GURNEY™ HARUMI™

D.B.E. GURNEY RESOURCES BERHAD

(COMPANY NO. 535763-A)

ANNUAL REPORT 2018

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth (18th) Annual General Meeting of D.B.E. Gurney Resources Berhad will be held at Intan 1, The Orient Star Resort Lumut, Lot 203 & 366 Jalan Iskandar Shah, 32200 Lumut, Perak Darul Ridzuan on Monday, 27 May 2019 at 10.00 a.m. for the following purposes:

AGENDA
ORDINARY BUSINESS

1 To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. (Refer to Explanatory Note A)

2 To approve the increase in Directors' fees from RM90,000 to RM95,000 and the payment of such fees to the Non-Executive Director of the Company for the financial year ended 31 December 2018. ***(Ordinary Resolution 1)***

3 To approve the Directors' fees up to an amount of RM150,000 and the payment of such fees to the Non-Executive Directors of the Company for the financial year ending 31 December 2019, to be made payable monthly. ***(Ordinary Resolution 2)***

4 To approve the payment of Directors' benefits (other than Directors' fees) in accordance with Section 230(1) of the Companies Act 2016 up to an amount of RM80,000 from 28 May 2019 until the conclusion of the next Annual General Meeting of the Company. ***(Ordinary Resolution 3)***

5 To re-elect Dato' Ding Seng Huat who retires by rotation pursuant to Article 84 of the Constitution of the Company. ***(Ordinary Resolution 4)***

6 To re-elect YM Ungku A Razak bin Ungku A Rahman who retires by rotation pursuant to Article 84 of the Constitution of the Company. ***(Ordinary Resolution 5)***

7 To re-elect Ms. Foo Kwai Kheng who was appointed during the year and retire pursuant to Article 91 of the Constitution of the Company. ***(Ordinary Resolution 6)***

8 To re-appoint Messrs. Moore Stephens Associates PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 7)***

SPECIAL BUSINESS

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

9 **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** ***(Ordinary Resolution 8)***

"THAT, subject always to the Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this Resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being; AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

10 **Proposed Adoption of New Constitution of the Company** ***(Special Resolution)***

"THAT the proposed adoption of a new Constitution of the Company, details as set out in Appendix A, be and is hereby approved in substitution for and to the exclusion of the whole of the existing Memorandum and Articles of Association of the Company thereof ("Proposed Adoption").

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give effect to the Proposed Adoption."

11 To transact any other ordinary business of which due notice has been given.

BY ORDER OF THE BOARD

JESSLYN ONG BEE FANG (MAICSA 7020672)
ERIC TOH CHEE SEONG (MAICSA 7016178)
Company Secretaries

Penang
26 April 2019

NOTES:

1. Only members whose names appear on the Record of Depositors as at 17 May 2019 shall be entitled to attend, speak and vote at the Annual General Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint not more than two proxies to attend and vote at the Annual General Meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized in writing.

6. Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the forthcoming Annual General Meeting shall be put by way of poll.

7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at No.54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Explanatory Notes

Note A - Audited Financial Statements for the financial year ended 31 December 2018

This Agenda is meant for discussion only as the provision of Section 248(2) and 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Ordinary Resolution 1 - Increase of Directors' Fees

The proposed Ordinary Resolution 1, if passed, will authorise the increase in Directors' fees from RM90,000 to RM95,000 for the financial year ended 31 December 2018. The additional RM5,000 of Directors' fees is a pro-rated amount for the newly appointed Non-Executive Director during the financial year ended 31 December 2018 and payment will only be made if the proposed Ordinary Resolution 1 has been approved by the shareholders of the Company at the 18th Annual General Meeting of the Company.

Ordinary Resolution 2 - Payment of Directors' Fees

The proposed Ordinary Resolution 2, if passed, will authorise the payment of the Directors' fees on a monthly basis up to the amount of RM150,000 to the Non-Executive Directors ("NEDs") for the financial year ending 31 December 2019. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' fees on a monthly basis instead of in arrears after every Annual General Meeting given that they have duly discharged their responsibilities and provided their services to the Company throughout the said period.

Explanatory Notes (Cont'd)

Ordinary Resolution 3 - Payment of Directors' Benefits

Section 230(1) of the Act provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Under Ordinary Resolution 3, the benefits payable to the Directors pursuant to Section 230(1)(b) of the Act has been reviewed by the Board of Directors of the Company, which recognises that the benefits payable are in the best interest of the Company for the applicable period from the date of passing of this resolution up to the conclusion of the next Annual General Meeting. The benefits comprise of Directors Indemnity Insurance and also meeting allowances, which will only be accorded based on actual attendance of meetings by the Directors of the Company.

