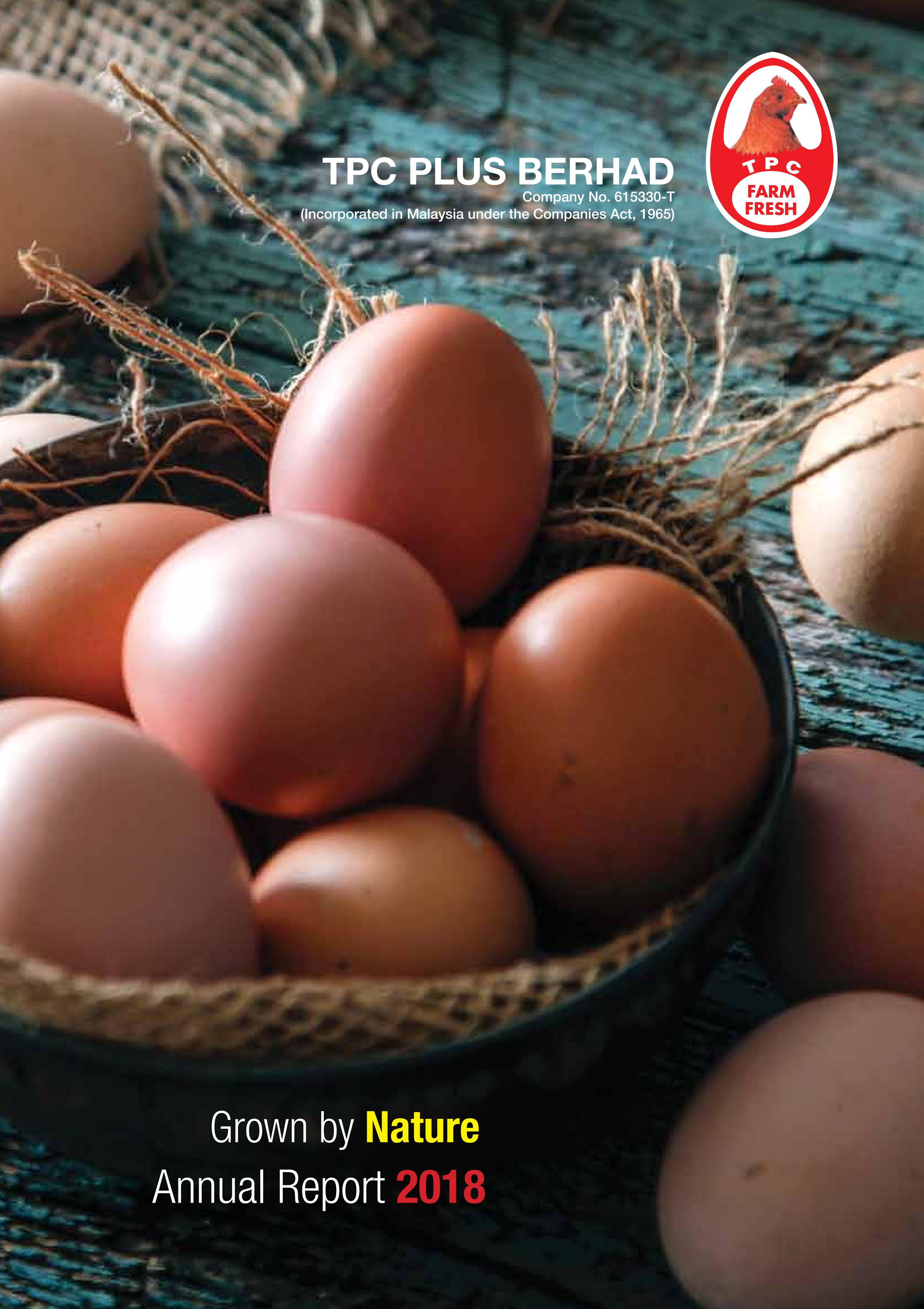


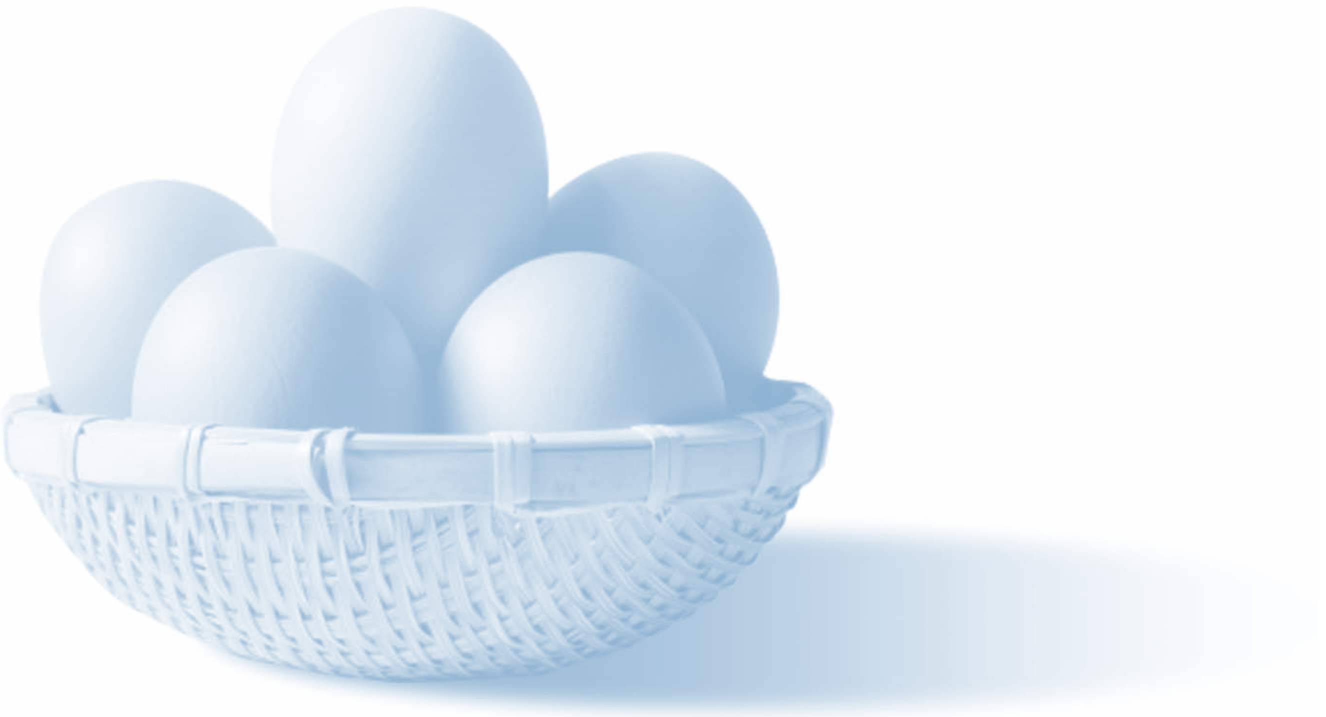
TPC PLUS BERHAD

Company No. 615330-T
(Incorporated in Malaysia under the Companies Act, 1965)

TPC
FARM
FRESH

Grown by **Nature**

Annual Report **2018**



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of the Company will be held at the **Conference Room, PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka** on **Thursday, 30 May 2019** at **10:00 a.m.** for the purpose of transacting the following business:

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon.	**Please refer to Explanatory Note (a)**
2.	To approve the payment of Directors' Fees amounting to RM226,800.00 for the financial year ended 31 December 2018.	**Resolution 1**
3.	To approve the payment of Directors' benefits (other than Directors' fees) to Non-Executive Directors for the period from 31 May 2019 until the next Annual General Meeting to be held in 2020.	**Resolution 2**
4.	To re-elect the following Directors who are retiring in accordance with Article 97 of the Company's Articles of Association:	
	4.1 Mr Liang Ah Lit @ Nyah Chung Mun	**Resolution 3**
	4.2 Mr Chong Peng Khang	**Resolution 4**
5.	To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration.	**Resolution 5**

As Special Business

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

6. **ORDINARY RESOLUTION** — **Resolution 6**

   Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time 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 Company's total number of issued shares for the time being AND THAT the Directors be and are hereby further empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** **Resolution 7**
Proposed renewal of shareholders' mandate on recurrent related party transactions of a revenue or trading nature

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate to Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.5 of Part A of the Circular to Shareholders dated 30 April 2019 with the related parties mentioned therein which are necessary for its day-to-day operations provided that the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

AND THAT such mandate shall commence immediately upon the passing of this resolution and shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse unless by a resolution passed at the meeting the mandate is renewed;
b. the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be empowered to complete and do all such acts and things as they may consider expedient or necessary to give effect to the mandate and transactions contemplated and authorised by this resolution."

8. **SPECIAL RESOLUTION** **Resolution 8**
Proposed adoption of the new Constitution of the Company ("Proposed Adoption")

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association in its entirety with immediate effect and in place thereof, the new constitution as set out in Appendix II of the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any modifications, variations and/or amendments as may be required by any relevant authorities to give full effect to the foregoing."

9. To transact any other business of the Company of which due notice shall have been given.

BY ORDER OF THE BOARD

ONG SOO LENG (MAICSA 7018257)
Company Secretary

Melaka
30 April 2019

Notes

(i) Only depositors whose names appear in the Record of Depositors as at 23 May 2019 shall be entitled to attend, speak and vote at the meeting or appoint another person as his/her proxy to attend and vote in his/her stead.

(ii) Where a member appoints more than one proxy, such appointment shall be invalid unless he specify the proportion of his shareholdings to be represented by each proxy.

(iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a representative must be either under its common seal or under the hand of an officer or attorney duly authorised.

(v) The duly completed proxy form must be deposited at the Company's registered office at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

(vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Notes

(a) The Audited Financial Statements laid before the meeting in pursuance of Sections 248(2) and 340(1)(a) of the Companies Act 2016 are for discussion only and do not require shareholders' approval. Hence, this matter will not be put for voting.

(b) Resolution 2

Pursuant to Section 230 of the Companies Act 2016, the Company is seeking shareholders' approval for the payment of travelling allowance of RM300 per trip to its Non-Executive Directors for the period commencing 31 May 2019 until the conclusion of the 17th Annual General Meeting to be held in 2020.

(c) Resolution 6

Ordinary Resolution 6, if passed, is a renewal of the general mandate to empower the Directors to allot and issue shares of the Company up to a maximum of 10% of the Company's total number of issued shares for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the 17th Annual General Meeting of the Company.

A renewal of the general mandate will provide flexibility to the Company for any possible fund raising activities including but not limited to placing of shares for the purpose of funding future investment projects, working capital and/or acquisition.

As at the date of this notice, no shares in the Company has been allotted and issued pursuant to the general mandate granted to the Directors at the 15th Annual General Meeting held on 31 May 2018 which will lapse at the conclusion of this 16th Annual General Meeting.

(d) Resolution 7

Ordinary Resolution 7, if passed, will allow Teck Ping Chan Agriculture Sdn Bhd, a wholly-owned subsidiary of the Company, to enter into recurrent related party transactions in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This approval shall continue to be in force until the conclusion of the 17th Annual General Meeting or the expiration of the period within which the 17th Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the shareholders in general meeting.

(e) Resolution 8

The Special Resolution, if passed, will align the Constitution of the Company with the Companies Act 2016 (which came into effect on 31 January 2017) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. It will also enhance administrative efficiency and provide greater clarity.

The Proposed Adoption will take effect upon the passing of Resolution 8 by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the 16th Annual General Meeting.

Further information on the Proposed Adoption is set out in Part B of the Circular to Shareholders dated 30 April 2019 which is despatched together with the Company's Annual Report 2018.

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg. Tan Sri Datuk Seri (Dr.)
Abu Seman bin Haji Yusop
Chairman / Senior Independent Non-Executive Director

Lim Yew Chua
Managing Director / Non-Independent Executive Director

Lim Yew Kwang
Non-Independent Executive Director

Lim Yew Piau
Non-Independent Executive Director

Liang Ah Lit @ Nyah Chung Mun
Senior Independent Non-Executive Director

Chong Chee Siong
Independent Non-Executive Director

Chong Peng Khang
Independent Non-Executive Director

Audit Committee
Chong Peng Khang *(Chairman)*
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong

Nomination and Remuneration Committee
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop *(Chairman)*
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong
Chong Peng Khang

Risk Management Committee
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop *(Chairman)*
Liang Ah Lit @ Nyah Chung Mun
Chong Chee Siong
Chong Peng Khang
Lim Yew Chua
Lim Yew Kwang
Lim Chian Harn

Company Secretary
Ong Soo Leng (MAICSA 7018257)

Auditors
Crowe Malaysia PLT (LLP0018817-LCA & AF 1018)
52, Jalan Kota Laksamana 2/15
Taman Kota Laksamana, Seksyen 2
75200 Melaka

Share Registrar
Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre, Jalan 51/205
46050 Petaling Jaya, Selangor
Tel No. : 03-7784 3922
Fax No. : 03-7784 1988

Principal Bankers
Bangkok Bank Berhad
Bank of China (M) Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
AmBank (M) Bhd

Registered Office
PT 1678, Mukim of Serkam
77300 Merlimau, Melaka
Tel No. : 06-2686315
Fax No. : 06-2686327

Stock Exchange Listing
Main Market
Bursa Malaysia Securities Berhad

Website
www.tpc.com.my

GROUP STRUCTURE
AS AT 29 MARCH 2019

TPC PLUS BERHAD
(Company No. 615330-T)
(Incorporated in Malaysia under the Companies Act, 1965)

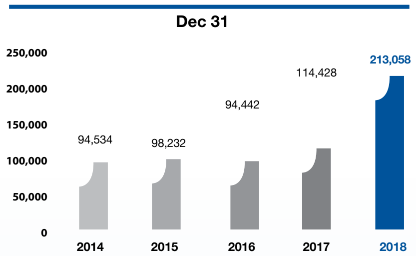
- **100%** TECK PING CHAN (1976) SDN BHD
- **100%** TECK PING CHAN AGRICULTURE SDN BHD
  - **100%** MESTIKA ARIF SDN BHD

FINANCIAL HIGHLIGHTS

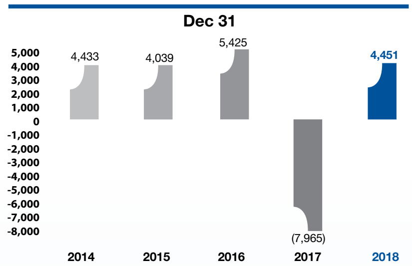
	FINANCIAL YEAR ENDED 31 DECEMBER				
	2014 RM'000	2015 RM'000	2016* RM'000	2017* RM'000	2018 RM'000
Revenue	94,534	98,232	94,442	114,428	213,058
Profit/(Loss) before taxation	4,433	4,039	5,425	(7,965)	4,451
Profit/(Loss) attributable to owners of the Company	4,764	3,834	3,887	(5,329)	3,289
Total Assets	95,234	92,395	139,466	175,114	188,491
Net assets	20,809	24,643	87,302	81,977	85,314
Current assets	27,736	27,353	58,415	63,590	75,252
Current liabilities	49,410	49,407	29,816	59,968	69,795
Share capital	40,000	16,000	46,755	46,764	52,010
Basic earning/(loss) per share (sen)	5.96	4.79	1.74	(2.28)	1.41
Diluted earning/(loss) per share (sen)	N/A	N/A	1.62	(2.28)	1.22
Weighted average number of shares issued	80,000,000	80,000,000	223,751,528	233,792,801	233,795,275
Current Ratio (Times)	0.50	0.55	1.96	1.06	1.08

* *The Group adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively in the FYE 2016 and FYE 2017 respectively.*

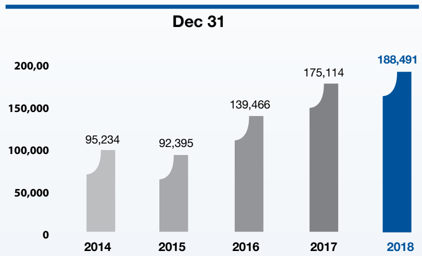
REVENUE
RM'000



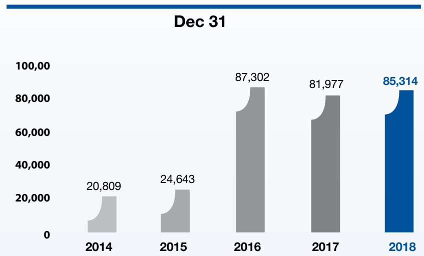
PROFIT/(LOSS) BEFORE TAXATION
RM'000



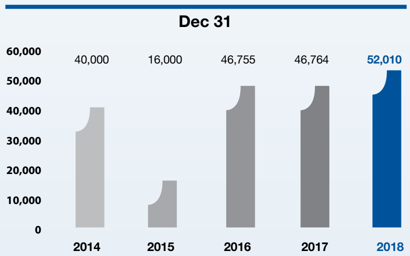
TOTAL ASSETS
RM'000



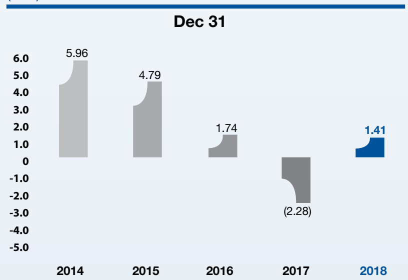
NET ASSETS
RM'000



SHARE CAPITAL
RM'000



BASIC EARNING/(LOSS) PER SHARE
(sen)



YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman Bin Haji Yusop

Chairman, Senior Independent Non-Executive Director

Aged 75 – YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop was appointed as Director and Chairman of the Board of TPC Plus Berhad on 30 November 2015. He is also the Chairman of the Nomination and Remuneration Committee and Risk Management Committee and a member of the Audit Committee.

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop is currently the Chairman of the Board of Trustee of Yayasan Alor Gajah.

Prior to holding the above positions, he has held several senior positions in the private and public sectors. He has been in the Malaysian Shipping Corporation Berhad (MISC) as Senior Legal Advisor, Chairman of Majlis Amanah Rakyat (2000 – 2004), University of Kuala Lumpur (2000 – 2004) and ICM Industries Corp. Bhd (1997).

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop was a Member of Parliament for the Alor Gajah / Masjid Tanah constituency in Melaka during 1995 to 2013 and the Parliamentary Secretary of the Ministry of Internal Security during 2004 to 2006. YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop became the Deputy Minister of the Federal Territory in 2006 to 2008, Deputy Minister of Defence in 2008 to 2009 and Deputy Minister of Home Affairs from 2009 to 2013.

YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop began his career as a police officer of the Royal Malaysian Police in 1964 and was seconded to the Anti-Corruption Agency in 1968. He read law at Middle Temple, London in 1974 and qualified as a Barrister-At-Law in 1977 and served as Deputy Public Prosecutor in 1978 to 1981. He is currently running his own legal practice.

Lim Yew Chua

Managing Director, Non-Independent Executive Director

Aged 52 – Mr Lim Yew Chua was appointed to the Board of TPC Plus Berhad on 8 March 2012 and subsequently as its Managing Director on 30 November 2015. He is also a director of all the subsidiaries of the Company and a member of the Risk Management Committee.

Mr Lim Yew Chua has more than 25 years of experience in the poultry industry and is actively involved in the planning and construction of new high-tech farms in the Group.

Mr Lim Yew Chua is a brother of Mr Lim Yew Kwang and Mr Lim Yew Piau.

Chong Peng Khang

Independent Non-Executive Director

Aged 39 - Mr Chong Peng Khang was appointed to the Board of TPC Plus Berhad on 30 November 2015. He was appointed as the Chairman of the Audit Committee on 29 August 2017. He is a member of the Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Chong graduated from Multimedia University, Malaysia with a Bachelor of Accounting (Hons) Degree. He is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants.

