87
30 Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Lian Hock (E-SPI)	230,000	0.83
TOTAL	11,739,200	42.28

Statistics on Shareholdings-Warrant

as at 31 March 2016 (Cont'd)

DIRECTORS' WARRANTHOLDINGS AS PER THE REGISTER OF DIRECTORS' WARRANTHOLDINGS

Name	Direct	WARRANTHOLDINGS		%
		%	Indirect	
Datuk Hj. Zainal Bin Hj. Shamsudin	-	-	-	-
Dato' Fong Kok Yong	-	-	*41	-
Datuk Fong Kiah Yeow	21,600	0.08	*41	-
Fong Ngan Teng	-	-	*41	-
Fong Choon Kai	-	-	*41	-
Datuk Ng Peng Hay @ Ng Peng Hong	-	-	-	-
Munawar Kabir Mohd Bin Zainal Abidin	-	-	-	-
Mohd Khasan Bin Ahmad	-	-	-	-

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

SUBSTANTIAL WARRANTHOLDERS AS PER THE REGISTER OF SUBSTANTIAL WARRANTHOLDERS

Name	Direct	WARRANTHOLDINGS		%
		%	Indirect	
Maybank Nominees (Tempatan) Sdn Bhd	1,975,720	7.12	-	-
RHB Capital Nominees (Tempatan) Sdn Bhd	1,549,400	5.58	-	-

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	2,358,074	1987
Lot No. 2893 - 2899 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	3,457,938	1993
Lot 142 Mukim of Sungei Baru Ilir District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,541,699	1983
Lot No. 401 & 731 Mukim of Ramuan Cina Besar District of Alor Gajah, Melaka	Breeder Farm	Freehold	1,003,548	1981
Lot 3689, 640 639,959,1854, 3688 & 3687 GM 575, 1379, 1418, 91168, 4926, 53072 & 53077 Mukim Lenga, District of Muar, Johor	Breeder Farm	Freehold	980,649	1996
Lot 458 & 459 GRN 60152 & 60151 Mukim of Tebong District of Tampin Negeri Sembilan	Breeder Farm	Freehold	695,113	1994
Lot 9467 Q.T.(M) No. 182 Tanjong Sembrong Batu Pahat, Johor	Broiler Farm	Freehold	1,432,072	1995
Lot No. 4160 & 4161 GM 2548 and GM 2547 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,243,295	2011

List of Properties Owned by the Group

(Cont'd)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 4163, GM 1799 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,263,470	2011
MLO 8663 H.S.(D) 2631 Mukim Sembrong, Johor	Broiler Farm	Freehold	635,798	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 shoptlot	Leasehold (expiring in 2075)	330,936	2003
No. 65 & 65-1 Jalan KU 12, Taman Krubong Utama, Krubong 75250 Melaka	Double Storey shoptlot	Leasehold (expiring in 2105)	253,463	2013
Lot 1599, C.T. 6270 Port Dickson, Negeri Sembilan	Broiler Farm	Freehold	1,436,169	1995
GM2404, Lot No. 4967 Mukim Triang Ilir District of Jelebu Negeri Sembilan	Broiler Farm	Freehold	981,679	1995
Taman Mewah Alor Gajah, Melaka	6 Units of 2- bedroom Apartment	Leasehold (Expiring in 2091)	109,096	1995
PTD 64217 H.S.(D) 208128 Mukim Tebrau, Johor	1 1/2 Storey Terrace Factory	Freehold	263,530	1995
P.T.No.20, Plot 6 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	338,413	1994
P.T.No.18 H.S.(M) 1940 Mukim Kelemak District of Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2073)	3,327,765	1994