Ordinary Resolution 8 - Authority to Issue Shares Pursuant to Sections 75 and 76 of the Act

The Company is continually looking for opportunities to broaden the operating base and earnings potential of the Company. This may require the issue of new shares not exceeding ten percent (10%) of the issued and paid-up share capital of the Company for the time being.

The proposed Ordinary Resolution 8 would enable the Directors to avoid delay and cost of convening further general meetings to approve the issue of such shares for such purposes. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

The Company had obtained the general mandate to issue shares in the last Annual General Meeting. There were no proceeds raised from the previous mandate.

Special Resolution - Proposed Adoption of New Constitution of the Company

The Proposed Adoption is undertaken primarily to streamline the existing Constitution of the Company with the Act, which was effective on and from 31 January 2017. The Proposed Adoption is also to align the existing Constitution with the amendments of the Main Market Listing Requirements that came into effect from 2 January 2018, to provide clarity to certain provisions thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency. The Board proposed that the existing Memorandum and Articles of Association be revoked in its entirety and the proposed new Constitution of the Company as set out in Appendix A which is circulated together with the Notice of 18th Annual General Meeting dated 26 April 2019 be adopted as the new Constitution of the Company.

The proposed Special Resolution shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 18th Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements)

Details of Director who is standing for election

No individual is seeking election as a Director (excluding Directors standing for re-election) at the forthcoming 18th Annual General Meeting of the Company.

Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Details of the general mandate for the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Notes of the Notice of 18th Annual General Meeting of the Company.

OUR MISSION AND VISION

MISSION

Poultry Division

We are...

DBE is a team of committed, positive and successful people who are always striving to be balanced, integral and honest. We will work within our "14 Points of Culture" to make sure everyone who touches, or is touched by the DBE team, will enjoy greatly and in some way move closer to becoming our greatest, precious loyal customers.

We are in...

We will always work in co-competition with all those who believe they are in competition with us. We are in the business of providing 'The Best 'Halal' Fresh Chicken'. We will educate ourselves, our customers and all those whom we work with, while we serve our customers in world-class customer service excellence. We will educate our customers of the importance of hygiene and nutritious chicken. Our products and services will be of the highest Freshness, Quality, Innovation, Expertise, Service and whether sourced from within the company or externally will always add the most value, and ensure customers get most out of it.

Our Customers...

DBE customers whether they be small, medium or large in size will have a desire to have us serve them in fulfilling their satisfaction and be able to take on Our Commitment to them by returning their Commitment to DBE. They will be yearning for our services and products and be willing to share with their family, friends and colleagues. Our customers will want to deal with us because we understand people are important, we offer the most hygiene, most nutritious and fastest services of our products, and most importantly because we mean what we say. We will give people back the original freshness of chickens through Codex HACCP food safety standard.

Property Development Division

We are desirous to achieve its social agenda to fulfil aspirations of all Malaysian to own their dream homes within their financial capabilities.

We strive to provide homes without compromising on quality and cost.

It is with this commitment that we live and breathe the mantra "for Quality Lifestyle".

VISION

Poultry Division

"More Gurney Chicken on more plates ... everyday"

Property Development Division

"A boutique property developer that makes home relevant to the everyday person"

OUR CORPORATE OBJECTIVE

Poultry Division

- To become one of the leading integrated poultry producers in the country.
- Contribute in making Malaysia self-dependent with regards to poultry products.
- To produce International Standard poultry products from "Farm-To-Table" with production "Traceability" in place.
- To further broaden its markets at home and abroad.

Property Development Division

- To build quality homes at affordable pricing for all in need
- To be one of the most reputable and sought after affordable home developer in Malaysia
- To be a long term sustainable developer
- To expand our property development expertise as a center of excellence into other countries in need of affordable housing

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Doh Tee Leong
(Non-Independent Non-Executive Chairman)

Dato' Ding Seng Huat
(Group Managing Director)

Dato' Doh Jee Ming
(Executive Director)

YM Ungku A Razak bin Ungku A Rahman
(Independent Non-Executive Director)

Foo Kwai Kheng
(Independent Non-Executive Director)

Sandeep Singh A/L Gurbachan Singh
(Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Foo Kwai Kheng *(Chairperson)*
YM Ungku A Razak bin Ungku A Rahman
Sandeep Singh A/L Gurbachan Singh

NOMINATION COMMITTEE

Sandeep Singh A/L Gurbachan Singh *(Chairman)*
Foo Kwai Kheng
Dato' Doh Tee Leong

REMUNERATION COMMITTEE

Foo Kwai Kheng (Chairperson)
Sandeep Singh A/L Gurbachan Singh
Dato' Ding Seng Huat

COMPANY SECRETARIES

Jesslyn Ong Bee Fang (MAICSA 7020672)
Eric Toh Chee Seong (MAICSA 7016178)