After approximately 8 years of audit and advisory experience in international and local accounting firms, Mr Chong left to join the commercial sector holding several key senior finance roles in Malaysian conglomerate and public listed companies. Mr Chong is also a Director in two other Malaysian public listed companies.

Lim Yew Kwang

Non-Independent Executive Director

Aged 45 – Mr Lim Yew Kwang was appointed to the Board of TPC Plus Berhad on 8 March 2012. He is also a director of all the subsidiaries of the Company and a member of the Risk Management Committee.

Mr Lim Yew Kwang has been in poultry farming for more than 20 years and is currently managing the various aspects of the farms' operations.

Mr Lim Yew Kwang is a brother of Mr Lim Yew Chua and Mr Lim Yew Piau.

Lim Yew Piau

Non-Independent Executive Director

Aged 42 – Mr Lim Yew Piau was appointed to the Board of TPC Plus Berhad on 8 March 2012. He is also a director of all the subsidiaries of the Company.

Mr Lim Yew Piau has more than 20 years of experience in poultry farming and is currently in charge of logistic, marketing and distribution of eggs to customers.

Mr Lim Yew Piau is a brother of Mr Lim Yew Chua and Mr Lim Yew Kwang.

Liang Ah Lit @ Nyah Chung Mun

Senior Independent Non-Executive Director

Aged 75 – Mr Liang Ah Lit @ Nyah Chung Mun was appointed to the Board of TPC Plus Berhad on 30 November 2015 and as Senior Independent Director in addition to YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop on 29 August 2017. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Liang Ah Lit @ Nyah Chung Mun graduated with B.Sc. in Animal Husbandry from the National Taiwan University in 1972 and worked as a Feed Programmer upon graduation. Mr Liang Ah Lit @ Nyah Chung Mun was later appointed as an Executive Director in 2003 to 2010. All in all, Mr Liang Ah Lit @ Nyah Chung Mun has about 40 years of experience as Feed Programmer.

Chong Chee Siong

Independent Non-Executive Director

Aged 43 - Mr Chong Chee Siong was appointed to the Board of TPC Plus Berhad on 30 November 2015. He is also a member of the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Company.

Mr Chong Chee Siong graduated with an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College and has about 4 years of auditing experience. He left as a General Manager after about 7 years in the commercial sector, including 3 years in a Malaysian public listed company, before starting his own business. Currently, Mr Chong Chee Siong is also a Director of another Malaysian public listed company.

All the above Directors are male and are Malaysian.

Save as disclosed, the above Directors do not have family relationship with any Director and/or major shareholder of TPC Plus Berhad.

None of the Directors:

i. have any conflict of interests with TPC Plus Berhad;
ii. have been convicted of any offences within the past 5 years (other than traffic offences, if any); and
iii. have public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

MOHAMAD RAHIMI MAT RAMIN
Farm Manager

Mohamad Rahimi Mat Ramin, aged 43, Malaysian, male, is the farm manager of Teck Ping Chan Agriculture Sdn Bhd. Encik Mohamad Rahimi joined TPCA on 26 October 2011 as an assistant farm manager and was soon promoted to his current position. Upon completing his secondary education in 1991, he immediately began his career with various layer farming companies. Encik Mohamad Rahimi has more than 25 years of experience in poultry management. He is currently in charge of the day-to-day operations of the layer farms and oversees the maintenance of all the machineries and equipment in the farms.

CHAM CHEE SONG
Feedmill Manager

Cham Chee Song, aged 36, Malaysian, male, is the feedmill manager of Teck Ping Chan Agriculture Sdn Bhd. Mr. Cham has held various positions since he joined TPC Group in 2017. Prior to joining TPC Group, he has worked in the poultry farming sector for more than 10 years. Mr. Cham is currently in charge of the company's feed production planning and the performance monitoring as well as the in-process and outgoing quality control of the raw materials and feeds.

(1) None of the Key Management has any family relationship with the Directors or Major Shareholders of the Company.
(2) All the Key Management of the Company do not have any conflict of interest with the Company.
(3) All the Key Management have not been convicted with any offences other than traffic offences (if any) in the past five (5) years.

LETTER TO SHAREHOLDERS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the Annual Report and the Financial Statements of TPC Plus Berhad ("TPC" or "Company") for the financial year ended 31 December 2018.

First and foremost, the Board would like to acknowledge the improvement in the Group's revenue for FYE 2018 which stands at RM213.05 million, 86.19% more than that of the preceding period. This commendable performance in the face of numerous business and economic challenges surrounding the year stands an example of the dedication of Management towards poultry business continuity. The Company continued to take advantage of the current and expected growth opportunities in the egg industry. TPC sold approximately 413 million eggs, surpassing the previous year's level of approximately 349 million eggs. Additionally, TPC sold approximately 56,823 metric ton of feeds which consists of 46% out of the total amount of feed produced. The Company continued to execute its growth strategy in this challenging market environment and have started to increase its revenue stream which has resulted in a significant improvement in its overall profitability compared with the prior year.

During the first half of 2018, egg industry remains challenging against a backdrop of egg oversupply and higher feed prices. The feed costs were generally higher due to the currency fluctuation and the increased cost of feed ingredients, primarily soybean meal and corn. The current geopolitical risks have created more price volatility and uncertainly to the price of the raw materials. However, the reduction in the eggs supply in the market near to the end of year 2018 has resulted in improved egg prices and thus the performance of the Group.

Further information on prospects, operation and financial performance, risks, works that have taken place during 2018 and future prospect can be found in the Management Discussion and Analysis of this Annual Report.

The Board recognizes that FYE 2019 will continue to be a challenging year but we will closely monitor the industry developments and focus on the same strategies in the year ahead; that are to manage our operations efficiently and to continue to look for any growth opportunities that can enhance our operations in order to create favorable results. Throughout the sixteen years since TPC Plus Berhad embarked on its journey as a listed entity, it has evolved from a homegrown egg business to a major egg supplier in the country. As the Group continues its journey of renewal and change, the Board expresses confidence in the direction the Group has taken. The Board remains extremely mindful of the fiduciary role we play in identifying and managing different risks. We will continue to play active role in ensuring the Group's mission to remain at the core of the business and the company great values are ultimately delivered in our services and products. With the oversight of the Board, the Management remains committed to focus on improving the operational productivity whilst reducing costs to ensure sustainable business operations and hopefully to improve bottom line of the business.

We are excited about the future of TPC. The Group's aspiration towards being the leading player in the region will continue to be of the utmost importance for us. The Board remains confident in the Group's prudent management, uncompromising ethical behavior of all stakeholders from employees to all levels of the Group's supply chain management, established relationships that provide it with intrinsic capital for growth.

On behalf of the Board of Director, we wish to convey our sincere appreciation to our valued shareholders, customers, vendors, business partners and financial lenders for your continued support and trust. We would also like to express our heartfelt gratitude to our management and employees for their exceptional great jobs that have sustained and grown the business while constantly deliver great values to customers.

Thank you for your support to TPC Plus Berhad!

Sincerely,

Tan Sri Datuk Seri (Dr) Abu Seman Yusop	**Lim Yew Chua**
Chairman	**Managing Director**

MANAGEMENT DISCUSSION AND ANALYSIS

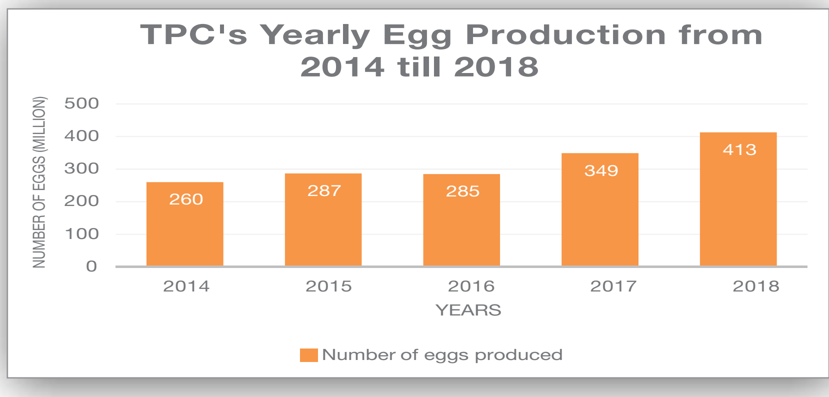
The information in this management discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto.

OVERVIEW OF BUSINESS AND OPERATIONS

TPC Plus Berhad ("TPC" or "the Company") is a renowned company in the poultry farming industry in Malaysia. The Company has been in existence since 1978 and was publicly listed in Bursa Malaysia Securities since 2003 which marked a significant milestone for the growing company, which has now gained continuous support from investors.

TPC is an investment holding company and its subsidiaries are principally engaged in the production, grading, packaging and sale of table eggs and feeds which is predominantly carried out in Malaysia. We hatch day old chicks, grow and maintain flocks of pullets (female birds under 18 weeks of age), layers (mature birds), manufacture feeds, produce, process and distribute eggs to a diverse group of customers. The Company, headquartered in Alor Gajah, Melaka and mainly sell its eggs and feeds in the southern region of Peninsula Malaysia. The layer farms and feedmill plant are located in Alor Gajah (Melaka) and Rembau (Negeri Sembilan).

TPC aims to be one of the leading egg producers in Malaysia and has committed to achieve this by continuing to expand its egg production capacity, use of new technologies to achieve better efficiency and improved egg productivity, and above all, work with passion and commitment.



During the past years, egg markets have stayed under cyclical pressure and market conditions have remained extremely difficult for egg producers. Despite that, the Group has remained focus on increasing the egg production capacity, to manufacture feeds for its own consumption and to sell feeds to other companies.

During the financial year ended ("FYE") 2018, the Company sold approximately 413 million eggs and marketed its eggs to a diverse group of customers such as wholesale egg dealers, retailers, fast food restaurants and directly to food manufacturers. It manufactured approximately 124,420 metric ton of feeds in 2018 and nearly 56,823 metric ton (46%) of feeds are sold to other companies and the remaining are for its own birds' consumption.

During the year, we have completed a number of capital improvement projects in order to increase the egg production capacity in line with expected demand. The additional eight layer houses near Rembau (Negeri Sembilan) have become fully operational and this has resulted in an increase in the egg production to approximately 1,380,000 eggs daily and still counting. The capacity increases have been accompanied by the retirement of less efficient facilities.

Currently, the Group's revenue is all for the domestic market. For many years, we have pursued a growth strategy focused on expanding our eggs production. As we always have been, we will continue to remain attentive to the changing demands of our customers and to focus on meeting their needs. In order to take better control of the quality of feeds and to diversify its source of revenue, the Company has started to manufacture its own feeds from mid of July 2017 onward, for its bird consumption and to sell feeds. This source of revenue has resulted in a significant improvement in profitability and Company will continue to manufacture more feeds in line with increasing demand.

FINANCIAL REVIEW

The purpose of this review is to provide a brief insight on key financial information. A more detailed commentary is covered under audited report.

Basis of Presentation and Preparation

The preparation of the condensed consolidated results is in conformity with Malaysia Financial Reporting Standards ("MFRS"). The Group has consistently applied the same accounting policies in its opening statement of financial position as at 1 January 2017. Therefore, the financial information for the prior year have been restated to give effect to these changes.

	2018 (RM'000)	*(Restated)* 2017 (RM'000)	Percentage changes %
Revenue	213,058	114,428	86.19
Cost of Sales	201,792	116,939	72.56
Other Income	1,387	169	720.71
Net Profit/(Loss) After Taxation	3,289	(5,329)	161.72

Revenue and Net Profit/(Loss) After Taxation

For the financial year ended 2018, the Group's revenue surged 86.19% to RM213,058 million, and net profit after taxation grew 161.72% to RM3,289 million compared to the preceding year's revenue of RM114,428 million, and a net loss after taxation of RM5,329 million. During the year, approximately 63.34% of the total revenue was derived from the sales of poultry farming products and by-products, approximately 36.52% of the total revenue was from the sales of poultry feeds and only 0.14% was from the sales of fresh fruit bunch. Such increase in total sales was mainly due to higher average selling prices of eggs, higher number of eggs sold and the new source of revenue from the sale of poultry feeds.

FINANCIAL REVIEW (CONT'D)

Revenue and Net Profit/(Loss) After Taxation (Cont'd)

The Company's financial results are directly tied to egg prices, operating costs, feed costs and volume of eggs sold. Egg prices are highly volatile and subject to wide fluctuation, which is beyond our control. The beginning of year 2018 has been challenging due to the egg oversupply situation. However, we have started to see improvement in egg prices near to the end of the year. As the result, the net profit after taxation for the Group for FYE 2018 has improved significantly. This result has been partially supported by the fair value gain in biological assets during the year.

Cost of Sales

The Group's total cost of sales increased by approximately RM84,853 million, or approximately 72.56% from approximately RM116,939 million for FYE 2017 to RM201,792 million for FYE 2018. The increase is primarily due to the commencement of eight new layer farm houses in Rembau, the increase in the cost of raw materials to manufacture feeds compare to the prior year and the fair value changes in biological assets during the year.

Other Income

During the year, the other income for the Group has soared by 720.67% primarily due to the gain on disposal of land during FYE 2018 for a total cash consideration of approximately RM2.24 million.

Operating Expenses

The increase in the operating expenses of the Group is primarily due to the commencement of feedmill plant and the additional farm houses. The Group has started to purchase raw materials from suppliers, manufacture its own feeds in order to cater not only its own flock's consumption, but also to sell to other companies. The number of pullets and layer houses has increased significantly as the result of the new operation in Rembau during FYE 2018. As the result, the overall operational costs, which includes capital expenditure, salaries and wages, depreciation expenses as well as the selling and distribution costs have increased drastically.

Review of the Statements of Financial Position

	2018	*(Restated)* 2017	Percentage change %
Total Assets (RM'000)	188,491	175,114	7.64
Total Liabilities (RM'000)	103,178	93,137	10.78
Debt /Asset Ratio	0.55	0.53	

The Group's total assets stood at RM188.49 million as at 31 December 2018 – an increase of RM13.38 million from RM175.11 million as at 31 December 2017. The Group's non-current assets made up 60.1% of the Group's total assets while the current assets comprised 39.9% of total assets at the close of the financial year, an increase of RM11.66 million compared to a year before. The increase in the current assets was mainly contributed by two main factors. They are a) increase in the value of biological assets and inventories of RM4.85 million due to the increase in the number of birds, egg production and the purchase of raw material; b) increase in cash and bank balances in line with sales growth and the sales of feeds to other companies.

The Group's total liabilities recorded an increase of RM10.04 million, reaching RM103.18 million as at 31 December 2018 from RM93.14 million the year before. The increase was mainly due to the drawdown of the short term and long term borrowings as the result of the construction of additional pullet and layer houses. The trade and other payables and accruals have contributed to the increase as the result of the purchase of raw materials to manufacture feeds. However, the increase was offset by a RM2.18 million reduction in the amount owing by related companies.

FINANCIAL REVIEW (CONT'D)

Review of the Statements of Cash Flows

The Group recognised an increase in cash and cash equivalents of RM3.34 million year-on year to RM6.98 million as at 31 December 2018.

Operating Activities

The net cash from operating activities stood at RM12.57 million in FYE 2018 compare to RM5.44 million in FYE 2017. The higher cash inflow was mainly resulted from the increase in operating profit before working capital changes by approximately RM13.2 million.

Investing Activities

TPC Group has relatively lower funds channeled towards investing activities by roughly RM24 million as compared to FYE 2017. This was primarily due to the Group's plan to build new feed mill and to increase pullet and layer houses in the prior year.

Financing Activities

The net cash for financing activities in FYE 2018 is about RM3.74 million, which was mainly due to early settlement of bank borrowings amounting to approximately RM1.5 million. The financing activities indicated a cash inflow of RM12.16 million during the previous financial year as there was an increase in the bank facilities to purchase of raw materials and for the construction of feed mill plant and additional pullet and layer houses.

Capital Expenditure

The Company started to construct new layer farm houses in a newly acquired land located in Rembau (Negeri Sembilan) during FYE 2017. The construction continued during FYE 2018 and was fully completed near the end of 2018. The increase in the production of eggs and the feed produced during FYE 2018 was in line with the capital expansion of the Company.

The Company has secured sufficient trade facilities from financial institutions to meet current working capital and projects.

Risk Factors Exposure

Our business and financial and operational results are subject to numerous uncertainties and risks, many of which are beyond our controls. The Group has placed different risk management plans to lessen or to reduce, if not to totally eliminate, the adverse impact or perceived risks associated in the business.

Egg production is subject to a variety of agricultural risks. Extreme or unusual weather conditions and any disease outbreak will adversely affect the quantity and quality of eggs produced and distributed. Despite our best effort, outbreak of disease can still occur and this will materially affect the health of our flocks. Besides that, negative publicity of an outbreak in the poultry industry can easily impact consumers' perception even if our flocks are healthy and did not catch the disease. The challenges imposed by the changes in weather conditions can be fit broadly into two categories i.e. higher costs and deteriorating productivity.

In anticipation of these risks, the Group has implemented proper and timely vaccination of its flock so as to keep the resistance level high in its flock. In addition, the spatial distribution of poultry shed ("closed house" and "open house") and stringent flock health policy of the Group also reduces the possibility of major diseases outbreak. The Group has its in-house veterinarian and experienced farm personnel who oversees and implements vaccination programs to ensure it is able to minimise the risks of disease outbreak. Housing systems are well managed by the Group to maintain optimal temperatures and reduce the risk of heat stress. All these actions taken by the Group will ultimately improve the productivity of its flocks.

However, despite the implementation of all the above measures by the Group, there is no assurance that any unforeseen disease outbreaks and adverse change in weather conditions will not have significant impact on the health or mortality of its flocks that will affect the Group's performance.

Business risks and Competition

The principal business activities of the Group are subject to certain risks inherent in the poultry industry. These risks include, inter alia, raw material shortages, rising cost of labour and feed, decrease egg selling prices, fluctuation in demand for eggs and changes in environmental framework within which the industry operates. Therefore, our prior performances should not be presumed to be our future performances. During the time of increased demand, egg industry players tend to gear up to produce more eggs and hence resulting in an oversupply of eggs in the market. Feed cost represents the largest element of egg production costs. As such, any increases in feed costs unaccompanied by the increases in the selling prices of eggs will affect the results of our operation.

Despite the aforesaid, the Group will continue to manage and limit the risks through, amongst others, continued investment in closed houses technology, further increasing automation in the production processes and continual improvement in farm management. In order to maintain and grow the Group's market share, the Group places strong emphasis and efforts to invest in new technological innovations, enhance bio-security of its flocks while continue to expand its current egg production. However, no assurance can be given that any changes to these factors will not have a material effect on the Group's performance and that the Company can maintain its current market position in the future.

Dependent on management team and Succession Planning

The success of the Company depends largely upon the continued service of our senior management team and directors. The loss or interruption of services of any key management could adversely affect our plan to pursue our growth strategies.

The Group is still in the process to plan for its succession planning which aims to continue leadership and to develop new people with great potential to fill in the key management positions of the Company.

Foreign Exchange Risk and Volatility in Prices of Raw Materials

The use of raw materials (i.e : soya bean meals, corn) in the production of animal feeds would affect the quality of feeds, and hence the performance of the flocks. Given that commodity prices are extremely volatile and difficult to predict due to seasons, natural disasters and economic factors i.e: the trade disputes between USA and China, the Company has remained cautious in planning the demand for each types of raw materials so that such data can be used in the purchasing planning.