List of Properties Owned by the Group

(Cont'd)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 3, 4 & 5 Masjid Tanah Ind. Estate Masjid Tanah, Alor Gajah, Melaka	Industrial Land	Leasehold (Expiring in 2095)	8,574,642	1995
Lot No. 7688, HS(M) 1733 Tanjong Sembrong (VII) District of Batu Pahat, Johor	Broiler Farm	Freehold	584,037	1996
MLO No. 8497 H.S.(M) 2270 Mukim Tanjong Sembrong VII Batu Pahat, Johor	Broiler Farm	Freehold	635,800	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	613,010	2006
H.S. (D) 24408, No PT11630 Mukim Rawang, Daerah Gombak Negeri Selangor	Industrial land	Freehold	413,676	2005
Block D1-19, Type P2 Genting View Resort Phase 4, Bentong Pahang	1 unit of bedrooms apartment	Freehold	266,945	1998
H.S. (D) 302891, Lot No. PTD15511, Mukim of Sedenak, District of Johor Bahru State of Johor Darul Ta'zim	Broiler Farm	Leasehold (30 years)	3,637	2000
H.S. (D) 44849, Lot No. PTD16818 Mukim of Bukit Batu, District of Kulajaya State of Johor Darul Ta'zim	Broiler Farm	Leasehold (30 years)	702,565	2008
H.S.(M) 1184, 1243, & 1244 Lot Nos. MLO 1367, 7119 & 7120 Kuala Kabong 1, Mukim of Bukit Baru District of Kulajaya, Johor	Broiler farm	Leasehold (99 years)	537,833	2009

List of Properties Owned by the Group (Cont'd)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
No. H.S. (D) 2549, No. PT 1512 Mukim Kelemak District of Alor Gajah, Melaka	Double storey shophouse	Freehold	151,993	2006
Lot 345 & 346 GRN 76358 & 76359 Mukim of Keru District of Tampin Negeri Sembilan	Broiler Farm	Freehold	1,715,575	2012
Lot 423, GRN 20691 Mukim of Jelai District of Jempol Negeri Sembilan	Broiler Farm	Freehold	2,560,047	2012
Lot 4071 & 2691 GM 415 & 51 Mukim of Jementah District of Segamat Johor	Broiler Farm	Freehold	1,521,053	2012
Lot 1075/5 H.S. (M) 4096 Mukim of Bukit Serampang District of Ledang Johor	Broiler Farm	Freehold	1,555,738	2012
Plot No. 170 & 171 H.S. (M) 586 & 500 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,188,748	2012
Lot 3733 & 3734 GM2481 & 2482 Mukim of Labis District of Labis Johor	Broiler Farm	Freehold	2,224,757	2012
Lot 3200 & 3201 GRN 163132 & GRN 163133 Mukim Titian Bintangor District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,897,599	2012

List of Properties Owned by the Group

(Cont'd)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
Lot 967 & 968 GRN 29154 & GRN 29155 Mukim of Semerbok District of Rembau Negeri Sembilan	Broiler Farm	Freehold	1,553,191	2012
Lot 5541, GRN 19254 Mukim of Port Dickson District of Port Dickson Negeri Sembilan	Broiler Farm	Freehold	2,064,046	2012
Lot 4671 & 4672 GRN 71818 & 71819 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	2,143,439	2012
Lot 1105 & 1106 GM3228 & 3229 Mukim of Gemencheh District of Tampin Negeri Sembilan	Broiler Farm	Freehold	2,464,025	2012
MLO 5436, MLO 5437 Lot 1639 & Lot 3523 H.S. (D) 2447, H.S. (D) 2448 GM1333 & GM 364 Mukim of Lenga District of Muar Johor	Broiler Farm	Freehold	2,059,973	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	2,189,032	2012
PT 371 & Lot 2210 H.S. (D) 3512 & GRN 46887 Mukim of Tabong Naning District of Alor Gajah Melaka	Broiler Farm	Freehold	3,159,422	2012

List of Properties Owned by the Group (Cont'd)

LOCATION & DETAILS	DESCRIPTION	TENURE	NET BOOK VALUE RM	Date of Revaluation/ Date of Acquisition
NON-WHOLLY OWNED SUBSIDIARIES				
Lot 1310, GN47071 Minyak Beku 6 Batu Pahat, Johor	Poultry processing plant & coldrooms / office block	Freehold	2,397,305	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	652,625	1997
Lot 1730, CT 2851 Bandar Penggaram District of Batu Pahat, Johor	Double storey terrace shophouse	Freehold	255,573	1998

Additional Compliance Information

1. Corporate Proposals And Utilisation Of Proceeds

The Group had on 12 June 2015 entered into a Sale and Purchase Agreement to dispose-off 10 parcels of freehold land which were used for its layer farming activity to a third party for a total consideration of RM27,000,000 ("Disposal"). An announcement was duly made to Bursa Securities on 12 June 2015.