PRINCIPAL PLACE OF BUSINESS

Plot 138 Kawasan Perindustrian
Pelabuhan Lumut, Kg. Acheh
32000 Sitiawan Perak Darul Ridzuan
Tel: 605-6922822
Fax: 605-6922322

REGISTERED OFFICE

No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Tel: 604-2824605
Fax: 604-2824605

SHARE REGISTRAR

Insurban Corporate Services Sdn Bhd
No. 149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Tel: 603-7729 5529
Fax: 603-7728 5948

AUDITORS

Moore Stephens Associates PLT (AF002096)
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU7/3, Mutiara Damansara
47810 Petaling Jaya Selangor
Tel: 603-7724 1033
Fax: 603-7733 1033

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AGRO Bank
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Stock Code: 7179
Stock Name: DBE

CORPORATE STRUCTURE

D.B.E. GURNEY RESOURCES BERHAD
(Company No. 535763-A)

- (100%) D.B.E. POULTRY SDN BHD
  - (70%) FARMMESH FOODS (M) SDN BHD
  - (40%) SUPER HARUMI SDN BHD
  - (30%) GW SEASONING (M) SDN BHD
  - (30%) SUPER HARUMI (THAILAND) CO., LTD.
- (100%) D.B.E. HATCHERY SDN BHD
- (100%) D.B.E. BREEDING SDN BHD
- (100%) D.B.E. FOOD PROCESSING INDUSTRIES SDN BHD
- (100%) D.B.E. MARKETING SDN BHD
- (100%) D.B.E. GURNEY CHICKEN SDN BHD
- (100%) DBE DEVELOPMENT SDN. BHD.
- (100%) D CONSTRUCTION SDN. BHD.
- (98.7%) HARUMI INTERNATIONAL HOLDINGS LIMITED

PROFILE OF DIRECTORS

Front (Left to right):	Dato' Ding Seng Huat Dato' Doh Tee Leong Dato' Doh Jee Ming
Back (Left to right):	Mr. Sandeep Singh A/L Gurbachan Singh YM Ungku A Razak Bin Ungku A Rahman Ms. Foo Kwai Kheng

Dato' Doh Tee Leong
- Non-Independent Non-Executive Chairman

• Male • Malaysian • 44

Dato' Doh Tee Leong ("DDTL") was appointed as a Non-Independent Non-Executive Director of the Company on 20 December 2017. He was re-designated as the Chairman of the Board on 26 October 2018. He is a member of the Nomination Committee of the Company.

He obtained his Bachelor of Science (Hons) in Civil Engineering from The Ohio State University in 1998. He was a Marketing Manager in Pangkor Coral Bay Resort from 1998 to 2003 and has extensive experience in the property development and construction related business.

DDTL owns and holds directorships in several private limited companies in the business of housing and property development, provision of hotel services, food and beverages, and hospitality services.

He is the brother of Dato' Doh Jee Ming and Dato' Doh Jee Chai. Dato' Doh Jee Ming is an Executive Director and major shareholder of the Company whilst Dato' Doh Jee Chai is a major shareholder of the Company via his indirect shares in Doh Properties Holdings Sdn Bhd through Setia Awan Plantation Sdn Bhd, both major shareholders of the Company.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He holds 939,280,220 ordinary shares indirectly in the Company.

Dato' Ding Seng Huat
- Group Managing Director

• Male • Malaysian • 45

Dato' Ding Seng Huat ("DDSH") was appointed to the Board of the Company as the Group Managing Director on 2 April 2002. He is a member of the Remuneration Committee of the Company.

DDSH started his career within the Group in 1990. In 1992, he became a Marketing Manager of D.B.E. Breeding Sdn Bhd. In 1998, he was appointed as the Group General Manager before promoted to the Group Managing Director in 2002. He has more than 30 years of experience in the poultry business and was involved directly in the expansion of the Group's purchasing and marketing divisions. He is actively involved in the Federation of Livestock Farmers' Association of Malaysia. As the son of co-founder Ding Choon Yung, he is a young and energetic second generation of the Group. He seeks various effective ways to modernise the organisation, clinching business opportunities while moving towards the more competitive edge of 21st century. His vision is to lead the Group to grow with the goal of being a total integrator in poultry industry. On 11 March 2016, he was conferred the Darjah Sultan Ahmad Shah Pahang (DSAP) by the Sultan of Pahang which carries the title Dato'.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He holds 130,903,374 ordinary shares directly in the Company.

Dato' Doh Jee Ming
- Executive Director

• *Male* • *Malaysian* • *39*

Dato' Doh Jee Ming ("DDJM") was appointed as a Non-Independent Non-Executive Director of the Company on 20 December 2017. He was re-designated to Executive Director on 16 January 2018.