Risk Management Framework

The Company aimed to create its risk management culture by promulgated the risk management framework throughout the organization. Further information on the structure of the risk management and internal control of the Company can be found in the Risk Management and Internal Control Statement of this Annual Report.

Prospects

Looking ahead, we will continue to execute our growth strategy and operate and expand our business regardless of the cycles. We will continue to remain focus on managing our business more efficiently and continue to construct new and more efficient facilities. If opportunities arise, we look forward to pursue strategic acquisitions and additional growth opportunities that can add value to our operations.

Dividend Policy

In view of the Group's ongoing expansion plans, the Board did not recommend any declaration of dividends for the FYE 2018.

SUSTAINABILITY STATEMENT

This Sustainability Statement is issued by TPC Plus Berhad ("TPC" or the "Company") in line with the amendments to the Main Market Listing Requirement ("Main LR") on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). As we pursue new growth opportunities, we also recognized the importance of building sustainability and shared value creation into our corporate strategies.

Seizing the opportunities to better serve our stakeholders, we have enhanced our sustainability reporting process compare to prior year. The Board will continue to put in efforts at improving our day-to-day operation of the Company in the economic, environmental and social fronts.

Introduction

Sustainability has always been the key value of the Group's culture as we strive to achieve continual financial performance and business growth. We recognize that we have a responsibility to secure our future and to create long term shared values for our stakeholders. Therefore, we are committed to ensuring responsible management and sustainable development across the Group on the Economics, Environment and Social fronts. The Company's sustainability initiatives focus on the poultry farming sector.

Approach to Sustainability

Our Group's approach to sustainability is formulated based on our Vision, Mission and Core Values as follows:

Vision

One of the leading egg producers in Malaysia

Mission

Continuous improvement and investment in people and technologies to produce high quality products to our consumers

Core Values

- To provide a safe and hygience working environment to the employees
- To constantly invest in modern technologies and facilities to achieve energy saving
- To maximise the profits by arriving the Economies of Scale in production
- To visibly contribute towards the social for sustainable development

Our sustainability team is led by the Board of Directors and implemented and monitored within the following governance structure.

Sustainability Structure	
Board of Directors	The Board oversees the overall sustainability practices and initiatives
Sustainability Working Group	• Set sustainability goals • Advise on sustainability opportunities and innovation • Address and manage challenges and constraints to the sustainability initiatives • Conduct materiality assessment • Monitor and analyse sustainability measures

Materiality Assessments

Materiality assessment is about the process of identifying and prioritizing the issues that matter the most to our business and stakeholders. In 2018, we have conducted an abridged materiality assessment in order to focus on stakeholders' concerns on the issues related to the Economic, Environmental and Social ("EES") impacts. The findings of our latest assessment is further explained under the Stakeholders' Engagement section.

We review and update our material sustainability matters with reference to Bursa Malaysia's Sustainability Reporting Guide and Toolkits, and international reporting standards such as the Global Reporting Initiative ("GRI") Standards.

In the materiality assessment process, the Group's Management has identified different material sustainability matters that are defined under Bursa Malaysia's Listing Requirements as those which:

- Reflect the business' significant EES impacts; and/or
- Substantively influence the assessments and decisions of stakeholders.

Stakeholders' Engagement

As the Company's businesses evolve, we engaged ourselves with growing number of stakeholders such as customers, suppliers, employees, shareholders and regulators. We believe fostering relationship with our key internal and external stakeholders will strengthen our Group. The Company has identified certain stakeholders relevant to our operations and undertaken various approaches to engage with our key stakeholders to solicit their view.

The following table summarises the Group's key stakeholders and how the Group engages them:-

Stakeholders	Method of Engagement	Frequency	Engagement Focus
Shareholders and investors	• Annual General Meeting • Quarterly Announcement	Quarterly, Yearly	• Good financial performance • Corporate Strategy and performance
Employees	• On-going training • Internship opportunities • Performance appraisal system	Ongoing/ Monthly/ Yearly	• Safe environment • Respect and career development
Customers	• Customers feedbacks • Face to face meeting	Ongoing	• Customer feedback review • Product quality updates
Suppliers	• Request for Proposal • Periodic Review for new purchase	Ongoing/Periodic	• Vendor performance and sound payment practices • Clear procurement practices
Community	• Donation • Meeting with communities • Sponsorships	Ongoing	• Community care and support • Donation & sponsorship for the needful

Key of Sustainability

This section aims to provide insights on the Group's sustainability commitment and practices across the three key areas of Economic, Environmental and Social undertaken by our key business divisions:

Environment

In operating the business, the Group remains committed to protect the environment and this commitment can be seen in various initiatives that have put in place.

The Company has identified different ways to reduce waste and to enhance its recycling efforts. Recycling has become our daily routine. Newspapers, magazines and used paper egg trays are all the common materials collected regularly and sent to facilities for proper handling. Paper is often the major contributor to waste in a workplace. Therefore, it a common practice for all the employees of the Group to set aside papers that they have used on one side to be used for printing drafts on the other side. Cardboard and empty boxes are reused for storage purposes. With this, we manage to reduce the space for storing empty boxes and to cut back the purchase and order of new boxes. Further to this effort, waste management contractor is appointed to dispose the wastes in an efficient manner.

In the operations, standards are imposed to effectively control the usage of electricity. Lights, electrical equipment, air conditioning and computers will be switched off when they are not in used to reduce energy consumption.

Poultry manure is disposed of for recycling into organic fertilisers for use in the agriculture industry instead of chemical fertilisers which will help to create less contaminated environment. The Company is aware that the foul odour and flies arising from the poultry manure will affect the communities located near to the farms. The Company is in the process of converting all of its farm houses to closed housed system that will likely to alleviate the problems with flies.

Social

We view occupational safety and health at work environment for employees as utmost important. Various actions are implemented to ensure workplace safety, such as:-

- Requirement for sourcing experience contractors to perform maintenance and construction works
- Continuous job training for new and existing employees
- Operate facilities safely and ensure that production line are safe for employees

Social (Cont'd)

The Company has supported the community by providing financial assistance for projects undertaken by local schools and places of worship. We also sponsored eggs to the needy and underprivileged.

We strongly believe that good corporate governance and ethical practices are essential to building a sustainable business. Therefore, over the years, our consistent adherence to ethical business practices have earned the trust of our customers, employees and various stakeholders. Our business practices are governed by Code of Conduct and Whistle Blowing Policies. Directors and employees of the Group are required to comply with relevant policies and rules that are applicable to our Group's business. The Group provides an avenue for whistleblowing for employees in order to promote an environment of integrity and ethical behaviors.

Economics

The business operations of the Group are subject to regular internal reviews by internal auditors and Quality Assurance and Control Department. As part of the Company's policy, we have employed a Quality Assurance Officer to assess the quality of eggs before they are packed and ready to be sent out to customers.

Conclusion

Although we have made some development towards formalizing sustainability within our business, we recognice the need to enhance our sustainability reporting and initiatives. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for the future. To achieve this, we will continue to actively engage our stakeholders, build upon our sustainability framework and further embed sustainability practices within our business to improve our overall sustainability performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of TPC Plus Berhad ("Company") is pleased to present below an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("Code") during the financial year ended 31 December 2018.

The application of each Practice set out in the Code is disclosed in the Corporate Governance Report 2018 of the Company which is made available on the Company's website www.tpc.com.my ("**Website**").

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

The Board of Directors is responsible for the overall corporate governance of the Group and is always mindful of its responsibilities to the Company's shareholders and other stakeholders.

In discharging its duties, the Board is guided by the Company's Board Charter and assisted by the Board Committees namely, Audit Committee, Nomination and Remuneration Committee and Risk Management Committee. These Committees will operate within their respective terms of reference approved by the Board. During the year, the terms of reference of the Committees were reviewed and amendments were made where necessary to ensure that they remain relevant and adequate. The Board and Board Committee Charters can be found at the Company's Website.

The positions of the Chairman and the Managing Director are held by different individuals with their roles and responsibilities separated and clearly defined in the Board Charter. The Board is supported by a Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators. All Board members have direct access to the advice and services of the Company Secretary for the purpose of the Board's affairs.

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities. All the Directors attended all the 4 Board Meetings held during the financial year ended 31 December 2018 except Mr Lim Yew Chua and Mr Lim Yew Piau who attended 3 of the 4 Board Meetings.

2. Board Composition

The Board is led by the Chairman in ensuring the effectiveness of all aspects of its role. A majority of the Board comprises Independent Directors including its Chairman and none of the Independent Directors have served on the Board for 9 years or more.

The Board recognises the benefits of having a diverse Board in terms of age, ethnicity and gender which provides the necessary range of perspective, experience and expertise required to achieve effective stewardship and management.

At a Board Meeting held on 27 November 2017, the Board is of the opinion that the current number of Directors on the Board is sufficient and resolved not to appoint a new female Director for the time being. With less than 1,600 shareholders, the Board still hold to the same opinion that 7 Directors on the Board is sufficient. Moreover, the Board has a majority of 4 Independent Directors which fairly reflects the investment of shareholders other than the major shareholders.

During the year, the Nomination and Remuneration Committee which is chaired by an Independent Director has assessed the Board by using the Board Evaluation Form adopted from Appendix III in Pull-out I of the 3rd Edition Corporate Governance Guide. The results of the assessment indicated that overall the Directors had been discharging their duties and responsibilities effectively. The Nomination and Remuneration Committee had also recommended for the Board to endorse the re-election of the Directors who are retiring by rotation at the forthcoming 16th Annual General Meeting to be held on 30 May 2019.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

The evaluation of individual Directors was carried out through self-assessment by using the Board Skills Matrix Form adopted from Appendix II in Pull-out I of the 3rd Edition Corporate Governance Guide. The Directors had assessed and identified their own training needs. The training programmes attended by the Directors during the financial year ended 31 December 2018 are as follows:

Directors	Training
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	Common offences & pitfalls to avoid under the Companies Act 2016
Lim Yew Chua	Common offences & pitfalls to avoid under the Companies Act 2016
Lim Yew Kwang	Common offences & pitfalls to avoid under the Companies Act 2016
Lim Yew Piau	Common offences & pitfalls to avoid under the Companies Act 2016
Liang Ah Lit @ Nyah Chung Mun	Common offences & pitfalls to avoid under the Companies Act 2016
Chong Chee Siong	Taklimat Sales and Service Tax Anjuran JKDM Melaka
Chong Peng Khang	MCCG and Bursa Listing Requirements: Application, Disclosure and Reporting Expectations for Principle A, B and C
	Walking Through Contracts the MFRS 15 Way
	Overview of MFRS 9, Financial Instruments
	MFRS 16, Leases
	The Return of Sales and Service Tax
	SST: Post Implementation Issues and Latest Updates
	SST: Post Implementation Briefing
	BDO Tax Budget Seminar 2019: Keeping Ahead of Tax Reforms
	Deloitte TaxMax – The 44th Series
	Budget Proposals 2019 and Tax Cases Update

3. Remuneration

The current practice is for the Executive Directors to be remunerated by taking into consideration their experience, responsibilities and contributions to ensure that the Company attracts and retains directors of the quality needed to manage the business of the Group. Non-executive Directors are paid an annual Directors' fees in addition to travelling allowance for attending Board and Board Committee meetings.

The Nomination and Remuneration Committee will propose to the Board on the Directors' fees payable and the ultimate decision will be made by the Board subject to the shareholders' approval at the Company's Annual General Meeting.

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Remuneration (Cont'd)

The remuneration of each Directors of the Company for the financial year ended 31 December 2018 are as follows:

	TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	–	–	–	–	–	–	–	–
Lim Yew Kwang	–	–	–	–	–	–	–	–
Lim Yew Piau	–	–	–	–	–	–	–	–
Non-Executive Directors								
Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	32.40	–	–	–	–	–	0.8	33.20
Liang Ah Lit @ Nyah Chung Mun	32.40	–	–	–	–	–	0.8	33.20
Chong Chee Siong	32.40	–	–	–	–	–	0.8	33.20
Chong Peng Khang	32.40	–	–	–	–	–	0.8	33.20

	Subsidiaries of TPC Plus Berhad (RM'000)							
	Fees *	Salary	Bonus	EPF	SOCSO	EIS	Allowance	Total
Executive Directors								
Lim Yew Chua	32.40	120	70	22.8	0.828	0.095	–	246.123
Lim Yew Kwang	32.40	120	70	22.8	0.828	0.095	–	246.123
Lim Yew Piau	32.40	120	70	22.8	0.828	0.095	–	246.123
Non-Executive Directors								
Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	–	–		–	–		–	–
Liang Ah Lit @ Nyah Chung Mun	–	–		–	–		–	–
Chong Chee Siong	–	–		–	–		–	–
Chong Peng Khang	–	–		–	–		–	–

Note

* Directors' fees is subject to shareholders' approval at the 16th Annual General Meeting to be held on 30 May 2019.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Company's Audit Committee comprises 4 Independent Non-executive Directors and none of them were former key audit partners. The Chairman of the Audit Committee is not the Chairman of the Board. The Chairman of the Audit Committee is Mr Chong Peng Khang who is a Chartered Accountant of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr Chong Peng Khang was appointed as Chairman of the Audit Committee on 29 August 2017.

The Audit Committee has an External Auditors Assessment Policy established and an assessment on the Company's External Auditors was carried during the year. The Audit Committee is satisfied with the suitability and independence of the External Auditors and had recommended for the Board to endorse the re-election of the External Auditors at the forthcoming 16th Annual General Meeting to be held on 30 May 2019.

A summary of the activities carried out by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

2. Risk Management and Internal Control Framework

The Company's Risk Management Committee comprises a majority of Independent Directors who will assist the Board in fulfilling its responsibilities in the risk governance and oversight function.

The Company has outsourced its internal audit function to an independent consulting firm to assist the Board in monitoring and reviewing the effectiveness of the risk management, internal control and governance processes within the Group. In order to act independently from the Management, the independent consulting firm reports directly to the Audit Committee.

The Board is of the view that the risk management and internal control system put in place during 2018 is sufficient to safeguard shareholders' investment and the Group's assets.

Further information on the Group's risk management and internal control is made available in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Board acknowledges the importance of timely and equal dissemination of material information to its shareholders, investors and the public at large and will ensure that the Company adhere to the disclosure requirement of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad at all times.

Circular to Shareholders and Annual Report were sent to all shareholders and made accessible through the Company's Website. Announcements and quarterly results of the Company are also accessible through the same website.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

2. Conduct of General Meetings

The Company's Annual General Meeting remains the principal forum for dialogue and interaction with shareholders during which the shareholders may seek clarifications and comment on the Group's businesses and financial performance.

At least 28 days' notice was given for the 15th Annual General Meeting held on 31 May 2018 in accordance with the Malaysian Code on Corporate Governance.

Other than Mr Lim Yew Chua and Mr Lim Yew Piau who were on a business trip to overseas, all the Directors were present at the 15th Annual General Meeting to answer questions raised by the shareholders before the resolutions were put to vote by way of a poll.

A scrutineer was appointed to validate the votes cast at the 15th Annual General meeting. The name of the independent scrutineer and the decisions for the respective resolutions were announced to Bursa Malaysia Securities Berhad on the same day of the meeting.

This Corporate Governance Overview Statement and the Corporate Governance Report were approved by the Board of Directors on 11 April 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ('the Guidelines") and Malaysian Code on Corporate Governance, the Board of Directors ("the Board") of TPC Plus Berhad ("the Company") (collectively with its subsidiaries, "the Group") is pleased to present the Statement on Risk Management and Internal Control of the Group for the financial year ended 31 December 2018. The scope of this Statement includes the Company and its operating subsidiaries.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound risk management practices, reviewing and overseeing the effectiveness and adequacy of the Group's risk management and internal controls system implemented by management and to establish risk appetite of the Group based on the corporate objectives, strategies, external environment, business nature and corporate/product lifecycle. The Board has delegated these aforementioned responsibilities to the Risk Management Committee whereby the Risk Management Committee is assigned with the duty, through its terms of reference and the Risk Management Framework approved by the Board, to provide assurance to the Board on the effectiveness of risk management and internal control systems of the Group. Through the Audit Committee, the Board is kept informed of all significant financial and non-financial issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors. The Board confirms that these processes have 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.

Due to the inherent limitations in any risk management and internal control system, such system put into effect by the Management by its nature is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT SYSTEM

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board had put in place a Risk Management Framework ('RM Framework"), as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group adequately and effectively as second line-of-defense. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Management Working Group.

The RM Framework established lays down the risk management's objectives and processes established by the Board with proper governance structure of the risk management activities of the Group established as follows:

RISK MANAGEMENT SYSTEM (CONT'D)

Clear roles and responsibilities of the Board, the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Risk Management Working Group and internal audit function are defined in the RM Framework. The Risk Management Committee is chaired by Chairman of the Board and guided by formal terms of reference embodied in the RM Framework.

Systematic risk management process is stipulated in the RM Framework, whereby each step of the risk identification, risk assessment, control identification, risk treatment and control activities are laid down for application by the Risk Management Working Group. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board that are stipulated in the RM Framework. Based on the risk management process, relevant key risks are identified based on the risk appetite of the Group to ensure the Group is managed within tolerable expectation.

During the financial year under review, Risk Management Working Group conducted a review and assessment exercise whereby existing strategic, governance and key operational risks of the Group were reviewed with emerging risks assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taken into consideration of the internal audit findings. Key risk profile (consisted of strategic risks and key operational risks, existing control activities for risks mitigation, likelihood and impact ratings) was compiled and tabled to the Risk Management Committee for their review and deliberation on its adequacy and effectiveness and for its reporting the results of review to the Board, which assumes the primary responsibility of the risk management of the Group.

At strategic level, any business plans, business strategies and investment proposals with risks consideration are formulated by the Management and will be presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible to ensure that business processes under their responsibilities are operating effectively and efficiently by way of maintaining effective internal controls and executing risk and control procedures. Any changes in the key operational risks or emergence of new key business risks are identified through daily operational management. Respective risk owners are responsible to assess the changes to the existing operational and emerging risks and to formulate and implement effective controls to manage the risks. Material risks are highlighted to the Risk Management Committee and Audit Committee for final decision on the formulation and implementation of effective internal controls and its reporting to the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

Please refer to the "Risk Factors Exposure" of the Management Discussion and Analysis for the significant risks faced by the Group and the mitigation plans implemented.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control systems are described below:

- Board of Directors/Board Committees

  Board Committees (i.e. Audit Committee and Nomination and Remuneration Committee and Risk Management Committee) are established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference.

  Meeting of Board and respective Board Committees are carried out on scheduled basis to reviews the performance of the Group, from financial and operational perspective.

INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the Group's internal control systems are described below: (Cont'd)

- Organisation Structure, Accountability and Authorisation

  The Group has a formal organisation structure in place to ensure appropriate level of authorities, responsibilities and accountability are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. Authority limit are established within the Group to provide a clear functional framework of authority for critical control points.

- Human Resource Policy

  Guidelines on human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequately competent employees who possess the necessary knowledge, skill and experience in carrying out their duties and responsibilities effectively and efficiently.

- Information and Communication

  Information critical to the achievement of the Group's business objectives are provided by the Senior Management to the Board. This allows matters that require the Board's attention to be highlighted for review, deliberation and decision making on a timely basis.

  At operational level, clear reporting lines are established across the Group and operation reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives.

- Monitoring and Review

  As Executive Directors are closely and directly involved in daily operations of the Group, regular reviews of operational data including production, marketing and financial are performed by the Executive Directors. Apart from the above, the quarterly financial performance review containing key financial results and comparison against previous corresponding financial results are presented to the Board for their review.