The Disposal was duly approved by our shareholders at an Extraordinary General Meeting held on 29 September 2015.

The gross proceeds of RM27,000,000 received from the Disposal are to be utilized in the following manner.

	Estimated timeframe for full utilization (from completion of the Disposal)	RM
Real Property Gains Tax ("RPGT")	Within two (2) months	810,000
Repayment of bank borrowings	Within twelve (12) months	14,000,000
Working capital	Within twelve (12) months	12,040,000
Estimated expenses in relation to the Disposal	Immediate	150,000
Total gross proceeds		27,000,000

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 2015 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 2015 amounted to RM3,500.

7. Variation in Results

There was no deviation of 10% or more between the loss after taxation and minority interest stated in the 24 February 2016 announcement of unaudited results for the financial year ended 31 December 2015 and the audited financial statements of the Group for the financial year ended 31 December 2015.

Additional Compliance Information (Cont'd)

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.



FARM'S BEST BERHAD
(301653-V)

Form of Proxy

No. of shares held:	
---------------------	--

I/We _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a member of **FARM'S BEST BERHAD** hereby appoint _____
(Full Name in Capital Letters)

of _____
(Full Address)

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

_____ of _____
(Full Address)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty- Second Annual General Meeting of the Company to be held at Bilik Bunga Dahlia, 7th Floor, Ramada Plaza Melaka, Jalan Bendahara, 75100 Melaka on Thursday, 26 May 2016 at 12.30 p.m. and at any adjournment thereof.

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

No.	Resolution	For	Against
1.	To receive the Audited Financial Statements and Directors' and Auditors' Reports for the financial year ended 31 December 2015.	N/A	N/A
2.	To approve the payment of Directors' fees. Ordinary Resolution 1		
3.	To re-elect Dato' Fong Kok Yong as Director. Ordinary Resolution 2		
4.	To re-elect Datuk Fong Kiah Yeow as Director. Ordinary Resolution 3		
5.	To re-elect En Munawar Kabir Mohd Bin Zainal Abidin as Director. Ordinary Resolution 4		
6.	To appoint Auditors and to authorise the Directors to fix their remuneration. Ordinary Resolution 5		
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 _____, 2016.

(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 -Second 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 18 May 2016. Only a depositor whose name appears on the Record of Depositors as at 18 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Fold this flap for sealing

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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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Fax: 03-6091 9936

TEMERLOH

53, Jalan Ahmad Shah
28000 Temerloh
Pahang
Tel : 09-296 8223
Fax: 09-296 6223

RAWANG 2

1, Jalan BJ 7
Taman Perindustrian Belmas Johan
48000 Rawang, Selangor
Tel : 03-6093 2997
Fax: 03-6091 6819

KUANTAN

B-32, Jalan Air Putih
25300 Kuantan
Pahang
Tel : 09-567 0223
Fax: 09-567 0221

SEREMBAN

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

JOHOR BAHRU

9, Jalan Bayu 2/5
Taman Perindustrian Tampoi Jaya
81200 Johor Bahru, Johor
Tel : 07-235 0310
Fax: 07-235 0306

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

MARKETING OFFICE

RAWANG

28, Jalan BJ 6
Taman Perindustrian Belmas Johan
48000 Rawang, Selangor
Tel : 03-6092 6077
Fax: 03-6092 3908

REPRESENTATIVE OFFICES

KOTA BHARU

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

MELAKA

No. 1-12, Block Dahlia 2
Jalan Zahir 6
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75250 Melaka

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