He obtained his Master of Business Administration from the International Teaching University of Georgia in 2017 and has vast experience in property development and construction business. DDJM also owns and holds directorships in several private limited companies in the business of housing and property development, provision of hotel services, food and beverages, and education services where he has been actively involved in their management and operations. He is also a life corporate member of the Perak Chinese Chamber of Commerce and Industry.

He is the brother of Dato' Doh Tee Leong and Dato' Doh Jee Chai. Dato' Doh Tee Leong is a Non-Independent Non-Executive Chairman and major shareholder of the Company whilst Dato' Doh Jee Chai is a major shareholder of the Company via his indirect shares in Doh Properties Holdings Sdn Bhd through Setia Awan Plantation Sdn Bhd, both major shareholders of the Company.

Save as disclosed herein, he does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He holds 57,520,000 ordinary shares directly and 939,280,220 ordinary shares indirectly in the Company.

YM Ungku A Razak Bin Ungku A Rahman
- Independent Non-Executive Director

• *Male* • *Malaysian* • *64*

YM Ungku A Razak Bin Ungku A Rahman ("YM Ungku") was appointed to the Board of the Company as the Independent Non-Executive Director on 7 December 2012. He is a member of the Audit and Risk Committee of the Company.

He graduated from Cranfield School of Management, Cranfield, England, holding the Master of Business Administration and from Loughborough University of Technology, Loughborough, England, holding the Bachelor of Science with Honours degree in Computer Studies. YM Ungku began his career with ESSO Malaysia Sdn Bhd in 1978, after which he spent about 3 years at Permodalan Nasional Berhad and was also attached to The Kuala Lumpur Stock Exchange Group of Companies, now known as Bursa Malaysia Securities Berhad, for 20 years. He was the Chief Information Officer of K&N Kenanga Holdings Berhad from 2005 to 2007. From 2008 to 2014, he was the Independent Non-Executive Director of Nexgram Holdings Berhad (formerly known as Nextnation Communication Berhad), a public company listed on the ACE Market of Bursa Malaysia Securities Berhad.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not hold any shares in the Company.

Ms. Foo Kwai Kheng
- Independent Non-Executive Director

• Female • Malaysian • 41

Ms. Foo Kwai Kheng ("Ms. Foo") was appointed as an Independent Non-Executive Director of the Company on 26 October 2018. On 21 November 2018, she has been appointed as the Chairperson for the Audit and Risk Committee and Remuneration Committee. She was also a member of the Nomination Committee of the Company.

Ms. Foo started her career in 2001 as Audit Senior and she has over 15 years of experience in audit, tax, due diligence work, corporate consultancy, project feasibility study, project forecast and cash flow and implanting internal controls across all major departments in accordance with ISO 9001: 2015 Quality Management System certification application.

She is a member of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants.

She does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. She also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

She holds 380 ordinary shares directly in the Company.

Mr. Sandeep Singh A/L Gurbachan Singh
- Independent Non-Executive Director

• Male • Malaysian • 29

Mr. Sandeep Singh A/L Gurbachan Singh ("Mr. Sandeep Singh") was appointed as an Independent Non-Executive Director of the Company on 28 November 2017. He is a member of the Audit and Risk Committee and Remuneration Committee. He was appointed as the Chairman of the Nomination Committee on 16 January 2018.

He graduated from University of West of England, Bristol, United Kingdom with a Bachelor of Laws (Hons.) in 2012 and graduated as a Barrister – at – Law from the Honourable Society of Lincoln's Inn, London in 2014.

Mr. Sandeep Singh has been in continuous legal practice as an advocate and solicitor in various fields of Criminal and Civil Law as well as Conveyancing since 2015. Presently, he is a partner of Bachan & Kartar Advocates and Solicitors, a legal firm based in Ipoh, Perak and sits on the board of directors of several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He also does not hold any directorship in any other public or public listed company and has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

He does not hold any shares in the Company.

PROFILE OF KEY SENIOR MANAGEMENT

Dato' Ding Seng Huat
Group Managing Director

DDSH has been appointed as Managing Director of the Company and Group since year 2002. With his immeasurable experience in the poultry business, DDSH has now led our Group into a new era with the development of new retailing poultry products under HARUMi brand. His vision in growing the business through downstream chicken products activities has eventually transformed our Group to become an integrated poultry player in the local market. Currently, he is in charge of day-to-day operations of breeder farms, broiler operations, food processing and retailing of HARUMi branded products. Overall, he oversees the management and operations of the poultry division of our Group.

Further profile of DDSH is set out in this Annual Report under Profile of Directors.

Dato' Doh Jee Ming
Executive Director

DDJM was appointed as Executive Director of the Company on 16 January 2018. Having vast experience in property development and construction related business, he brought with him a robust knowledge of the industry to our Group. At present, he plays multiple roles in envisioning, implementing and completing property development projects. He is in charge of exploring business opportunities in the property business and currently, he oversees the management and operations of property development division of our Group.