  Furthermore, internal audits are carried out by outsourced internal audit functions (which reports directly to the Audit Committee) on key risk areas identified based on the key risk profile of the Group. The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

- Biosecurity and Disease Control

  Good farm management practices and biosecurity and disease controls to mitigate biosecurity and disease threats are incorporated into policies and procedures adopted by the farms, the production chain and distribution process.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit functions are made up of outsourced internal audit function that was managed by a professional firm, NeedsBridge Advisory Sdn Bhd. The internal audit functions assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's governance, risk and control structure and processes.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The scope of control review by the outsourced internal audit function is determined and approved by the Audit Committee with feedback from executive management.

INTERNAL AUDIT FUNCTIONS (CONT'D)

The outsourced internal audit function reports to the Audit Committee directly and the engagement director is a Certified Internal Auditor ("CIA") accredited by the Institute of Internal Auditors Global ("IIA") and a professional member of the Institute of Internal Auditors Malaysia ("IIAM"). The internal audit is carried out, in material aspect, in accordance with the International Professional Practices Framework ("IPPF") established IIA. The outsourced internal audit function is carried out by one (1) engagement director, one (1) manager/assistant manager and two (2) senior consultants/consultants during the financial year under review.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorize and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit and Risk Management Committee and other specialized services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

The oversight of the outsourced internal audit function by Audit Committee was enhanced with the review by Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure and continuous professional development for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

Based on the above review, the engagement terms, the approved internal audit plans, internal audit works performed and reports by the outsourced internal audit function, Audit Committee is of the opinion that the scope, functions (including independence), competency, resources, authorities granted to the internal audit function as well as internal audit plan and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit plan, processes or investigation undertaken (if any) is adequately communicated to the Audit Committee and appropriate actions are taken on the recommendations of the internal audit function.

The internal audit works are guided by risk-based internal audit plan drafted based on existing and emergent key business risks identified in the key risk registers of the Group, the Senior Management's opinion and previous internal audits performed, and subjected to review and approval by Audit Committee prior to its execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During financial year ended 31 December 2018, the outsourced internal audit functions had conducted a review to assess the adequacy and effectiveness of the internal control of the production management, inventory management and governance of the new feedmill plant under Teck Ping Chan Agriculture Sdn Bhd which is in accordance to the audit plan approved by Audit Committee.

Upon the completion of internal audit field works, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings, recommendations and the management response and action plans were presented and deliberated with the members of Audit Committee. Updates on the status of action plans as identified in the previous internal audit report were presented at subsequent Audit Committee meeting for review and deliberation.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2018 amounted to RM17,715.75.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Guidelines, the Management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, responding appropriately and promptly bringing these to the attention of the Board.

The Board has received assurance from the Group's Managing Director, being highest ranking executive in the Company and the person primarily responsible for the management of the financial affairs of the Company, that to the best of his knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement, pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the year ended 30 June 2018 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form and opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board of Directors and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, performance of internal audit function, monitoring and review mechanism stipulated above and the assurance provided by the Group Managing Director, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's governance, risk and control structures and processes in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

This statement was approved by the Board of Directors on 11 April 2019.

AUDIT COMMITTEE REPORT

1. COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by the Board of Directors comprises the following Independent Non-executive Directors:

Chong Peng Khang	-	Chairman
YBhg. Tan Sri Datuk Seri (Dr.) Abu Seman bin Haji Yusop	-	Member
Liang Ah Lit @ Nyah Chung Mun	-	Member
Chong Chee Siong	-	Member

2. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available for reference on the Company's website at www.tpc.com.my

3. MEETINGS AND ATTENDANCE

The Committee met 4 times during the financial year ended 31 December 2018 and all the Committee Members attended every meeting held.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE

A summary of the main activities carried out by the Audit Committee during the financial year ended 31 December 2018 are as follows:

4.1 <u>Financial reporting and external audit</u>

i. Reviewed the Group's unaudited quarterly financial results with the Management and External Auditors before recommending the same to the Board of Directors for their approval and announcement to Bursa Malaysia Securities Berhad.

ii. Reviewed with the External Auditors the Audit Review Memorandum for the financial year ended 31 December 2017 and discussed audit and accounting matters arising from the audit and the Management's response towards these matters.

iii. Discussed the Audit Planning Memorandum for the financial year ended 31 December 2018.

iv. Discussed on the new accounting policies under the Malaysian Financial Reporting Standards.

v. Discussed and established a policy to exclude price abnormality range on the valuation of biological assets.

vi. Evaluated the suitability and independence of the External Auditors and made recommendation to the Board on their re-appointment.

4. SUMMARY OF ACTIVITIES OF THE COMMITTEE (CONT'D)

4.2 Internal audit

i. Reviewed and proposed to the Board of Directors on the adoption of the Internal Audit Charter.

ii. Reviewed the Action Plan Progress Follow Up Report to follow up on the status and progress of Management's action plan in managing potential risks identified in previous internal audit findings.

iii. Reviewed the Internal Audit Report on risk management and internal control system in the production management, inventory management and governance of the feedmill plant and assessed the findings made by the Internal Auditors and the Management's comments and implementation plan.

iv. Reviewed the Internal Audit Plan for the financial year ending 31 December 2019.

v. Reviewed and assessed the Internal Auditors and the internal audit functions.

4.3 Related party transactions

i Reviewed and ensure that the Review and Disclosure Procedures for related party transaction is adequate and appropriate.

ii. Ensure that mandate has been received from shareholders for all recurrent related party transactions.

iii. Ensure that all actual recurrent related party transactions are within the mandate received from shareholders.

4.4 Other matters

i. Reviewed the Audit Committee Charter and proposed for the amended Audit Committee Charter to be approved by the Board of Directors.

ii. Approved the Audit Committee Report for inclusion in the Company's Annual Report 2017.

iii. Met with the External Auditors without the presence of the Executive Directors and Management.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID OR PAYABLE

Audit and non-audit fees paid or payable in respect of services rendered to the Company and its subsidiaries by Crowe Malaysia PLT, the Company's external auditors, or a firm or a corporation affiliated to Crowe Malaysia PLT for the financial year ended 31 December 2018 are as follows:

	2018 Audit Fee RM'000	2017 Tax Fee RM'000	2017 Review of Statement on Risk Management and Internal Control RM'000	Non-audit Services # RM'000	Total RM'000
Company	35	3	5	10	53
Subsidiaries	55	15	–	10	80
Total	90	18	5	20	133

\# The non-audit fees was incurred in relation to the review of the workings on fair value of biological assets and the review of forecast.

2. RECURRENT RELATED PARTY TRANSACTIONS

The recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders' mandate given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows:

Related party	Nature of transaction	Nature of relationship	Amount Transacted (RM)
Huat Lai Resources Berhad ("HLRB")	Sale of eggs by TPCA to HLRB	HLRB is a major shareholder of TPC Plus Berhad holding 59.71% direct interest.	1,579,348.05
	Sale of layer feed by TPCA to HLRB		2,900,995.30
	Purchase of eggs, raw material and livestock by TPCA from HLRB		38,681,150.19
Huat Lai Feedmill Sdn Bhd ("HLFM")	Sale of layer feed by TPCA to HLFM	HLFM is a wholly-owned subsidiary of HLRB	21,190.50
	Purchase of grower feed and raw material by TPCA from HLFM		1,405,130.90

2. RECURRENT RELATED PARTY TRANSACTIONS (CONT'D)

The recurrent related party transactions conducted during the financial year ended 31 December 2018 pursuant to the shareholders' mandate given to Teck Ping Chan Agriculture Sdn Bhd ("TPCA") are as follows: (Cont'd)

Related party	Nature of transaction	Nature of relationship	Amount Transacted (RM)
HLRB Processing Sdn Bhd ("HLPR")	Sales of spent layers by TPCA to HLPR	HLPR is a wholly-owned subsidiary of HLRB	2,645,796.34
Linggi Agriculture Sdn Bhd ("LASB")	Sale of layer feed by TPCA to LASB	LASB is a wholly-owned subsidiary of HLRB	75,855,108.84
Chuan Hong Poultry Farm Sdn Bhd ("CHPF")	Sale of layer feed and raw material by TPCA to CHPF	CHPF is a wholly-owned subsidiary of HLRB	1,068,565.95
Huat Lai Paper Products Sdn Bhd ("HLPP")	Purchase of egg trays by TPCA from HLPP	HLPP is a wholly-owned subsidiary of HLRB	2,041,472.60

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts subsisting at the end of the financial year or entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors, chief executive who is not a director or major shareholders.

STATEMENT ON DIRECTORS' RESPONSIBILITY
IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and regulatory requirements and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows for that year then ended.

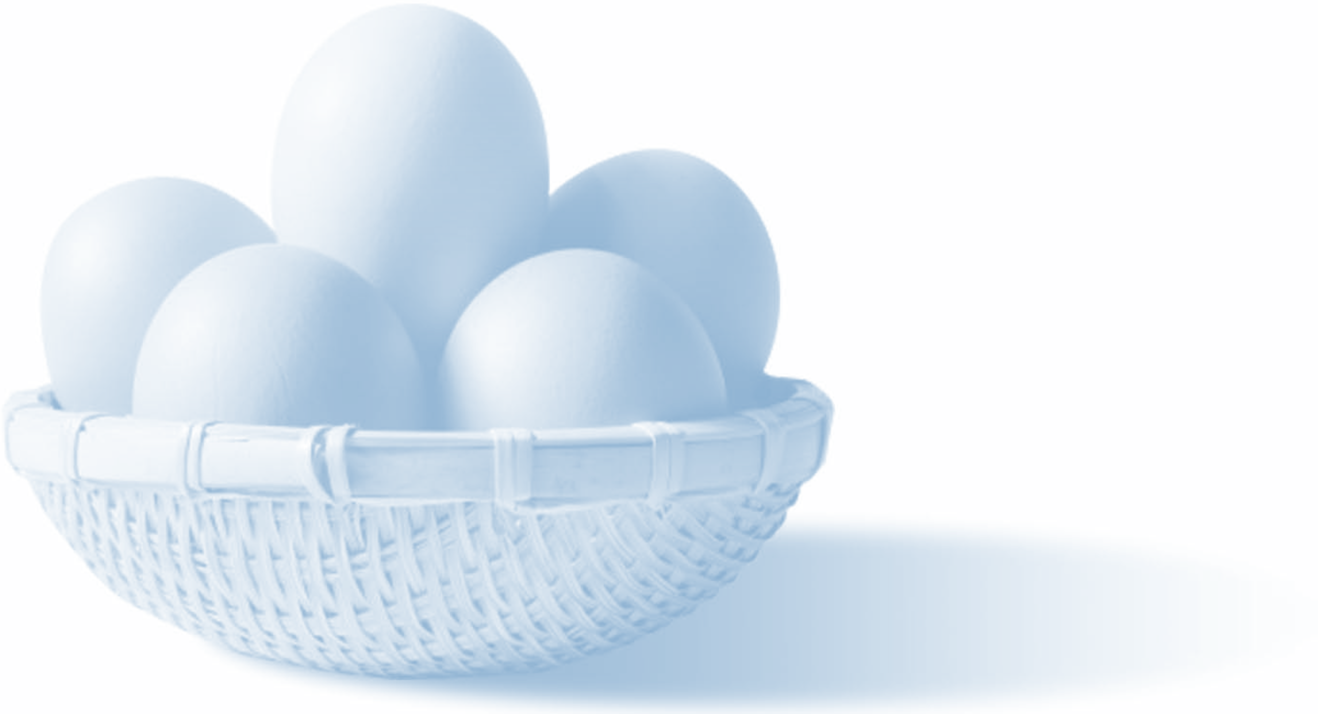
In preparing the financial statements of the Group and Company for the financial year ended 31 December 2018, the Directors are satisfied that the Management have:

i. adopted appropriate accounting policies and consistently applied them;
ii. made judgments and estimates that are reasonable and prudent;
iii. followed all applicable accounting standards; and
iv. prepared the financial statements on a going concern basis.

The Directors have also ensured that the proper accounting records kept disclose with reasonable accuracy the financial position of the Group and Company and enable the Directors to ensure that the financial statements comply with the Companies Act 2016 and MASB approved accounting standards.

The Directors are also responsible for taking steps that are reasonably available to them to safeguard the assets of the Group and Company and to detect and prevent fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 11 April 2019.



Financial STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit/(Loss) after taxation for the financial year	3,289,046	(347,572)
Attributable to:-		
Owners of the Company	3,289,046	(347,572)

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

WARRANTS

The 80,000,000 warrants were issued on 20 January 2016 and listed on the Main Market of Bursa Malaysia Securities Berhad with effect from 22 January 2016.

Each Warrant carries the right to subscribe for 1 new ordinary share in the Company at any time from 20 January 2016 up to the expiry date on 19 January 2021 at an exercise price of RM0.20 or such adjusted price as determined in accordance with the provisions in the Deed Poll dated 18 November 2015 constituting the Warrants. Any warrant not exercised by the expiry of the exercise period will lapse and cease to be valid for all purposes.

All the ordinary shares issued from the exercise of Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company save and except that the new ordinary shares shall not be entitled to any dividend, right, allotment and/or other forms of distributions where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new shares.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 35 to the financial statements. At the date of this report, there does not exist:-

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than fair value gain or loss of financial assets (including biological assets) as disclosed in Note 9 to the financial statements.

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, in the opinion of the directors, 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

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

LIM YEW CHUA*
LIM YEW KWANG*
YBHG. TAN SRI DATUK SERI (DR.) ABU SEMAN BIN HAJI YUSOP
CHONG CHEE SIONG
CHONG PENG KHANG
LIANG AH LIT @ NYAH CHUNG MUN
LIM YEW PIAU*

* Directors of the Company and its subsidiaries.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 (b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year had no interest in shares and/or warrants of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 29 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there is no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

HOLDING COMPANIES

The immediate and ultimate holding companies are Huat Lai Resources Berhad and Esprit Unity Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 28 to the financial statements.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 11 APRIL 2019

Lim Yew Chua

Lim Yew Kwang

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Lim Yew Chua and Lim Yew Kwang, being two of the directors of TPC Plus Berhad, state that, in the opinion of the directors, the financial statements set out on pages 49 to 117 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 11 APRIL 2019

Lim Yew Chua **Lim Yew Kwang**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Lim Yew Chua, being the director primarily responsible for the financial management of TPC Plus Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 117 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Lim Yew Chua, NRIC Number: 670605-04-5141
in the state of Melaka
on this 11 April 2019

Lim Yew Chua

Before me

Shahrizah Binti Yahya (M084)
Commissioner for Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TPC Plus Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 117.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of biological assets Refer to Notes 5(j) and 9 to the financial statements	
Key audit matter	**How our audit addressed the key audit matter**
The Group's biological assets (comprise pullets and layers) have a carrying value of RM35,028,956 and represents the largest component in the Group's current assets as at year end. In determining the fair value of the biological assets, the Group uses the discounted cash flows model and significant judgement is involved in determining the key assumptions which will impact the amount of fair value of biological assets recognised. We focused on this area because there is key judgement involved in determining the expected number of table eggs produced by each layer, the expected selling price of the table eggs, mortality rate, feed consumption rate and feed costs over the remaining life of the layers, as well as the discount rates. The accounting policy for biological assets has been disclosed in Note 5(j) to the financial statements. The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 9 to the financial statements.	We evaluated the appropriateness of the methodology and key assumptions used by management in valuing the biological assets. We checked the mathematical accuracy of the valuation model prepared by management. We corroborated the weekly number of table eggs produced and weekly feed consumption volume to the historical data provided to us by management. In respect of the projected selling prices and feed costs, we compared the projected prices against historical prices and checked the reasonableness of the adjustments made for abnormal market movements. We test checked the mortality rate assumption against historical actual mortality rate and found them to be reasonable. We assessed the appropriateness of the range used to test the sensitivity analysis performed by management as disclosed in Note 9.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

As stated in Note 4.1 to the financial statements, TPC Plus Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the 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 ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Piong Yew Peng
03070/06/2019 J
Chartered Accountant

Melaka

11 April 2019

STATEMENTS OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	NOTE	THE GROUP 31.12.2018 RM	THE GROUP 31.12.2017 RM	THE GROUP 1.1.2017 RM	THE COMPANY 31.12.2018 RM	THE COMPANY 31.12.2017 RM	THE COMPANY 1.1.2017 RM
ASSETS							
NON-CURRENT ASSETS							
Investment in subsidiaries	6	–	–	–	63,214,316	63,335,894	57,269,227
Property, plant and equipment	7	112,599,126	111,524,264	81,050,776	–	–	–
Investment property	8	640,000	–	–	–	–	–
		113,239,126	111,524,264	81,050,776	63,214,316	63,335,894	57,269,227
CURRENT ASSETS							
Biological assets	9	35,028,956	30,176,005	34,722,853	–	–	–
Inventories	10	6,244,556	3,484,914	1,068,732	–	–	–
Trade receivables	11	9,616,625	7,656,592	4,940,498	–	–	–
Other receivables, deposits and prepayments	12	3,423,923	3,939,568	1,503,642	3,388	3,310	3,260
Amount owing by related companies	13	12,574,104	12,511,507	74,634	–	–	–
Short-term investment	14	571,395	551,328	5,028,346	–	–	–
Current tax assets		–	–	–	400	400	–
Fixed deposits with financial institutions	15	460,000	460,000	6,696,140	–	–	6,146,140
Cash and bank balances		7,332,089	4,809,900	4,380,214	72,668	61,693	359,034
		75,251,648	63,589,814	58,415,059	76,456	65,403	6,508,434
TOTAL ASSETS		188,490,774	175,114,078	139,465,835	63,290,772	63,401,297	63,777,661

The annexed notes form an integral part of these financial statements.

	NOTE	THE GROUP 31.12.2018 RM	THE GROUP 31.12.2017 RM	THE GROUP 1.1.2017 RM	THE COMPANY 31.12.2018 RM	THE COMPANY 31.12.2017 RM	THE COMPANY 1.1.2017 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	16	52,009,612	46,764,467	46,754,855	52,009,612	46,764,467	46,754,855
Share premium	16(a)	–	5,245,145	5,245,145	–	5,245,145	5,245,145
Warrant reserve	16(b)	19,324,895	19,324,895	19,330,307	19,324,895	19,324,895	19,330,307
Retained profits/(Accumulated losses)		13,979,048	10,642,757	15,971,328	(8,571,891)	(8,224,319)	(7,891,855)
Equity attributable to owners of the Company		85,313,555	81,977,264	87,301,635	62,762,616	63,110,188	63,438,452
NON-CURRENT LIABILITIES							
Deferred tax liabilities	17	9,782,061	8,721,700	11,475,744	–	–	–
Long term borrowings	18	23,600,048	24,447,327	10,872,143	–	–	–
		33,382,109	33,169,027	22,347,887	–	–	–
CURRENT LIABILITIES							
Trade payables	21	39,924,328	26,156,974	2,158,335	–	–	–
Other payables and accruals	22	2,528,891	4,555,358	3,090,755	164,600	156,675	195,175
Amount owing to related companies	23	2,176,314	7,053,270	12,069,012	363,556	134,434	134,434
Bank overdrafts (secured)	24	927,748	1,725,418	–	–	–	–
Short term borrowings	25	24,219,871	20,432,709	12,413,446	–	–	–
Current tax liabilities		17,958	44,058	84,765	–	–	9,600
		69,795,110	59,967,787	29,816,313	528,156	291,109	339,209
TOTAL LIABILITIES		103,177,219	93,136,814	52,164,200	528,156	291,109	339,209
TOTAL EQUITY AND LIABILITIES		188,490,774	175,114,078	139,465,835	63,290,772	63,401,297	63,777,661

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		THE GROUP		THE COMPANY	
	NOTE	2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	26	213,057,561	114,427,525	–	–
COST OF SALES		(201,791,805)	(116,939,137)	–	–
GROSS PROFIT/(LOSS)		11,265,756	(2,511,612)	–	–
OTHER INCOME		1,386,686	168,970	–	51,035
		12,652,442	(2,342,642)	–	51,035
ADMINISTRATIVE EXPENSES		(2,505,430)	(2,398,967)	(347,572)	(334,157)
SELLING AND DISTRIBUTION EXPENSES		(1,034,960)	(523,316)	–	–
OTHER EXPENSES		(258,853)	(30,077)	–	–
FINANCE COSTS		(3,934,826)	(2,669,835)	–	–
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	27	(466,988)	–	–	–
PROFIT/(LOSS) BEFORE TAXATION	28	4,451,385	(7,964,837)	(347,572)	(283,122)
INCOME TAX EXPENSE	31	(1,162,339)	2,636,266	–	(49,342)
PROFIT/(LOSS) AFTER TAXATION		3,289,046	(5,328,571)	(347,572)	(332,464)
OTHER COMPREHENSIVE INCOME					
<u>Items that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Remeasurement of deferred tax on disposal of revalued property, plant and equipment		47,245	–	–	–
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		3,336,291	(5,328,571)	(347,572)	(332,464)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		3,289,046	(5,328,571)	(347,572)	(332,464)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		3,336,291	(5,328,571)	(347,572)	(332,464)
EARNINGS/(LOSS) per share (SEN)	32				
- Basic		1.41	(2.28)		
- Diluted		1.22	(2.28)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

THE GROUP	NOTE	SHARE CAPITAL RM	NON - DISTRIBUTABLE SHARE PREMIUM RM	NON - DISTRIBUTABLE WARRANT RESERVE RM	NON - DISTRIBUTABLE REVALUATION RESERVE RM	DISTRIBUTABLE (ACCUMULATED LOSSES)/ RETAINED PROFITS RM	ATTRIBUTABLE TO THE OWNER OF THE COMPANY RM
AT 1.1.2017							
- as stated under FRS		46,754,855	5,245,145	19,330,307	14,731,809	(12,935,486)	73,126,630
- effects of transition to MFRS	39	–	–	–	(14,731,809)	28,906,814	14,175,005
As restated		46,754,855	5,245,145	19,330,307	–	15,971,328	87,301,635
Exercise of warrant		9,612	–	(5,412)	–	–	4,200
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	–	(5,328,571)	(5,328,571)
Balance at 31.12.2017/1.1.2018		46,764,467	5,245,145	19,324,895	–	10,642,757	81,977,264

The annexed notes form an integral part of these financial statements.

THE GROUP	NOTE	SHARE CAPITAL RM	NON - DISTRIBUTABLE SHARE PREMIUM RM	NON - DISTRIBUTABLE WARRANT RESERVE RM	DISTRIBUTABLE RETAINED PROFITS RM	ATTRIBUTABLE TO THE OWNER OF THE COMPANY RM
Balance at 31.12.2017/1.1.2018		46,764,467	5,245,145	19,324,895	10,642,757	81,977,264
Contributions by and distributions to owners of the Company:						
- Transfer to share capital upon implementation of the Companies Act 2016	16	5,245,145	(5,245,145)	–	–	–
Profit after taxation for the financial year		–	–	–	3,289,046	3,289,046
Other comprehensive income for the financial year						
- Remeasurement of deferred tax on disposal of revalued property, plant and equipment		–	–	–	47,245	47,245
Total comprehensive income for the financial year		–	–	–	3,336,291	3,336,291
Balance at 31.12.2018		52,009,612	–	19,324,895	13,979,048	85,313,555

The annexed notes form an integral part of these financial statements.

THE COMPANY	NOTE	SHARE CAPITAL RM	NON - DISTRIBUTABLE SHARE PREMIUM RM	NON - DISTRIBUTABLE WARRANT RESERVE RM	DISTRIBUTABLE ACCUMULATED LOSSES RM	TOTAL EQUITY RM
At 1.1.2017		46,754,855	5,245,145	19,330,307	(7,891,855)	63,438,452
Exercise of warrant		9,612	–	(5,412)	–	4,200
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	(332,464)	(332,464)
Balance at 31.12.2017/1.1.2018		46,764,467	5,245,145	19,324,895	(8,224,319)	63,110,188
Contributions by and distributions to owners of the Company:						
- Transfer to share capital upon implementation of the Companies Act 2016	16	5,245,145	(5,245,145)	–	–	–
Loss after taxation/Total comprehensive expenses for the financial year		–	–	–	(347,572)	(347,572)
Balance at 31.12.2018		52,009,612	–	19,324,895	(8,571,891)	62,762,616

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	THE GROUP		THE COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit/(Loss) before taxation	4,451,385	(7,964,837)	(347,572)	(283,122)
Adjustments for:-				
Allowance for impairment losses on trade receivables	466,988	–	–	–
Depreciation of property, plant and equipment	8,848,463	8,961,261	–	–
Depreciation of investment property	240,000	–	–	–
Gain on disposal of property, plant and equipment	(1,150,554)	–	–	–
Interest expenses	3,934,826	2,669,835	–	–
Dividend income	(20,067)	(51,328)	–	–
Interest income	(15,840)	(63,830)	–	(51,035)
Operating profit/(loss) before working capital changes	16,755,201	3,551,101	(347,572)	(334,157)
Increase in inventories	(2,759,642)	(2,416,182)	–	–
(Increase)/Decrease in biological assets	(4,852,951)	4,546,848	–	–
Increase in trade and other receivables	(1,973,973)	(17,588,893)	(78)	(50)
Increase/(Decrease) in trade and other payables	5,481,699	17,505,317	7,925	(38,500)
CASH FROM/(FOR) OPERATIONS	12,650,334	5,598,191	(339,725)	(372,707)
Income tax paid	(80,833)	(158,485)	–	(59,342)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	12,569,501	5,439,706	(339,725)	(432,049)

The annexed notes form an integral part of these financial statements.

	NOTE	THE GROUP 2018 RM	THE GROUP 2017 RM	THE COMPANY 2018 RM	THE COMPANY 2017 RM
CASH (FOR)/FROM INVESTING ACTIVITIES					
Advance to/(Repayment from) subsidiaries		–	–	350,700	(6,066,667)
Dividend received		20,067	51,328	–	–
Interest received		15,840	63,830	–	51,035
Decrease in fixed deposits pledged		–	90,000	–	–
Proceeds from disposal of property, plant and equipment		2,241,426	–	–	–
Purchase of property, plant and equipment	33(a)	(7,770,721)	(29,726,840)	–	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(5,493,388)	(29,521,682)	350,700	(6,015,632)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advance from related companies		179,638	155,329	–	–
Interest paid	33(b)	(3,934,826)	(2,669,835)	–	–
Drawdown of term loans	33(b)	6,150,000	19,930,000	–	–
Proceeds from issuance of ordinary shares		–	4,200	–	4,200
Drawdown of bankers' acceptances	33(b)	7,239,000	4,548,000	–	–
Repayment of term loans	33(b)	(9,305,894)	(6,616,417)	–	–
Repayment of hire purchase obligations	33(b)	(4,064,105)	(3,188,191)	–	–
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(3,736,187)	12,163,086	–	4,200
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,339,926	(11,918,890)	10,975	(6,443,481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,635,810	15,554,700	61,693	6,505,174
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(c)	6,975,736	3,635,810	72,668	61,693

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	PT 1678, Mukim of Serkam 77300 Merlimau Melaka
Principal place of business	:	Lot 942, Simpang Ampat 78000 Alor Gajah Melaka

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 April 2019.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

3. HOLDING COMPANIES

The immediate and ultimate holding companies are Huat Lai Resources Berhad and Esprit Unity Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 January 2017 as the date of transition. An opening statements of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 5 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including the comparative information presented. The financial impacts on the transition from FRSs to MFRSs are disclosed in Note 39 to the financial statements.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgments

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgments (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(iii) Biological Assets

The fair value of biological assets is determined using a discounted cash flow model which considers the expected quantity and price of the table eggs to be produced over the life of the layers, taking into account the layers' mortality rate.

In measuring the fair value of biological assets, management estimates and judgements are required which include the expected number of table eggs produced by each layer, the expected selling price of the table eggs, mortality rate, consumption rate, feed costs and other estimated costs over the remaining life of the layers, as well as the discount rates. Changes to any of these assumptions would affect the fair value of the biological assets.

The Group recorded a fair value for its biological assets of RM35,028,956 as at 31.12.2018 (31.12.2017: RM30,176,005 and 1.1.2017: RM34,722,853). The key assumptions used in the discounted cash flow model and the sensitivity analysis are disclosed in Note 9 to the financial statements.

(iv) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjust for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables and amounts owing by related companies as at the reporting date are disclosed in Notes 11 and Notes 13 to the financial statements.

(v) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by related companies as at the reporting date are disclosed in Notes 12 and Notes 13 to the financial statements.

(vi) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgments (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(i) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portion could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only is an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(ii) Contingent liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current liability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (31.12.2017 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition 1 January 2017. Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous accounting framework as at the date of transition.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(ii) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

- *Amortised Cost*

  The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

  The effective interest method is a method of calculation the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

- *Fair Value through Other Comprehensive Income*

  The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

- *Fair Value through Profit or Loss*

  All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(ii) Financial Liabilities

- *Financial Liabilities at Fair Value through Profit or Loss*

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

- *Other Financial Liabilities*

  Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

  The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts), through the expected life of the financial liability, or a shorter period (where appropriate).

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(iii) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

(v) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments 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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

(e) Investment in Subsidiaries

Investment in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments included transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	5 to 20 years
Plant and machinery	6.67% to 10%
Office equipment, furniture and fittings	10%
Road	10%
Motor vehicles	20%
Bearer plant	10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(g) Investment Property

Investment property is property which is owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment Property (Cont'd)

Subsequent to initial recognition, investment property are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment property. The estimated useful lives of the investment property are within five years.

Investment property are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(h) Impairment

(i) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(i) Leased Assets

Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. 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. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(j) Biological Assets

Biological assets comprise pullets and layers are measured at fair value less cost to sell.

The fair value of pullets and layers is determined using a discounted cash flow model based on the expected number of table eggs produced by each layer, the expected projected selling price of the tables eggs and salvage value of spent layer and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the entity and other costs incurred in getting the pullets and layers to maturity.

Costs to sell include the incremental selling costs, including estimated costs of transport but excludes finance costs and income taxes.

Changes in fair value of livestock are recognised in the statement of profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories

Eggs are stated at the lower of cost and net realisable value. Cost of eggs includes direct production costs and appropriate production overheads and is determined on the weighted average basis. Cost of poultry feed includes cost of materials, direct production costs and appropriate production overheads and is determined on the weighted average basis.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Income Taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) the same taxation authority.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

(n) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(p) Employee Benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Contingent Assets

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statement of financial position.

(s) Earnings Per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, if any.

(t) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

(u) Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue from Contracts with Customers (Cont'd)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

Sales of Poultry Farming Products, Feed, By-Products from Poultry Farming and Fresh Fruit Bunch

Revenue from sale of poultry farming products, feed, by-products from poultry farming and fresh fruit bunch are recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(v) Other Income

(i) Interest Income

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

(ii) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(iii) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Unquoted shares, at cost	77,479,899	77,479,899	71,479,899
Less: Impairment loss	(14,265,583)	(14,265,583)	(14,265,583)
	63,214,316	63,214,316	57,214,316
Quasi loans	–	121,578	54,911
	63,214,316	63,335,894	57,269,227

Quasi loans represent unsecured interest-free advances to a subsidiary of which repayment is at the discretion of the subsidiary. These amounts are, in substance, a part of the Company's net investment in the subsidiary. The quasi loans are stated at cost less accumulated impairment losses, if any.

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activities
Subsidiaries of the Company					
Teck Ping Chan Agriculture Sdn. Bhd.	Malaysia	100	100	100	Poultry farming
Teck Ping Chan (1976) Sdn. Bhd.	Malaysia	100	100	100	Dormant
Mestika Arif Sdn. Bhd. *	Malaysia	100	100	100	Oil palm plantation

* Held by Teck Ping Chan Agriculture Sdn. Bhd., a subsidiary of the Company.

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

CARRYING AMOUNT	AT 1.1.2018 RM	ADDITIONS (NOTE 33(a)) RM	DISPOSAL RM	RECLASSIFICATION RM	RECLASSIFICATION TO INVESTMENT PROPERTY (NOTE 8) RM	DEPRECIATION CHARGES RM	AT 31.12.2018 RM
Freehold land	34,728,933	112,350	(1,090,872)	–	–	–	33,750,411
Buildings	31,739,390	3,877,495	–	3,717,080	(880,000)	(4,126,573)	34,327,392
Plant and machinery	32,554,997	1,382,457	–	6,106,876	–	(3,869,722)	36,174,608
Office equipment, furniture and fittings	1,494,945	75,961	–	5,470	–	(330,138)	1,246,238
Road	14,777	–	–	–	–	(4,210)	10,567
Motor vehicles	1,137,066	1,529,016	–	–	–	(515,347)	2,150,735
Bearer plant	24,730	–	–	–	–	(2,473)	22,257
Work-in-progress	9,829,426	4,916,918	–	(9,829,426)	–	–	4,916,918
Total	111,524,264	11,894,197	(1,090,872)	–	(880,000)	(8,848,463)	112,599,126

THE GROUP

CARRYING AMOUNT	AT 1.1.2017 RM	ADDITIONS (NOTE 33(a)) RM	RECLASSIFICATION RM	DEPRECIATION CHARGES RM	AT 31.12.2017 RM
Freehold land	31,735,303	2,993,630	–	–	34,728,933
Buildings	23,821,605	8,968,885	2,780,280	(3,831,380)	31,739,390
Plant and machinery	20,211,103	16,809,722	–	(4,465,828)	32,554,997
Office equipment, furniture and fittings	1,748,797	74,574	–	(328,426)	1,494,945
Road	19,237	–	–	(4,460)	14,777
Motor vehicles	709,721	758,512	–	(331,167)	1,137,066
Bearer plant	24,730	–	–	–	24,730
Work-in-progress	2,780,280	9,829,426	(2,780,280)	–	9,829,426
Total	81,050,776	39,434,749	–	(8,961,261)	111,524,264

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

THE GROUP

31.12.2018	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Freehold land	33,750,411	–	33,750,411
Buildings	43,046,752	(8,719,360)	34,327,392
Plant and machinery	75,458,251	(39,283,643)	36,174,608
Office equipment, furniture and fittings	12,421,844	(11,175,606)	1,246,238
Road	208,087	(197,520)	10,567
Motor vehicles	6,686,416	(4,535,681)	2,150,735
Bearer plant	24,730	(2,473)	22,257
Work-in-progress	4,916,918	–	4,916,918
Total	176,513,409	(63,914,283)	112,599,126

31.12.2017	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Freehold land	34,728,933	–	34,728,933
Buildings	36,652,177	(4,912,787)	31,739,390
Plant and machinery	67,968,918	(35,413,921)	32,554,997
Office equipment, furniture and fittings	12,340,413	(10,845,468)	1,494,945
Road	208,087	(193,310)	14,777
Motor vehicles	5,042,738	(3,905,672)	1,137,066
Bearer plant (effects of transition to MFRS (Note 39))	24,730	–	24,730
Work-in-progress	9,829,426	–	9,829,426
Total	166,795,422	(55,271,158)	111,524,264

1.1.2017	AT COST RM	ACCUMULATED DEPRECIATION RM	CARRYING AMOUNT RM
Freehold land	31,735,303	–	31,735,303
Buildings	24,903,012	(1,081,407)	23,821,605
Plant and machinery	51,159,196	(30,948,093)	20,211,103
Office equipment, furniture and fittings	12,265,839	(10,517,042)	1,748,797
Road	208,087	(188,850)	19,237
Motor vehicles	4,284,226	(3,574,505)	709,721
Bearer plant (effects of transition to MFRS (Note 39))	24,730	–	24,730
Work-in-progress	2,780,280	–	2,780,280
Total	127,360,673	(46,309,897)	81,050,776

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

The following assets were acquired under hire purchase terms:-

Carrying Amount	The Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Buildings	3,302,085	3,716,556	1,852,527
Motor vehicles	1,540,950	942,923	408,981
Plant and machinery	6,622,189	9,363,820	6,278,785
	11,465,224	14,023,299	8,540,293

These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 20 to the financial statements.

The carrying amount of property, plant and equipment pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 24 to the financial statements is as follows:-

Carrying Amount	The Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Freehold land	29,766,692	30,678,847	28,640,303
Buildings	31,599,451	21,130,823	22,122,435
Plant and machinery	8,765,643	1,881,554	2,099,878
Work-in-progress	4,916,918	9,829,426	2,780,280
	75,048,704	63,520,650	55,642,896

8. INVESTMENT PROPERTY

	The Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Cost:-			
At 1 January	–	–	–
Transfer from property, plant and equipment (Note 7)	1,200,000	–	–
At 31 December	1,200,000	–	–
Accumulated depreciation:-			
At 1 January	–	–	–
Depreciation during the financial year	240,000	–	–
Transfer from property, plant and equipment (Note 7)	320,000	–	–
At 31 December	560,000	–	–
	640,000	–	–

8. INVESTMENT PROPERTY (CONT'D)

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Represented by:-			
Freehold commercial building	640,000	–	–
At 31 December	640,000	–	–
Fair value	1,200,000	–	–

The freehold commercial building has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

The fair value of the investment property is within level 2 of the fair value hierarchy and is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered valuer having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties.

9. BIOLOGICAL ASSETS

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
At fair value less cost to sell:-			
Pullets and layers	35,028,956	30,176,005	34,722,853
Bearer plant	–	–	24,730
Reclassification to property, plant and equipment (Note 7)	–	–	(24,730)
	–	–	–
	35,028,956	30,176,005	34,722,853

Biological assets comprise pullets and layers and the movement can be analysed as follows:

	The Group 31.12.2018 RM	31.12.2017 RM
At 1 January	30,176,005	34,722,853
Increase due to purchases	24,257,417	20,279,257
Livestock losses	(2,889,555)	(3,142,722)
Change in fair value	1,145,581	(6,708,517)
Depopulation	(17,660,492)	(14,974,866)
At 31 December	35,028,956	30,176,005

9. BIOLOGICAL ASSETS (CONT'D)

In measuring the fair value of biological assets, management estimates and judgements are required, which include the expected number of table eggs produced by each layer, the projected selling prices of the table eggs, mortality rate, feed consumption rate, feed costs and other estimated costs over the remaining life of the layers as well as the discount rates.

The Group has classified its biological assets measured at fair value within Level 3 of the fair value hierarchy. The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation mode.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Discounted cash flows: - The valuation method considers the expected quantity and price of table eggs to be produced over the life of the layers, taking into account layers' mortality rate.	Significant assumptions made in determining the fair value of the table eggs as follows: • the projected selling prices of the table eggs are based on management's estimate by reference to historical selling price adjusted for abnormal market movements. • management's estimate of feed and other variable costs expected to incur throughout the laying period.	The fair value is sensitive to projected selling prices and estimated feed costs.

The key assumptions used for the fair value calculation are as follows:

	THE GROUP	
	2018 RM	2017 RM
Projected selling prices of the table eggs (RM)	0.298	0.285
Feed and other variable costs (per bird)	5.141	4.790
Discount rate	6.60%	6.00%

Sensitivity analysis

If the estimated projected selling prices of the table eggs had been 1 sen lower than management estimates, the fair value of the biological assets would have decreased by RM3,488,000.

If the estimated feed costs had been 1 sen higher than management estimated, the fair value of the biological assets would have decreased by RM634,000.