Further profile of DDJM is set out in this Annual Report under Profile of Directors.

Ngu Ung Ha
Chief Financial Officer

Mr Ngu Ung Ha ("Mr Ngu"), a Malaysian, male, aged 55, was appointed as Chief Financial Officer of the Company on 1 June 2018. He is a Chartered Accountant with the Malaysian Institute of Accountants (MIA) since year 1995 and is also an associate member of The Chartered Institute of Management Accountants.

Prior to joining the Company, Mr Ngu was attached to Setia Awan Holdings Sdn Bhd ("Setia Awan"), one of the major developers in Perak, focusing on affordable home development. In Setia Awan, he was responsible for the treasury and risk management of the Company and was also a team member of the strategic business unit. He has extensive experience of more than 31 years in accounting and finance. At present, he is responsible for the overall accounting and financial management of DBE Group.

He does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest with the Company. He has no convictions for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

D.B.E. Gurney Resources Berhad ("DBE" or "the Company") was incorporated on 2 January 2001 and listed on the Main Market of Bursa Malaysia Securities Berhad since 2004. The factories which are located in Manjung, Perak have been in operation since 2002. As part of its business sustainability exercise, DBE has ventured into the property development business this year focusing mainly on affordable housing projects in Perak.

Dear Shareholders, Employees, Business Partners and Customers,

It has been a challenging but fruitful year for our financial year ended 31 December 2018 **("FYE 2018")** as we embark on a new journey into the property development business and was blessed with favourable results thus far. With this, we would like to express our sincere appreciation for the continued trust and loyalty of you towards us and your support along the journey has enabled a smooth transition with no disruption to the business.

We will continue to commit ourselves in focusing on the sustainability of the business while not foregoing our respect towards our stakeholders and the environment, and creating more sustainable value for our stakeholders.

Navigating a Challenging Market Landscape

The operating environment continues to be challenging over the year. During FYE 2018, we navigated a market landscape characterised by the following observations:

- Global geo-political uncertainties, rising oil prices, and a tightening domestic economy flanked by our currency volatility and the rising cost of living continue to pressure consumer sentiment;

- As consumers seek better value for money (in quality or price), this translates into growth for value-added products.

In response to the changing business landscape, our organisation has entered into a new era, with the development of new retail products such as HARUMi, thus embarking on our downstream activities. HARUMi has been hailed as a milestone in DBE's business achievement, as it has eventually transformed us to be an integrated poultry player in the local market.

Furthermore, the Group has also ventured into the property development business via DBE Development Sdn Bhd **("DBED")**, a wholly-owned subsidiary of DBE whereby DBED has entered into a joint development agreement with Misi Jutari Sdn Bhd, for the development of a mixed property development project located at Bota Kanan, Seri Iskandar, Perak with an expected GDV of RM24.5 million and net development profit of RM6.96 million over a period of 2 years. Another project is expected to be launched by DBED in the first half of 2019 with the proposed development of 237 units of terrace houses, 50 units of semi-detached and 5 units of detached houses located in Sungai Terap, District of Kinta.

This new business opportunity enables the Group to diversify its earning base and reduce its dependency on its existing business.

In addition, the Group also has the intention to diversify into construction related business to complement its property development whereby it shall undertake the construction works of identified projects/contracts to be procured from time to time.

On Financial Performance

The Group recorded a slightly lower revenue of RM108.23 million (FYE 2017: RM111.72 million) mainly due to lower sale of processed chicken during the year. This was mainly due to reduction in supply to KFC outlets located in Selangor during the financial year.

The Group posted a loss before tax of RM26.90 million in FYE 2018 as compared to the loss before tax of RM20.46 million in the previous corresponding year mainly due to impairment loss of property, plant and equipment amounting to RM16.49 million from poultry processing divisions during the financial year. However, it was offset against the profit contributed from the property development division of approximately RM4.53 million during the financial year.

On Corporate Exercises

To enhance and improve on its financial position, the Group remains committed in its new strategy to diversify into property development and construction. On 5 February 2018, DBED has entered into a joint development agreement with Misi Jutari Sdn Bhd for the development of a mixed property development project located at Bota Kanan, Seri Iskandar, Perak known as "Taman Desa Harmoni". This project has marked an initial step for the Group to venture into property development for long term gain and profitability.

On 5 June 2018, DBED had also entered into a conditional sale and purchase agreement with Glitter Holdings Sdn Bhd to purchase all that pieces of leasehold lands held under H.S.(D) 237603 to 237892 PT No. 42830 to 43119 and H.S.(D) 237897 PT No. 43124 in the Mukim of Sungai Terap, District of Kinta, State of Perak with a total land area measuring approximately 11.33 hectares for a total cash purchase consideration of RM5,390,000. The acquisition was completed on 28 December 2018. The full payment of the purchase consideration will be made within 5 years from the date of the sale and purchase agreement.