In respect of the other variables, a reasonable possible change in the assumptions used will not result in any material change to the fair valuation of biological assets.

10. INVENTORIES

		THE GROUP	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
At cost:			
Eggs	351,727	535,639	335,861
Raw materials	4,528,025	1,967,728	–
Feed	1,037,551	882,347	601,554
Medicine	327,253	99,200	131,317
	6,244,556	3,484,914	1,068,732
Recognised in profit or loss:-			
Inventories recognised as cost of sales	93,335,077	24,834,396	16,754,157

None of the inventories are stated at net realisable value.

11. TRADE RECEIVABLES

		THE GROUP	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Trade receivables	9,925,855	7,656,592	4,940,498
Allowance for impairment losses	(309,230)	–	–
	9,616,625	7,656,592	4,940,498
Allowance for impairment losses:-			
At 1 January			
- As previously reported	–	–	–
- Effects on adoption of MFRS 9 (Note 27)	309,230	–	–
At 31 December	309,230	–	–

The Group's normal trade credit terms range from 7 to 90 days (31.12.2017: 14 to 90 days and 1.1.2017: 14 to 90 days).

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other receivables	7,238	7,818	135,006
Deposits	199,191	45,007	413,307
Goods and services tax recoverable	2,329,635	3,239,098	436,377
Prepayments	887,859	647,645	518,952
	3,423,923	3,939,568	1,503,642

	THE COMPANY		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Goods and services tax recoverable	128	50	–
Prepayments	3,260	3,260	3,260
	3,388	3,310	3,260

13. AMOUNT OWING BY RELATED COMPANIES

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Fellow subsidiaries			
Trade balances	12,731,862	12,511,507	74,634
Allowance for impairment losses:-			
- trade balances	(157,758)	–	–
	12,574,104	12,511,507	74,634
Allowance for impairment losses:-			
At 1 January			
- As previously reported	–	–	–
- Effects on adoption of MFRS 9 (Note 27)	157,758	–	–
At 31 December	157,758	–	–

(a) The trade balance is subject to the normal trade credit term range from 30 to 120 days (31.12.2017: 30 days and 1.1.2017: 30 days). The amount owing is to be settled in cash.

(b) The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

14. SHORT-TERM INVESTMENT

	THE GROUP					
	31.12.2018		31.12.2017		1.1.2017	
	CARRYING AMOUNT RM	MARKET VALUE RM	CARRYING AMOUNT RM	MARKET VALUE RM	CARRYING AMOUNT RM	MARKET VALUE RM
Fair value through profit or loss financial assets - Money market funds	571,395	571,395	551,328	551,328	5,028,346	5,028,346

The funds invest mainly into deposits and money market instruments and thus have minimum exposure to changes in market value.

The money market funds of the Group are carried at fair value. The fair value hierarchy for money market funds are classified as Level 1.

15. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

Fixed deposits of the Group of RM460,000 (31.12.2017: RM460,000 and 1.1.2017: RM550,000) are pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

The weighted average effective interest rates of deposits at the end of the reporting period were as follows:-

	THE GROUP		
	31.12.2018 %	31.12.2017 %	1.1.2017 %
Fixed deposits with licensed bank	3.85	3.60	3.36

	THE COMPANY		
	31.12.2018 %	31.12.2017 %	1.1.2017 %
Fixed deposits with licensed bank	–	–	3.35

The average maturities of fixed deposits with licensed bank of the Group and of the Company at the end of the reporting period are 365 days (31.12.2017: 365 days and 1.1.2017: 365 days) and 30 days respectively.

16. SHARE CAPITAL

	THE GROUP/THE COMPANY					
	31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	NUMBER OF SHARES			RM	RM	RM
ISSUED AND FULLY PAID-UP:						
ORDINARY SHARES						
AT 1 JANUARY	233,795,275	233,774,275	80,000,000	46,764,467	46,754,855	16,000,000
EXERCISE OF WARRANT	–	21,000	–	–	9,612	–
ISSUANCE OF SHARES	–	–	153,774,275	–	–	30,754,855
TRANSFER FROM SHARE PREMIUM ACCOUNT	–	–	–	5,245,145	–	–
AT 31 DECEMBER	233,795,275	233,795,275	233,774,275	52,009,612	46,764,467	46,754,855

On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Included in share capital is share premium amounting to RM5,245,145 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

(a) Share Premium

The Company has adopted the transitional provisions set out in Section 618(2) of the Companies Act 2016 where the sum standing to the credit of the share premium account becomes part of the Company's share capital.

Included in share capital is share premium amounting to RM5,245,145 that is available to be utilised in accordance with Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (twenty-four (24) months from the commencement of Section 74 of the Companies Act 2016).

(b) Warrant Reserve

This represents the reserves arising from the issue of new ordinary shares with free detachable warrants with effect from 20 January 2016.

17. DEFERRED TAX LIABILITIES

THE GROUP	At 1.1.2018 RM	Recognised In Profit Or Loss (Note 31) RM	Recognised In Other Comprehensive Income RM	At 31.12.2018 RM
31.12.2018				
Deferred Tax Liabilities				
Property, plant and equipment	10,897,427	636,999	(47,245)	11,487,181
Investment property	–	38,667	–	38,667
Biological assets - Effects of transition to MFRS (Note 39)	2,866,273	274,940	–	3,141,213
	13,763,700	950,606	(47,245)	14,667,061
Deferred Tax Assets				
Hire purchase payable	(1,954,000)	180,000	–	(1,774,000)
Unutilised capital allowance	(943,000)	(23,000)	–	(966,000)
Unabsorbed tax losses	(2,145,000)	–	–	(2,145,000)
	(5,042,000)	157,000	–	(4,885,000)
	8,721,700	1,107,606	(47,245)	9,782,061

THE GROUP	As previously reported RM	At 1.1.2017 Effect on transition of MFRS (Note 39) RM	As restated RM	Recognised in Profit or Loss (Note 31) RM	At 31.12.2017 RM
31.12.2017					
Deferred Tax Liabilities					
Property, plant and equipment	9,263,427	–	9,263,427	1,634,000	10,897,427
Biological assets - Effects of transition to MFRS (Note 39)	–	4,476,317	4,476,317	(1,610,044)	2,866,273
	9,263,427	4,476,317	13,739,744	23,956	13,763,700
Deferred Tax Assets					
Hire purchase payable	(1,151,000)	–	(1,151,000)	(803,000)	(1,954,000)
Unutilised capital allowance	–	–	–	(943,000)	(943,000)
Unabsorbed tax losses	(1,113,000)	–	(1,113,000)	(1,032,000)	(2,145,000)
	(2,264,000)	–	(2,264,000)	(2,778,000)	(5,042,000)
	6,999,427	4,476,317	11,475,744	(2,754,044)	8,721,700

18. LONG TERM BORROWINGS

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Term loans (Note 19)	19,072,745	19,280,518	8,064,381
Hire purchase payables (Note 20)	4,527,303	5,166,809	2,807,762
	23,600,048	24,447,327	10,872,143

19. TERM LOANS (SECURED)

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Current liabilities (Note 25)	3,673,153	6,621,274	4,523,828
Non-current liabilities (Note 18)	19,072,745	19,280,518	8,064,381
	22,745,898	25,901,792	12,588,209

(a) The bank term loans are repayable over 84 to 180 (31.12.2017: 84 to 180 and 1.1.2017: 84 to 180) monthly installments from the date of drawdown and are secured in the same manner as the bank overdrafts as disclosed in Note 24 to the financial statements.

(b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Floating rate term loans	7.82	22,745,898	25,901,792	12,588,209

20. HIRE PURCHASE PAYABLES (SECURED)

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Minimum hire purchase payments:-			
- not later than 1 year	3,274,744	4,244,136	2,657,311
- later than 1 year but not later than 5 years	5,399,054	5,638,536	2,928,510
	8,673,798	9,882,672	5,585,821
Less: Future finance charges	(887,777)	(953,428)	(389,441)
Present value of hire purchase payables	7,786,021	8,929,244	5,196,380

20. HIRE PURCHASE PAYABLES (SECURED)

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Analysed by:-			
Current liabilities (Note 25)	3,258,718	3,762,435	2,388,618
Non-current liabilities (Note 18)	4,527,303	5,166,809	2,807,762
	7,786,021	8,929,244	5,196,380

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles, certain buildings and plant and machinery under finance leases as disclosed in Note 7 to the financial statements. The hire purchase arrangements are expiring from 3 to 5 (31.12.2017: 2 to 5 and 1.1.2017: 2 to 5) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 5.31% to 8.39% (31.12.2017: 5.31% to 7.13% and 1.1.2017: 5.31% to 7.13%). The interest rates are fixed at the inception of the hire purchase arrangements.

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days (31.12.2017: 30 to 90 days and 1.1.2017: 30 to 90 days).

22. OTHER PAYABLES AND ACCRUALS

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other payables	362,900	992,189	9,487
Amount payables for property, plant and equipment (Note 33(a))	1,202,594	2,786,854	2,230,378
Payroll liabilities	646,597	566,315	502,390
Accrued expenses	316,800	210,000	348,500
	2,528,891	4,555,358	3,090,755

	THE COMPANY		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other payables	–	1,675	1,675
Accrued expenses	164,600	155,000	193,500
	164,600	156,675	195,175

The normal credit terms granted to the Group for amount payable for purchase of property, plant and equipment range from 30 to 90 days (31.12.2017: 30 to 90 days and 1.1.2017: 30 to 90 days).

23. AMOUNT OWING TO RELATED COMPANIES

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Immediate holding company			
Trade balances	1,627,928	1,439,936	3,966,495
Non-trade balances	9,966	41,003	5,781
Fellow subsidiaries			
Trade balances	207,342	5,451,928	8,096,440
Non-trade balances	331,078	120,403	296
	2,176,314	7,053,270	12,069,012

	THE COMPANY 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Subsidiaries			
Non-trade balances	363,556	134,434	134,434

(a) The trade balance is subject to the normal credit terms within 90 days (31.12.2017: 90 days and 1.1.2017: 90 days). The amount owing is to be settled in cash.

(b) The non-trade balances represent unsecured payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

24. BANK OVERDRAFTS (SECURED)

Bank overdrafts bear interest at 8.62% (31.12.2017: 8.02% and 1.1.2017: Nil) per annum and are secured as follows:-

(i) by fixed charge over certain freehold land and buildings of the Group as disclosed in Note 7 and Note 8 to the financial statements;

(ii) by lien over the Group's fixed deposits with licensed banks; and

(iii) by corporate guarantee from immediate holding company.

25. SHORT TERM BORROWINGS

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Bankers' acceptances (secured)	17,288,000	10,049,000	5,501,000
Term loans (secured) (Note 19)	3,673,153	6,621,274	4,523,828
Hire purchase payables (secured) (Note 20)	3,258,718	3,762,435	2,388,618
	24,219,871	20,432,709	12,413,446

25. SHORT TERM BORROWINGS (CONT'D)

The weighted average effective interest rates at the reporting period for borrowings, excluding hire purchase payables were as follows:-

	THE GROUP		
	31.12.2018	31.12.2017	1.1.2017
	%	%	%
Term loans (secured)	7.82	7.84	7.90
Bankers' acceptances (secured)	5.56	5.52	5.90

The bankers' acceptances are secured in the same manner as the bank overdrafts as disclosed in Note 24 to the financial statements.

26. REVENUE

	THE GROUP	
	2018	2017
	RM	RM
Sales of poultry farming products	134,413,303	99,828,930
Sales of poultry feed	77,804,802	13,672,540
Sales of by-products from poultry farming	532,939	440,319
Sales of fresh fruit bunch	306,517	485,736
	213,057,561	114,427,525

27. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	THE GROUP	
	2018	2017
	RM	RM
Impairment losses during the financial year:		
- Additions under MFRS 9 (Notes 11 and 13)	466,988	–

28. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP 2018 RM	THE GROUP 2017 RM	THE COMPANY 2018 RM	THE COMPANY 2017 RM
Profit/(Loss) before taxation is arrived at after charging:-				
Auditors' remuneration:				
- audit fees	90,000	90,000	35,000	35,000
- non-audit fees	25,000	5,000	15,000	5,000
Depreciation of property, plant and equipment (Note 7)	8,848,463	8,961,261	–	–
Depreciation of investment property (Note 8)	240,000	–	–	–
Direct operating expenses on investment property	21,095	22,756	–	–
Interest expense on financial liabilities not at fair value through profit or loss	3,934,826	2,669,835	–	–
Rental of land	820	820	–	–
Rental of machinery	138,000	138,000	–	–
Rental of premises	–	1,200	–	–
And crediting:-				
Rental income from investment property	(49,600)	(50,400)	–	–
Dividend income	(20,067)	(51,328)	–	–
Interest income	(15,840)	(63,830)	–	(51,035)
Gain on disposal of property, plant and equipment	(1,150,554)	–	–	–

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	THE GROUP 2018 RM	THE GROUP 2017 RM	THE COMPANY 2018 RM	THE COMPANY 2017 RM
Directors of the Company				
Short-term employee benefits:				
- fees	226,800	120,000	129,600	120,000
- salaries, allowances and bonus	575,970	365,686	3,200	3,200
	802,770	485,686	132,800	123,200
Defined contribution retirement plan	68,400	43,200	–	–
	871,170	528,886	132,800	123,200

30. STAFF COSTS

	THE GROUP	
	2018 RM	2017 RM
Wages, salaries and bonus	9,233,990	7,505,535
Defined contribution retirement plan	405,194	343,759
Other employee benefits	153,285	145,754
	9,792,469	7,995,048

Staff costs included amounts of RM178,222 (2017: RM169,224) in respect of remuneration paid to employees related to Directors of the Group.

31. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysian Income Tax:-				
- Current year	46,408	72,108	–	–
- Under provision in prior year	8,325	45,670	–	49,342
	54,733	117,778	–	49,342
Deferred tax expenses (Note 17)				
- Relating to origination and reversal of temporary differences	1,035,040	(1,714,044)	–	–
- Under/(Over) provision in prior year	72,566	(1,040,000)	–	–
	1,107,606	(2,754,044)	–	–
Total tax charge/(credit)	1,162,339	(2,636,266)	–	49,342

Subject to agreement with the tax authorities, at the end of reporting period, the unutilised capital allowances, unutilised agriculture allowances, unutilised industrial building allowances, unutilised reinvestment allowances and unabsorbed tax losses of the Group are as follows:-

	THE GROUP	
	2018 RM	2017 RM
Unutilised capital allowances	1,968,600	2,468,900
Unutilised agriculture allowances	1,030,700	443,600
Unutilised industrial building allowances	1,025,200	789,600
Unutilised reinvestment allowances	5,489,300	5,489,300
Unabsorbed tax losses	8,937,000	8,937,000
	18,450,800	18,128,400

31. INCOME TAX EXPENSE (CONT'D)

No deferred tax asset is recognised in the Group in respect of the following items:-

	THE GROUP	
	2018 RM	2017 RM
Unutilised reinvestment allowances	5,489,300	5,489,300

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment.

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

	THE GROUP		THE COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit/(Loss) before taxation	4,451,385	(7,964,837)	(347,572)	(283,122)
Tax at the statutory tax rate of 24%	1,068,332	(1,911,561)	(83,417)	(67,949)
Tax effect of :-				
Non-deductible expenses	251,133	243,578	40,485	41,902
Non-taxable income	(280,949)	–	–	–
Deferred tax assets not recognised during the financial year	42,932	26,047	42,932	26,047
Under provision of Malaysian Income Tax in prior year	8,325	45,670	–	49,342
Under/(Over) provision of deferred taxation in prior year	72,566	(1,040,000)	–	–
	1,162,339	(2,636,266)	–	49,342

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

32. EARNINGS/(LOSS) PER SHARE

The basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	THE GROUP 2018	2017
Profit/(Loss) after taxation (RM)	3,289,046	(5,328,571)
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	233,795,275	233,774,275
Effect of new ordinary shares issued	–	18,526
Weighted average number of ordinary shares at 31 December	233,795,275	233,792,801
Basic earnings/(loss) per share (sen)	1.41	(2.28)

	THE GROUP 2018	2017
Profit/(loss) after taxation (RM)	3,289,046	(5,328,571)
Weighted average number of ordinary shares for basic earnings per share	233,795,275	233,792,081
Shares deemed to be issued for no consideration:		
- warrants	36,508,229	–
Weighted average number of ordinary shares for diluted earnings per share computation	270,303,504	233,792,081
Diluted earnings/(loss) per share (sen)	1.22	(2.28)

In the previous financial year, the diluted loss per share is equal to the basic earnings per share as there is anti-dilutive effect arising from the assumed exercise of warrants.

33. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	THE GROUP 31.12.2018 RM	31.12.2017 RM
Cash payments	7,770,721	29,726,840
Amount financed through hire purchase (Note (b) below)	2,920,882	6,921,055
Under payables for purchase of property, plant and equipment (Note 22)	1,202,594	2,786,854
	11,894,197	39,434,749

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans (secured) RM	Hire Purchase (secured) RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Vendor Financing RM	Amount Owing to Related Companies RM	Total RM
31.12.2018							
At 1 January	25,901,792	8,929,244	10,049,000	–	–	161,406	45,041,442
Changes in Financing Cash Flows							
Proceeds from drawdown	6,150,000	–	7,239,000	*	–	–	13,389,000
Repayment of borrowing principal	(9,305,894)	(4,064,105)	–	–	–	–	(13,369,999)
Repayment of borrowing interests	(1,924,925)	(533,758)	(1,007,574)	(122,322)	(346,247)	–	(3,934,826)
Advances from related companies	–	–	–	–	–	179,638	179,638
Non-cash Changes							
New hire purchase (Note (a) above)	–	2,920,882	–	–	–	–	2,920,882
Finance charges recognised in profit or loss	1,924,925	533,758	1,007,574	122,322	346,247	–	3,934,826
At 31 December	22,745,898	7,786,021	17,288,000	–	–	341,044	48,160,963

* Bank overdrafts form part of the cash and cash equivalents, therefore, no movements is presented.

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Term Loans (secured) RM	Hire Purchase (secured) RM	Bankers' Acceptances (secured) RM	Bank Overdrafts (secured) RM	Vendor Financing RM	Amount Owing to Related Companies RM	Total RM
31.12.2017							
At 1 January	12,588,209	5,196,380	5,501,000	–	–	6,077	23,291,666
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	19,930,000	–	4,548,000	*	–	–	24,478,000
Repayment of borrowing principal	(6,616,417)	(3,188,191)	–	–	–	–	(9,804,608)
Repayment of borrowing interests	(1,469,261)	(512,749)	(334,489)	(37,735)	(315,601)	–	(2,669,835)
Advances from related companies	–	–	–	–	–	155,329	155,329
<u>Non-cash Changes</u>							
New hire purchase (Note (a) above)	–	6,921,055	–	–	–	–	6,921,055
Finance charges recognised in profit or loss	1,469,261	512,749	334,489	37,735	315,601	–	2,669,835
At 31 December	25,901,792	8,929,244	10,049,000	–	–	161,406	45,041,442

* Bank overdrafts form part of the cash and cash equivalents, therefore, no movements is presented.

33. CASH FLOW INFORMATION (CONT'D)

(c) The cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	31.12.2018 RM	31.12.2017 RM	31.12.2018 RM	31.12.2017 RM
Fixed deposits with financial institutions	460,000	460,000	–	–
Cash and bank balances	7,332,089	4,809,900	72,668	61,693
Short-term investment	571,395	551,328	–	–
Bank overdrafts (secured)	(927,748)	(1,725,418)	–	–
	7,435,736	4,095,810	72,668	61,693
Less: Fixed deposits pledged (Note 15)	(460,000)	(460,000)	–	–
	6,975,736	3,635,810	72,668	61,693

34. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly 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.