During FYE 2018, the Board of Directors had received a notice of conditional mandatory take-over offer from the major shareholder namely Doh Properties Holdings Sdn Bhd **("Offeror")**, the joint ultimate offerors and also persons acting in concert **("PAC")** with the Offeror to acquire all the remaining ordinary shares in DBE **("DBE Shares")** which are not already owned by the Offeror, the joint ultimate offerors and PAC and any new DBE Shares that may be allotted prior to the closing date of the offer arising from the exercise of the outstanding warrants 2017/2022 in DBE **("DBE Warrants")**; and DBE Warrants which are not already owned by the Offeror, joint ultimate offerors and PAC for a cash offer price of RM0.035 per share and RM0.01 per warrant **("Offer")**.

On the closing date of the Offer, the acceptance condition (i.e more than 50% of the voting shares of DBE) of the Offer had not been fulfilled as the Offeror, the joint ultimate offerors and PAC hold in aggregate, together with such DBE Shares that are already acquired or agreed to be acquired, only approximately 38.34% of the voting shares of DBE. Accordingly, the Offeror had returned all the DBE Shares and DBE Warrants which had been transferred into the Central Depository Account of the Offeror pursuant to the acceptance of the Offer by the respective holders.

During the final quarter of FYE 2018, DBED had also entered into a development rights agreement **("DRA")** with Yik Wang Development Sdn Bhd **("Yik Wang")** for the proposed participation in the development and assumption of the development rights to an ongoing development project of 780 units of apartments known as Pangsapuri Seri Iskandar **("Project")** for a total cash consideration of RM3,800,000 **("Proposal")**. The Project is being developed on a parcel of leasehold land held under PN 405295 Lot 15845, Bandar Seri Iskandar, Mukim Bota, Daerah Perak Tengah, Negeri Perak Darul Ridzuan measuring approximately 40,470 square metres in area. Yik Wang, the registered owner of the land as at the date of the DRA, is carrying out the development works on the Project. Subsequently, DBED had on 11 January 2019 entered into a supplemental agreement with Yik Wang to revise certain terms and conditions in the DRA dated 30 November 2018.The Proposal has been deemed as a related party transaction and will be subject to the approval of its non-interested shareholders at the forthcoming Extraordinary General Meeting to be convened. DBE has appointed a main adviser and an independent adviser in relation to the Proposal. We expect the Proposal to be completed by the first half of 2019.

Risk and Challenges

Poultry Division

<u>Credit Risk and Default in Payment by Customers</u>

Generally, the credit terms granted to customers ranging from 30 days to 90 days. Our customers have varying degrees of credit risk profiles which exposes the Group to the risk of slow or non-payment by them. In the event that if the customers default on their payments, our operating cash flows, financial condition and results of operation could be materially and adversely affected. We are aware of our exposure to the above and we mitigate this by putting in place prudent credit management policies in our Group through the application of credit approvals, credit limits and monitoring procedures on an on-going basis. We perform credit evaluation on all our customers and an appropriate credit limit is then allocated to each customer based on our assessment of their risk profile. In addition, we also emphasise on close monitoring and collection of accounts on an on-going or monthly basis to minimise the risk of default. Although there has been no material collection problem on trade receivables or material bad debts written off in the past, there is no guarantee that all our customers will be able to fulfil their debts obligation as and when the debts become due or that our Group will not encounter collection problem in the near future. Any default or delay in our collection of debts which lead to impairment loss on trade receivables or bad debts may have an impact on our financial performance.

Risk and Challenges (Cont'd)

Poultry Division (Cont'd)

Foreign Currencies Fluctuation Risk

The Group's major raw materials purchase such as corn and soya bean are transacted in foreign currencies such as USD from the United States of America. As such, the Group is exposed to currency fluctuation risk. Any unfavorable fluctuations in foreign exchange rate may have an adverse impact on the Group's financial performance and profitability. The Group does not enter into any financial instruments to hedge against any foreign currency as the transactions are not that significant. However, for purchases of corn and soya bean, the Group takes a three (3) to six (6) months position with the local importer who in turn took the currency risk upon himself. The Group will pay a small premium on the risk pass on to them. Despite our effort to minimise the foreign exchange risk, there can be no assurance that any future significant fluctuations in foreign currency will not have an impact on the financial performance of our Group.

Property Development Division

Delay in Project Completion

The completion of any property development project is dependent on many external factors which may be beyond our control such as obtaining regulatory approvals as scheduled, satisfactory and timely performance of the contractors who are appointed to complete the project, adverse weather conditions and/or any other natural unforeseen circumstances.

In the event of a delay in the progress of the project, we may incur additional costs such as liquidated and ascertained damages payable to the end purchaser, which may impact our future financial performance. Nonetheless, we will strive to ensure that proper project planning is being done and sufficient time buffer is allocated to minimise the risk of project delay and thus delay in delivery of our property to the end purchaser.

Defect Liability of Property

Upon the handover of our completed property to the end purchaser, we will be liable for the work carried out and for any repairs, reconstruction or rectification of any faults or defects which may surface and are identified during the defects liability period which may run over a period of 24 months from the date of the handover. There is no assurance that any repair, reconstruction or rectification works during the defects liability period will not have a material impact on our Group's financial performance. As such, we will take all reasonable steps to ensure that the quality of work by the appointed contractors are up to standard and are in accordance to the work specifications requirement in order to reduce the possibility of defects to its minimal level.

On Corporate Social Responsibility

We continue to place a high value on reinforcing the Company's belief in Corporate Social Responsibility **("CSR")**. We acknowledge with our responsibility to continue implementing CSR initiatives and meaningful activities in the Company's workplace, market place, community and environment. The Group recognises its corporate citizenship and fulfils its responsibilities to its employees, customers, caring for society and greening the environment based on principles of business sustainability. We have continuously strived to improve the welfare and benefits for all our employees as well as providing and maintaining a safe and healthy workplace to the employees, contractors and visitors.

In our efforts in giving back to the various communities from which we have thrived on, the Company continues to channel financial aid through funding programs that contribute to the social well-being of the public. We focus on schools, charitable bodies and also participating in community development programs as part of our social responsibilities of doing good and working towards our long-term commitment to make the world a better place.

Forward Looking Statement

The Group is an integrated poultry farmer cum food processor. This means the Group has almost everything in-house from animal feed production, breeding of both layer and broiler parent and feed stocks right up to the harvesting of table eggs / broilers to slaughtering and processing of downstream chicken products and the final distribution of all its branded products to the retail market. All the chicken products offered for sale are certified HALAL by approved authorities. The Group also converts its chicken waste to produce organic fertilizer for sale and at the same time conserve the environment.

2018 has been a difficult year for the Group despite our relentless efforts to improve our operation efficiencies as well as the continuous efforts in developing the HARUMi brand. We have made some good strides in 2018 in the HARUMi brand via opening of more retail outlets in 2018. However, our main operations continue to face headwind with great difficulties in turning around and we expect 2019 to remain challenging due to both global and domestic economic uncertainties with increased regulatory requirements.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Forward Looking Statement (Cont'd)

As such, DBE is determined to have the following 2 prong strategies to mitigate the above uncertainties moving forward:

(i) To continue its strategies through growing our iconic portfolio of brands, strengthening our commercial strategies via HARUMi brand in the retailing sector; and

(ii) Diversifying into property sector via development of affordable housing scheme.

Lastly, I would like to thank the Board of Directors for their guidance as well as all the employees who have worked with me during the year. I strongly believe that with the entry of new board members together with the property development business, our Group is poised to achieve a turnaround performance in 2019.

Dato' Ding Seng Huat
Group Managing Director

SUSTAINABILITY STATEMENT

ABOUT THE STATEMENT

DBE is pleased to present our inaugural sustainability statement. In line with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad, this report provides a clear and precise management of the Group in managing its material economic, environmental and social (EES) risks and opportunities.

We have prepared this statement in accordance to the Bursa Malaysia Sustainability Reporting Guide and adopted the international reporting framework - Global Reporting Initiative (GRI) Standards.

DBE's business portfolio comprises of the following divisions;

- Breeding;
- Broiler;
- Hatchery;
- Food Processing;
- Feed Mill;
- Farm Operations; and
- Harumi Restaurant.

For our first reporting year, the reporting boundary is limited to the poultry business which is the largest contributor in terms of revenue to the Group.

In FY 2018, the Group added property development and construction into its portfolio. This business decision was made to support DBE's business strategy in diversifying its revenue and to mitigate the risk of over-dependence on the existing poultry business. Moving forward, we will disclose the Group's property division in our sustainability report in the coming years.

The reporting period for this sustainability report is 1 January 2018 to 31 December 2018, unless otherwise stated.