In addition to the information detailed elsewhere in financial statements, the Group has related party relationships with its director, immediate holding company, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with related parties during the financial year:-

	THE GROUP	
	2018 RM	2017 RM
Immediate holding company		
Sales of goods	(4,480,343)	(5,351,522)
Purchase of goods	38,528,879	29,176,903
Fellow subsidiaries		
Sales of goods	(79,589,831)	(15,088,151)
Purchase of goods	4,253,025	16,478,353

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

35. CONTINGENT LIABILITIES - UNSECURED

No provisions are recognised as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement. The Company has granted guarantees to licensed banks amounting to approximately RM56,319,000 (31.12.2017: RM82,219,000) for banking facilities extended to subsidiaries of which RM41,001,313 (31.12.2017: RM38,228,943) was outstanding as at 31.12.2018.

36. OPERATING SEGMENTS

Segment information is presented based on the Group's management and internal reporting structure.

The Group is organised into three main reportable segments as follows:-

(i) Poultry farming
(ii) Poultry feed
(iii) Others

(a) The Group's management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

(d) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

36. OPERATING SEGMENTS (CONT'D)

(a) Business Segments

2018	Poultry Farming RM	Poultry Feed RM	Others RM	Eliminations RM	Group RM
Revenue					
External revenue	134,946,242	77,804,802	306,517	–	213,057,561
Inter-segment revenue	–	75,851,804	–	(75,851,804)	–
Consolidated revenue	134,946,242	153,656,606	306,517	(75,851,804)	213,057,561
Represented by:-					
Revenue recognised at a point of time					
- Sales of poultry farming products	134,413,303	–	–	–	134,413,303
- Sales of poultry feed	–	77,804,802	–	–	77,804,802
- Sales of by-products from poultry farming	532,939	–	–	–	532,939
- Sales of fresh fruit bunch	–	–	306,517	–	306,517
	134,946,242	77,804,802	306,517	–	213,057,561
Results					
Segment (loss)/profit	(222,093)	7,542,124	1,112,601	(9,167)	8,423,465
Finance costs					(3,934,826)
Unallocated expenses					(37,254)
Consolidated profit before taxation					4,451,385

36. OPERATING SEGMENTS (CONT'D)

(a) Business Segments (Cont'd)

2018	Poultry Farming RM	Poultry Feed RM	Others RM	Eliminations RM	Group RM
Segment profit includes the followings:-					
Gain on disposal of property, plant and equipment	(116,927)	–	(1,033,627)	–	(1,150,554)
Interest income	(15,840)	–	–	–	(15,840)
Interest expenses	1,900,315	2,034,511	–	–	3,934,826
Depreciation of property, plant and equipment	7,265,628	1,577,195	6,473	(833)	8,848,463
Depreciation of investment property	240,000	–	–	–	240,000
Allowance for impairment losses on trade receivables	466,988	–	–	–	466,988
Assets					
Segment assets	141,967,038	35,397,121	12,025,579	(898,964)	188,490,774
Consolidated total assets					188,490,774
Additions to non-current assets other than financial instruments are:-					
Property, plant and equipment	10,481,905	1,422,292	–	(10,000)	11,894,197
Liabilities					
Segment liabilities	7,255,485	38,241,013	31,999	(898,964)	44,629,533
Unallocated liabilities:					
- deferred tax liabilities					9,782,061
- hire purchase payables (secured)					7,786,021
- term loans (secured)					22,745,898
- bank overdrafts (secured)					927,748
- bankers' acceptances (secured)					17,288,000
- current tax liabilities					17,958
Consolidated total liabilities					103,177,219

36. OPERATING SEGMENTS (CONT'D)

(a) Business Segments (Cont'd)

2017	Poultry Farming RM	Poultry Feed RM	Others RM	Eliminations RM	Group RM
Revenue					
External revenue	100,418,355	13,523,434	485,736	–	114,427,525
Inter-segment revenue	–	35,887,755	–	(35,887,755)	–
Consolidated revenue	100,418,355	49,411,189	485,736	(35,887,755)	114,427,525
Represented by:-					
Revenue recognised at a point of time					
- Sales of poultry farming products	99,828,930	–	–	–	99,828,930
- Sales of poultry feed	–	13,672,540	–	–	13,672,540
- Sales of by-products from poultry farming	440,319	–	–	–	440,319
- Sales of fresh fruit bunch	–	–	485,736	–	485,736
	100,269,249	13,672,540	485,736	–	114,427,525
Results					
Segment (loss)/profit	(5,802,004)	382,181	190,239	–	(5,229,584)
Finance costs					(2,669,835)
Unallocated expenses					(65,418)
Consolidated loss before taxation					(7,964,837)

36. OPERATING SEGMENTS (CONT'D)

(a) Business Segments (Cont'd)

2017	Poultry Farming RM	Poultry Feed RM	Others RM	Eliminations RM	Group RM
Segment profit includes the followings:-					
Interest income	(63,830)	–	–	–	(63,830)
Interest expenses	2,096,339	573,496	–	–	2,669,835
Depreciation of property, plant and equipment	8,080,242	878,352	2,667	–	8,961,261
Assets					
Segment assets	134,900,959	30,072,344	11,457,266	(1,316,491)	175,114,078
Consolidated total assets					175,114,078
Additions to non-current assets other than financial instruments are:-					
Property, plant and equipment	21,947,422	17,487,327	–	–	39,434,749
Liabilities					
Segment liabilities	25,310,150	13,249,950	521,993	(1,316,491)	37,765,602
Unallocated liabilities:					
- deferred tax liabilities					8,721,700
- hire purchase payables (secured)					8,929,244
- term loans (secured)					25,901,792
- bank overdrafts (secured)					1,725,418
- bankers' acceptances (secured)					10,049,000
- current tax liabilities					44,058
Consolidated total liabilities					93,136,814

36. OPERATING SEGMENTS (CONT'D)

(b) Geographical Information

The Group operates predominantly in two business segments generated from Malaysia and accordingly information by geographical location of the Group is not presented.

(c) Major Customers

The following are major customers with revenue equal to or more than 10% of Group's revenue:-

	Revenue		Segment
	2018 RM	2017 RM	
Customer A	–	10,577,873	Poultry farming
Customer B	73,838,572	13,261,372	Poultry feed

37. CAPITAL COMMITMENTS

	THE GROUP	
	31.12.2018 RM	31.12.2017 RM
Purchase of property, plant and equipment	2,414,172	8,781,411

38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group does not have any transaction or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of mix of fixed and floating rate borrowings.

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's fixed rate receivables, borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 19 and 24 to the financial statements.

<u>Interest Rate Risk Sensitivity Analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	THE GROUP	
	2018 RM	2017 RM
Effects on profit/(loss) after taxation		
Increase of 25 basis points (2017: 25 basis points)	-82,707	+57,462
Decrease of 25 basis points (2017: 25 basis points)	+82,707	-57,462

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises from changes in quoted investment prices. Information relating to the Group's exposure to the equity price of the financial assets is not disclosed as the impact is immaterial.

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

<u>Credit Risk Concentration Profile</u>

The Group's major concentration of credit risk relates to the amounts owing by one (31.12.2017: two and 1.1.2017: one) customers which constituted approximately 52% (31.12.2017: 61% and 1.1.2017: 20%) of its trade receivables (including related companies) at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

Assessment of Impairment Losses

At each reporting date, the Group assess whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having significant balances outstanding more than 90 days, are deemed credit impaired.

The expected loss rates are based on the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables is summarised below:-

	GROSS AMOUNT RM	LIFETIME LOSS ALLOWANCE RM	CARRYING VALUE RM
31.12.2018			
Current (not past due)	13,611,595	(27,824)	13,583,771
1 to 30 days past due	6,178,206	(84,045)	6,094,161
31 to 60 days past due	2,056,039	(64,549)	1,991,490
61 to 90 days past due	587,889	(66,582)	521,307
	22,433,729	(243,000)	22,190,729
Credit impaired:			
- individually impaired	223,988	(223,988)	-
	22,657,717	(466,988)	22,190,729

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

In the previous financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables (including amount owing by related companies) is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
31.12.2017			
Not past due	10,045,173	–	10,045,173
Past due:-			
- less than 3 months	9,910,579	–	9,910,579
- over 6 months	212,347	–	212,347
	20,168,099	–	20,168,099

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	CARRYING VALUE RM
1.1.2017			
Not past due	4,717,191	–	4,717,191
Past due:-			
- less than 3 months	225,298	–	225,298
- over 6 months	72,643	–	72,643
	5,015,132	–	5,015,132

The movements in the loss allowances in respect of trade receivables are disclosed in Notes 11 and 13 to the financial statements respectively.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
31.12.2018						
Non-derivative Financial Liabilities						
Trade payables	–	39,924,328	39,924,328	39,924,328	–	–
Other payables and accruals	–	2,528,891	2,528,891	2,528,891	–	–
Amount owing to related companies	–	2,176,314	2,176,314	2,176,314	–	–
Bank overdrafts (secured)	8.62	927,748	927,748	927,748	–	–
Term loans (secured)	7.82	22,745,898	31,088,188	5,888,600	20,864,780	4,334,808
Hire purchase payables (secured)	5.31 – 8.39	7,786,021	8,673,798	3,274,744	5,399,054	–
Bankers' acceptances (secured)	5.56	17,288,000	17,288,000	17,288,000	–	–
		93,377,200	102,607,267	72,008,625	26,263,834	4,334,808

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
31.12.2017						
Non-derivative Financial Liabilities						
Trade payables	–	26,156,974	26,156,974	26,156,974	–	–
Other payables and accruals	–	4,555,358	4,555,358	4,555,358	–	–
Amount owing to related companies	–	7,053,270	7,053,270	7,053,270	–	–
Bank overdrafts (secured)	8.02	1,725,418	1,725,418	1,725,418	–	–
Term loans (secured)	7.84	25,901,792	45,685,968	12,054,551	25,431,425	8,199,992
Hire purchase payables (secured)	5.31 – 7.13	8,929,244	9,882,672	4,244,136	5,638,536	–
Bankers' acceptances (secured)	5.52	10,049,000	10,049,000	10,049,000	–	–
		84,371,056	105,108,660	65,838,707	31,069,961	8,199,992

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
1.1.2017						
Non-derivative Financial Liabilities						
Trade payables	–	2,158,335	2,158,335	2,158,335	–	–
Other payables and accruals	–	3,090,755	3,090,755	3,090,755	–	–
Amount owing to related companies	–	12,069,012	12,069,012	12,069,012	–	–
Term loans (secured)	7.90	12,588,209	16,770,895	7,513,762	9,186,923	70,210
Hire purchase payables (secured)	5.31 – 7.13	5,196,380	5,585,821	2,657,311	2,928,510	–
Bankers' acceptances (secured)	5.52	5,501,000	5,501,000	5,501,000	–	–
		40,603,691	45,175,818	32,990,175	12,115,433	70,210

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

THE COMPANY	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
31.12.2018			
Other payables and accruals	164,600	164,600	164,600
Amount owing to related companies	363,556	363,556	363,556
	528,156	528,156	528,156

THE COMPANY	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
31.12.2017			
Other payables and accruals	156,675	156,675	156,675
Amount owing to related companies	134,434	134,434	134,434
	291,109	291,109	291,109

THE COMPANY	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM
1.1.2017			
Other payables and accruals	195,175	195,175	195,175
Amount owing to related companies	134,434	134,434	134,434
	329,609	329,609	329,609

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debts divided by total equity. The Group includes within net debts, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Hire purchase payables (secured) (Note 20)	7,786,021	8,929,244	5,196,380
Term loans (secured) (Note 19)	22,745,898	25,901,792	12,588,209
Bankers' acceptances (secured) (Note 25)	17,288,000	10,049,000	5,501,000
Bank overdrafts (secured) (Note 24)	927,748	1,725,418	–
	48,747,667	46,605,454	23,285,589
Less: Fixed deposits with financial institutions (Note 15)	(460,000)	(460,000)	(6,696,140)
Short-term investment (Note 14)	(571,395)	(551,328)	(5,028,346)
Cash and bank balances	(7,332,089)	(4,809,900)	(4,380,214)
Net debt	40,384,183	40,784,226	7,180,889
Total equity	85,313,555	81,977,264	87,301,635
Debt-to-equity ratio	0.47	0.50	0.08

There is no change in the Group's approach to capital management during the financial year.

(c) Classification Of Financial Instruments

	THE GROUP		
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Financial Assets			
Mandatorily at Fair Value Through Profit or Loss			
Short-term investment (Note 14)	571,395	551,328	5,028,346
Amortised Cost			
Trade receivables (Note 11)	9,616,625	7,656,592	4,940,498
Other receivables and deposits (Note 12)	206,429	52,825	548,313
Amount owing by related companies (Note 13)	12,574,104	12,511,507	74,634
Fixed deposits with financial institutions (Note 15)	460,000	460,000	6,696,140
Cash and bank balances	7,332,089	4,809,900	4,380,214
	30,189,247	25,490,824	16,639,799

38. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments (Cont'd)

	THE COMPANY 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Financial Assets			
Amortised Cost			
Fixed deposits with financial institutions (Note 15)	–	–	6,146,140
Cash and bank balances	72,668	61,693	359,034
	72,668	61,693	6,505,174

	THE GROUP 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Financial Liabilities			
Amortised Cost			
Trade payables (Note 21)	39,924,328	26,156,974	2,158,335
Other payables and accruals (Note 22)	2,528,891	4,555,358	3,090,755
Amount owing to related companies (Note 23)	2,176,314	7,053,270	12,069,012
Bank overdrafts (secured) (Note 24)	927,748	1,725,418	–
Term loans (secured) (Note 19)	22,745,898	25,901,792	12,588,209
Hire purchase payables (secured) (Note 20)	7,786,021	8,929,244	5,196,380
Bankers' acceptances (secured) (Note 25)	17,288,000	10,049,000	5,501,000
	93,377,200	84,371,056	40,603,691

	THE COMPANY 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Financial Liabilities			
Amortised Cost			
Other payables and accruals (Note 22)	164,600	156,675	195,175
Amount owing to related companies (Note 23)	363,556	134,434	134,434
	528,156	291,109	329,609

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Gains or Losses Arising from Financial Instruments

	THE GROUP	
	2018 RM	2017 RM
Financial assets		
Fair Value Through Profit or Loss		
Net gains recognised in profit or loss	20,067	51,328
Amortised Cost		
Net (losses)/gains recognised in profit or loss	(451,148)	63,830
Financial liabilities		
Amortised Cost		
Net losses recognised in profit or loss	(3,934,826)	(2,669,635)

	THE COMPANY	
	2018 RM	2017 RM
Financial assets		
Amortised Cost		
Net gains recognised in profit or loss	–	51,035

(e) Fair Values Information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Values Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of reporting period:-

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	RM	RM
THE GROUP					
31.12.2018					
Financial Assets					
Short-term Investments					
- Fair value through profit or loss	571,395	–	–	571,395	571,395
Financial Liabilities					
Hire purchase payables (secured)	–	7,790,485	–	7,790,485	7,786,021
Term loans (secured)	–	22,745,898	–	22,745,898	22,745,898
31.12.2017					
Financial Assets					
Short-term Investments					
- Fair value through profit or loss	551,328	–	–	551,328	551,328
Financial Liabilities					
Hire purchase payables (secured)	–	8,927,667	–	8,927,667	8,929,244
Term loans (secured)	–	25,901,792	–	25,901,792	25,901,792

38. FINANCIAL INSTRUMENTS (CONT'D)

(e) Fair Values Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of reporting period (cont'd):-

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE				
	LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL FAIR VALUE RM	CARRYING AMOUNT RM
THE GROUP					
1.1.2017					
<u>Financial Assets</u>					
Short-term Investments					
- Fair value through profit or loss	5,028,346	–	–	5,028,346	5,028,346
<u>Financial Liabilities</u>					
Hire purchase payables (secured)	–	4,758,936	–	4,758,936	5,196,380
Term loans (secured)	–	12,588,209	–	12,588,209	12,588,209

(i) Fair Value of Financial Instruments Carried at Fair Value

(a) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(b) There were no transfer between level 1 and level 2 during the financial year.

(ii) Fair Value of Financial Instruments Not Carried at Fair Value

(a) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are revised to market interest rate on or near the reporting date.

(b) The fair value of hire purchase payables that carry fixed interest rate are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of reporting period. The rates used to discount the estimated cash flows are as follow:-

	31.12.2018 %	31.12.2017 %	1.1.2017 %
Hire purchase payables (secured)	6.12 – 8.38	5.53 – 6.96	5.27 – 7.13

39. TRANSITION TO THE MFRS FRAMEWORK

As stated in Note 4.1 to the financial statements, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 5 to the financial statements have been applied to all financial information covered under this set of financial statements.

The transition of MFRS does not have financial impact to the separate financial statement of the Company.

In preparing the opening MFRS statements of financial position at 1 January 2017 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

RECONCILIATION OF FINANCIAL POSITION

THE GROUP	Note	<---------- 31.12.2017 ----------> FRSs RM	Transition Effects RM	MFRSs RM
ASSETS				
NON-CURRENT ASSET				
Property, plant and equipment	b	111,499,534	24,730	111,524,264
CURRENT ASSETS				
Biological assets	b	18,257,930	11,918,075	30,176,005
Inventories		3,484,914	–	3,484,914
Trade receivables		7,656,592	–	7,656,592
Other receivables, deposits and prepayments		3,939,568	–	3,939,568
Amount owing by related companies		12,511,507	–	12,511,507
Short-term investment		551,328	–	551,328
Fixed deposits with financial institutions		460,000	–	460,000
Cash and bank balances		4,809,900	–	4,809,900
		51,671,739	11,918,075	63,589,814
TOTAL ASSETS		163,171,273	11,942,805	175,114,078
EQUITY AND LIABILITIES				
EQUITY				
Share capital		46,764,467	–	46,764,467
Share premium		5,245,145	–	5,245,145
Warrant reserve		19,324,895	–	19,324,895
Revaluation reserve	a	14,731,809	(14,731,809)	–
Accumulated (losses)/profits	a, b	(13,165,584)	23,808,341	10,642,757
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		72,900,732	9,076,532	81,977,264
NON-CURRENT LIABILITIES				
Deferred tax liabilities	b	5,855,427	2,866,273	8,721,700
Long term borrowings		24,447,327	–	24,447,327
		30,302,754	2,866,273	33,169,027

39. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

		<---------- 31.12.2017 ---------->		
THE GROUP	**Note**	**FRSs RM**	**Transition Effects RM**	**MFRSs RM**
CURRENT LIABILITIES				
Trade payables		26,156,974	–	26,156,974
Other payables and accruals		4,555,358	–	4,555,358
Amount owing to related companies		7,053,270	–	7,053,270
Bank overdrafts (secured)		1,725,418	–	1,725,418
Short term borrowings		20,432,709	–	20,432,709
Current tax liabilities		44,058	–	44,058
		59,967,787	–	59,967,787
TOTAL LIABILITIES		90,270,541	2,866,273	93,136,814
TOTAL EQUITY AND LIABILITIES		163,171,273	11,942,805	175,114,078

		<---------- 1.1.2017 ---------->		
THE GROUP	**Note**	**FRSs RM**	**Transition Effects RM**	**MFRSs RM**
ASSETS				
NON-CURRENT ASSET				
Property, plant and equipment	b	81,026,046	24,730	81,050,776
CURRENT ASSETS				
Biological assets	b	16,096,261	18,626,592	34,722,853
Inventories		1,068,732	–	1,068,732
Trade receivables		4,940,498	–	4,940,498
Other receivables, deposits and prepayments		1,503,642	–	1,503,642
Amount owing by related companies		74,634	–	74,634
Short-term investment		5,028,346	–	5,028,346
Fixed deposits with financial institutions		6,696,140	–	6,696,140
Cash and bank balances		4,380,214	–	4,380,214
		39,788,467	18,626,592	58,415,059
TOTAL ASSETS		120,814,513	18,651,322	139,465,835
EQUITY AND LIABILITIES				
EQUITY				
Share capital		46,754,855	–	46,754,855
Share premium		5,245,145	–	5,245,145
Warrants reserve		19,330,307	–	19,330,307
Revaluation reserve	a	14,731,809	(14,731,809)	–
Accumulated (losses)/profits	a, b	(12,935,486)	28,906,814	15,971,328
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		73,126,630	14,175,005	87,301,635

39. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF FINANCIAL POSITION (CONT'D)

THE GROUP	Note	<---------- 1.1.2017 ----------> FRSs RM	Transition Effects RM	MFRSs RM
NON-CURRENT LIABILITIES				
Deferred tax liabilities	b	6,999,427	4,476,317	11,475,744
Long term borrowings		10,872,143	–	10,872,143
		17,871,570	4,476,317	22,347,887
CURRENT LIABILITIES				
Trade payables		2,158,335	–	2,158,335
Other payables and accruals		3,090,755	–	3,090,755
Amount owing to related companies		12,069,012	–	12,069,012
Short term borrowings		12,413,446	–	12,413,446
Current tax liabilities		84,765	–	84,765
		29,816,313	–	29,816,313
TOTAL LIABILITIES		47,687,883	4,476,317	52,164,200
TOTAL EQUITY AND LIABILITIES		120,814,513	18,651,322	139,465,835

RECONCILIATION OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THE GROUP	Note	<---------- 2017 ----------> FRSs RM	Transition Effects RM	MFRSs RM
REVENUE		114,427,525	–	114,427,525
COST OF SALES	b	(110,230,620)	(6,708,517)	(116,939,137)
GROSS PROFIT/(LOSS)		4,196,905	(6,708,517)	(2,511,612)
OTHER INCOME		168,970	–	168,970
		4,365,875	(6,708,517)	(2,342,642)
ADMINISTRATIVE EXPENSES		(2,398,967)	–	(2,398,967)
SELLING AND DISTRIBUTION EXPENSES		(523,316)	–	(523,316)
OTHER EXPENSES		(30,077)	–	(30,077)
FINANCE COSTS		(2,669,835)	–	(2,669,835)
LOSS BEFORE TAXATION		(1,256,320)	(6,708,517)	(7,964,837)
INCOME TAX EXPENSE	b	1,026,222	1,610,044	2,636,266
LOSS AFTER TAXATION		(230,098)	(5,098,473)	(5,328,571)
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		(230,098)	(5,098,473)	(5,328,571)

39. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF CASH FLOWS

THE GROUP	Note	FRSs RM	<---------- 2017 ----------> Transition Effects RM	MFRSs RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation	b	(1,256,320)	(6,708,517)	(7,964,837)
Adjustments for:-				
Depreciation of property, plant and equipment		8,961,261	–	8,961,261
Interest expenses		2,669,835	–	2,669,835
Dividend income		(51,328)	–	(51,328)
Interest income		(63,830)	–	(63,830)
Operating profit before working capital changes		10,259,618	(6,708,517)	3,551,101
Increase in inventories		(2,416,182)	–	(2,416,182)
(Increase)/Decrease in biological assets	b	(2,161,669)	6,708,517	4,546,848
Increase in trade and other receivables		(17,588,893)	–	(17,588,893)
Increase in trade and other payables		17,505,317	–	17,505,317
Cash from operations		5,598,191	–	5,598,191
Income tax paid		(158,485)	–	(158,485)
NET CASH FROM OPERATING ACTIVITIES		5,439,706	–	5,439,706
CASH FLOWS FOR INVESTING ACTIVITIES				
Dividend received		51,328	–	51,328
Interest received		63,830	–	63,830
Decrease in fixed deposits pledged		90,000	–	90,000
Purchase of property, plant and equipment		(29,726,840)	–	(29,726,840)
NET CASH FOR INVESTING ACTIVITIES		(29,521,682)	–	(29,521,682)

39. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

RECONCILIATION OF CASH FLOWS (CONT'D)

THE GROUP	Note	<---------- 2017 ----------> FRSs RM	Transition Effects RM	MFRSs RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from immediate holding company		155,329	–	155,329
Interest paid		(2,669,835)	–	(2,669,835)
Drawdown of term loans		19,930,000	–	19,930,000
Proceeds from issuance of ordinary shares		4,200	–	4,200
Drawdown of bankers' acceptances		4,548,000	–	4,548,000
Repayment of term loans		(6,616,417)	–	(6,616,417)
Repayment of hire purchase obligations		(3,188,191)	–	(3,188,191)
		12,163,086	–	12,163,086
NET DECREASE IN CASH AND CASH EQUIVALENTS		(11,918,890)	–	(11,918,890)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,554,700	–	15,554,700
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR		3,635,810	–	3,635,810

NOTES TO RECONCILIATIONS

(a) Property, Plant and Equipment – Deemed Cost Exemption

Under FRSs, the Company measured its land and buildings at valuation. Upon transition to MFRSs, the Group elected to measure land and buildings at the previous revaluation amounts as deemed cost under MFRSs. Accordingly, the revaluation reserves at 1 January 2017 and 31 December 2017 were transferred to retained profits. There was no impact to the carrying amount of the assets and its related deferred taxation.

(b) Effects of MFRS 141

Prior to the adoption of MFRS 141: Agriculture, biological assets were stated at the lower of amortised cost and net realisable value. Under MFRS 141, the fair value of pullets and layers is determined using a discounted cash flow model based on the expected number of table eggs produced by each layer, the expected projected selling price of the tables eggs and salvage value of spent layer and after allowing for feed costs, contributory asset charges for the land and farm houses owned by the entity and other costs incurred in getting the pullets and layers to maturity. Bearer Plants should be accounted for as property, plant and equipment in accordance with MFRS 116 issued by International Accounting Standards Board in June 2014. Upon transition to MFRS, the Group elected to measure an item of bearer plant at its fair value at the beginning of the earliest period presented in the financial statement for the reporting period in which the Group first applies Agriculture and use that fair value as its deemed cost at that date. There was no material impact to the carrying amount of the bearer plant.

The adoption of MFRS 141 has resulted in the change in measurement basis to recognise the biological assets at fair value. The related deferred tax impact has also been included in the financial statements accordingly.

39. TRANSITION TO THE MFRS FRAMEWORK (CONT'D)

NOTES TO RECONCILIATIONS (CONT'D)

(c) Revenue Recognition

Under FRSs, revenue was recognised under FRS 118 'Revenue'. Upon transition to MFRSs, the Group adopted MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15") requiring the Group to review the measurement and timing of when revenue shall be recognised.

There was no material financial impact arising from the adoption of MFRS 15 at 1 January 2017 and 31 December 2017.

(d) Classification and Measurement of Financial Assets and Financial Liabilities

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 'Financial Instrument: Recognition and Measurement'. Upon transition to MFRSs, the Group adopted MFRS 9 'Financial Instruments' ("MFRS 9"), requiring the Group to review the classification and measurement of its financial instruments at the date of transition. The new accounting policy on financial instruments has been applied retrospectively of which the changes are summarised below:-

The Group changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group accounted for the expected credit losses of its financial assets measured at amortised cost to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group used a general approach to measure the loss allowance of its trade receivables.

In addition, the Group represented its net impairment losses on financial assets as a separate line item on the statement of profit or loss and other comprehensive income pursuant to the new requirement of MFRS 101 'Presentation of Financial Statements'.

There was no material financial impact arising from the adoption of MFRS 9 at 1 January 2017 and 31 December 2017.

(e) Reserves

There were no adjustments to the reserves other than the followings:-

	Note	31.12.2017 RM	1.1.2017 RM
Effects of the Transition to the MFRS Framework			
Retained profits			
Fair value of property, plant and equipment as deemed cost	a	14,731,809	14,731,809
Effects of MFRS 141	b	9,076,532	14,175,005
Total adjustments to reserves		23,808,341	28,906,814

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

The top 10 properties of the Group in terms of highest net book value as at 31 December 2018 are as follows:-

	Registered/ Beneficial owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate age of buildings (years)	Net book value (RM)
1	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 3047 (Formerly Lot 659) Lot No. 3015 (Formerly Lot 660) Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as poultry farm	27.481 hectares Freehold	31.08.2016	3 to 32	
2	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 96 & 97 Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as poultry farm	5.6959 hectares Freehold	31.08.2016	4 to 29	34,461,188.62
3	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 125, 126 and 127 Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as poultry farm	11.2171 hectares Freehold	31.08.2016	4 to 29	
4	MESTIKA ARIF SDN BHD Lot No. 2141 - 2149 (Formerly PT 303 - 311) Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land with oil palm trees	31.723 hectares Freehold	31.08.2016	NA	10,189,966.93
5	TECK PING CHAN AGRICULTURE SDN BHD Geran No. Hakmilik 61725 Lot 1409, Mukim Titian Bintagor, Daerah Rembau Negeri Sembilan	Agriculture land use as layer poultry farm	3.8698 hectares Freehold	NA	2	7,063,973.90
6	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1158 & 1159 Mukim of Melekek District of Alor Gajah, Melaka	Agriculture land use as layer poultry farm	8.114 hectares Freehold	31.08.2016	11	4,658,657.40
7	TECK PING CHAN AGRICULTURE SDN BHD Lot 102, GM 13 Mukim Sungai Buloh Daerah Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0335 hectares Freehold	NA	1	2,234,718.92

	Registered/ Beneficial owner and Location	Existing Use/ Decsription	Land Area and Tenure	Revaluation Date	Approximate age of buildings (years)	Net book value (RM)
8	TECK PING CHAN AGRICULTURE SDN BHD Lot No. 1512 - 1513 Mukim of Pegoh, District of Alor Gajah, Melaka	Agriculture land with oil palm trees	4.695 hectares Freehold	31.08.2016	NA	1,570,000.00
9	TECK PING CHAN AGRICULTURE SDN BHD Lot 123, Mukim of Sungei Buloh District of Alor Gajah, Melaka	Agriculture land use as chicken droppings store	2.0967 hectares Freehold	31.08.2016	5	1,372,368.42
10	TECK PING CHAN AGRICULTURE SDN BHD Lot No. PT 290, Mukim of Taboh Naning District of Alor Gajah, Melaka	Agriculture land use as poultry farm	3.6869 hectares Freehold	31.08.2016	NA	1,184,160.59

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

No. of shares issued	:	233,795,275
Class of shares	:	Ordinary shares
Voting rights	:	Each shareholder present in person or proxy at any shareholders' meeting shall be entitled on a show of hands to one vote; and on a poll each shareholder who is present in person or proxy shall have one vote for each ordinary share held.
Number of shareholders	:	1,544

SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
	Name	No. of Shares	%	No. of Shares	%
1.	Huat Lai Resources Berhad	139,592,677	59.71	–	–
2.	Esprit Unity Sdn Bhd	–	–	139,592,677	59.71 *
3.	Lim Yeow Her	–	–	139,592,677	59.71 **
4.	Lim Yeow Kian	125,000	0.05	139,592,677	59.71 **
5.	Datuk Wira Lim Yeow Siong	–	–	139,592,677	59.71 **

Note:

* Deemed interested by virtue of its direct interests in Huat Lai Resources Berhad.

** Deemed interested by virtue of his direct interests in Huat Lai Resources Berhad and indirect interest in Huat Lai Resources Berhad through Esprit Unity Sdn Bhd.

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	24	1.55	677	0.00
100 – 1,000	421	27.27	391,220	0.17
1,001 – 10,000	479	31.02	2,600,601	1.11
10,001 – 100,000	482	31.22	18,264,700	7.81
100,001 to less than 5% of the issued shares	136	8.81	72,945,400	31.20
5% and above of the issued shares	2	0.13	139,592,677	59.71
TOTAL	1,544	100.00	233,795,275	100.00

THIRTY LARGEST SHAREHOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Shares	%
1.	Huat Lai Resources Berhad	105,818,402	45.26
2.	Huat Lai Resources Berhad	33,774,275	14.45
3.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Kee Hor (E-TJJ)*	9,986,250	4.27
4.	Yap Yi Xuan	9,950,000	4.26
5.	Siah Tian Yee	9,031,900	3.86
6.	Chong Mei	1,810,000	0.77
7.	Yuen Ching Eng	1,672,400	0.72
8.	Yap Kee Hor	1,500,000	0.64
9.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Siah Tian Yee (E-TJJ)*	1,129,600	0.48
10.	Lim Lai Chuan	1,073,000	0.46
11.	Liew Yew Seng	1,007,800	0.43
12.	Eng Soon Cheik	937,400	0.40
13.	Cimsec Nominees (Tempatan) SdnBhd *Pledged Securities Account For Lee Cheong Keat @ Lee Chong Keat (Penang-CL)*	892.000	0.38
14.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kean Leong Poultry Trading Sdn Bhd (E-BMM)*	885,600	0.38
15.	Soo Ah Mooi	837,600	0.36
16.	Ong Tian Leong	824,500	0.35
17.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chong Boon Weng (MY0970)*	690,100	0.30
18.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Tjun Mun (E-BPJ)*	637,500	0.27
19.	Tan Hui Lun	565,700	0.24
20.	Boon Seu Mui	550,000	0.24
21.	Chua Kau @ Chua Kim Yan	550,000	0.24
22.	Chua Kau @ Chua Kim Yan	550,000	0.24
23.	Lee Koon Shing	546,300	0.23
24.	Gan Seng Chong	525,000	0.22
25.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Chia Hong @ Gan Chia Hong (E-TMR)*	525,000	0.22
26.	How Kim Soon	500,000	0.21
27.	Ng Chee Heng	500,000	0.21
28.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Teo Kooi Cheng (E-BPJ)*	500,000	0.21
29.	Lim Kok Lih	496,500	0.21
30.	Mr. Serm Juthamongkhon	489,700	0.21

ANALYSIS OF WARRANT HOLDINGS
AS AT 29 MARCH 2019

No. of warrants issued	:	80,000,000
No. of warrants exercised	:	21,000
No. of warrants unexercised	:	79,979,000
Expiry date of the warrants	:	19 January 2021
Voting rights	:	Each warrant holder present in person or proxy at any meeting of warrant holders shall be entitled on a show of hands to one vote; and on a poll each warrant holder who is present in person or proxy shall have one vote for each warrant held.
No. of warrant holders	:	541

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
Less than 100	61	11.28	2,725	0.00
100 – 1,000	39	7.21	31,670	0.04
1,001 – 10,000	176	32.53	845,711	1.06
10,001 – 100,000	189	34.94	7,527,266	9.41
100,001 to less than 5% of issued warrants	75	13.86	29,244,267	36.57
5% and above of issued warrants	1	0.18	42,327,361	52.92
TOTAL	541	100.00	79,979,000	100.00

THIRTY LARGEST WARRANT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Warrants	%
1.	Huat Lai Resources Berhad	42,327,361	52.92
2.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Yap Kee Hor (E-TJJ)*	3.925,100	4.91
3.	Kenanga Nominees (Tempatan) Sdn Bhd *Beneficiary : Chong Mei*	1,535,700	1.92
4.	Tan Liew Cheun	1,371,000	1.71
5.	Eng Soon Cheik	1,358,800	1.70
6.	Yuen Ching Eng	1,350,000	1.69
7.	Cimsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Lee Cheong Keat @ Lee Chong Keat (Penang-CL)*	1,015,800	1.27
8.	Chong Mei	988,300	1.24
9.	Tan Hui Lun	780,800	0.98
10.	Lee Koon Shing	704,500	0.88

THIRTY LARGEST WARRANT HOLDERS (CONT'D)

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name	No. of Warrants	%
11.	Jaikishin A/L Shewandas	651,900	0.82
12.	Wong Nyong How	650,700	0.81
13.	Lew Brothers Poultry Farm Sdn Bhd	594,067	0.74
14.	Goh Lee Foong	507,000	0.63
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Kong Kok Choy (8092812)*	500,000	0.63
16.	Liew Yew Seng	474,400	0.59
17.	Ong Tian Leong	463,000	0.58
18.	Maybank Securities Nominees (Asing) Sdn Bhd *Pledged Securities Account For Chen, Hsin-Mei (Margin)*	460,000	0.58
19.	Mr. Serm Juthamongkhon	444,100	0.56
20.	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank For Teo Boon Tong (M12081)*	439,500	0.55
21.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Ng Tjun Mun (E-BPJ)*	425,800	0.53
22.	Teey Tong Hoon	390,667	0.49
23.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Chia Siew Fung*	350,000	0.44
24.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Wee Hwang*	350,000	0.44
25.	Khoo Eng Seng	300,033	0.38
26.	Tan Eng Kiong	300,000	0.38
27.	Teoh Yen Ping	300,000	0.38
28.	Tan Meng Hwee	295,700	0.37
29.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account For Tan Siew Bin (E-TSA/KTI)*	275,000	0.34
30.	Lim Geok Chin	268,000	0.34

DIRECTORS' INTERESTS IN THE COMPANY AND RELATED CORPORATION

AS AT 29 MARCH 2019

None of the Directors of the Company hold any shares and/or warrants in the Company and/or its related corporation as at 29 March 2019.

TPC PLUS BERHAD
(615330-T)

FORM OF PROXY

No. of shares held ____________

*I/We, ______________________________ of ______________________________

being a member of **TPC Plus Berhad** hereby appoint ______________________________ of

______________________________ or failing him/her ______________________________

of ______________________________ or failing him/her *the Chairman of the Meeting

as *my/our proxy to attend and vote on *my/our behalf at the 16th Annual General Meeting of the Company to be held at the **Conference Room, PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka** on **Thursday, 30 May 2019** at **10:00 a.m.** and at any adjournment thereof.

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

		For	Against
Resolution 1	Approve the payment of Directors' fees		
Resolution 2	Approve the payment of Directors' benefits (other than Directors' fees)		
Resolution 3	Re-elect Mr Liang Ah Lit @ Nyah Chung Mun as Director		
Resolution 4	Re-elect Mr Chong Peng Khang as Director		
Resolution 5	Re-appoint Crowe Malaysia PLT as Auditors		
Resolution 6	Authority to Directors to allot and issue shares		
Resolution 7	Renewal of mandate for recurrent related party transactions		
Resolution 8	Adoption of the new Constitution of the Company		

Dated this __________ day of ______________ 2019

____
Signature(s) of shareholder(s) or
Common Seal of corporate shareholder(s)

Notes:

(i) Only depositors whose names appear in the Record of Depositors as at 23 May 2019 shall be entitled to attend, speak and vote at the meeting or appoint another person as his/her proxy to attend and vote in his/her stead.

(ii) Where a member appoints more than one proxy, such appointment shall be invalid unless he specify the proportion of his shareholdings to be represented by each proxy.

(iii) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a representative must be either under its common seal or under the hand of an officer or attorney duly authorised.

(v) The duly completed proxy form must be deposited at the Company's registered office at PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

(vi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 16th Annual General Meeting will be put to vote by way of poll.

* Strike out whichever is not desired

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TPC Plus Berhad (615330-T)
PT 1678, Mukim of Serkam
77300 Merlimau, Melaka

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TPC PLUS BERHAD (615330-T)

PT 1678, Mukim of Serkam, 77300 Merlimau, Melaka, Malaysia.
Office Number: **+606 2686 315** General Fax Number: **+606 2686 327**

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