ABOUT US

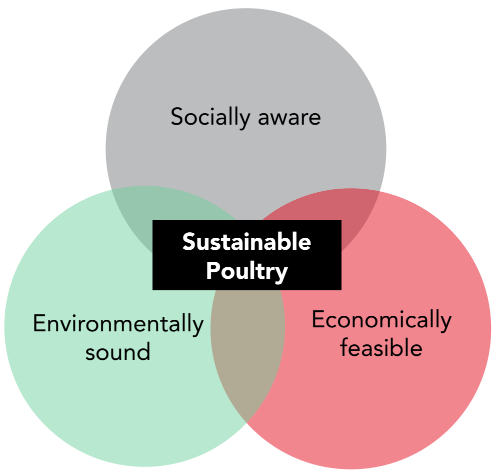
The Group is an integrated poultry enterprise that owns and operate feed mill, breeder farms, hatchery, broiler farms as well as processing plant. Located in southwestern of Perak with several farms in district of "Perak Tengah", the Group supplies its products within the Perak region to customers such as KFC and Billion Shopping Centre.

6 Breeder Farms | Hatchery | Day-Old Chicks | 11 Broiler Farm | Processing Plant | Marketing/ Distribution

OUR INTEGRATED POULTRY FACILITY

SUSTAINABILITY STRATEGY AND ROADMAP

Our strategy in sustainability is based on being socially aware, implementing environmentally sound practise and operating in an economically feasible manner.



Using our EES opportunities and risks as the impetus, our sustainability strategy addresses the following themes;

Corporate Governance

We practice good corporate governance throughout our business with good ethics, integrity and adhering to the applicable regulatory compliance.

Animal Health and Welfare

We ensure that our animals are free from any diseases, illness or malnutrition and assure its wel-being.

Food Safety

We safeguard the safety and quality of our product at all times by adhering to the standards and certification applicable to us.

Environment

We strive to protect the environment by practising best environmental management.

Our Community

We protect labour rights, respect our stakeholders and recognize the critical roles they play as our stakeholders.

ALIGNMENT WITH UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) to address the arising concern of climate change. The SDGs are a call for countries to protect the planet whilst promoting prosperity of economy and social needs.

In supporting this, Malaysia has integrated the 2030 Agenda and 17 SDGs into 11th Malaysia Plan. In line with this, the Group aims to be a sustainable company by incorporating the SDG Goals 2, 8 and 12 in the way we do our business.

2 ZERO HUNGER	Providing a safe nutritious and sufficient protein at all times. Secondly, supplying meals through a range of community-based programme.
8 DECENT WORK AND ECONOMIC GROWTH	Providing a meaningful, decent work whilst promoting diversity and inclusivity among our employees. Secondly, promoting sustained and inclusive economic growth.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensuring consumers. safety by overcoming any threat of diseases with implementation of biosecurity programme. Secondly, being a responsible producer by minimising negative impacts and ensuring animal welfare

SUSTAINABILITY STATEMENT (Cont'd)

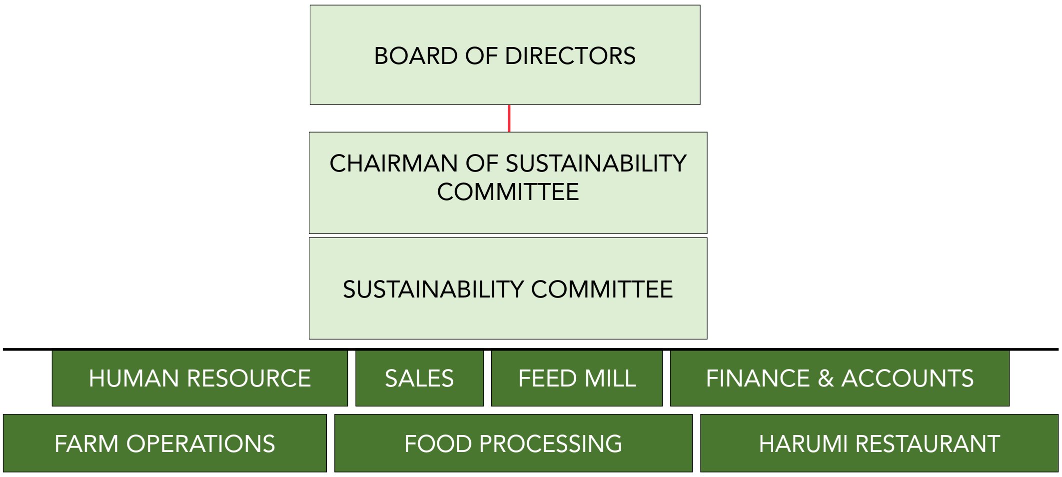
SUSTAINABILITY LEADERSHIP

Governance and accountability are essential for the effective implementation of sustainable initiatives.

Our sustainability leadership is led by the Board who is responsible for overall oversight.

The Sustainabiliy Committee (SC) is headed by the Chairman that oversees the implementation of sustainability initiatives.

The SC is responsible for planning and implementation of sustainability initiatives. The SC comprises divisions from human resource, finance & accounts, sales, feed mill, farm operations, food processing and Harumi restaurant.



STAKEHOLDER ENGAGEMENT

Engagement with stakeholders is an essential process in incorporating sustainability into our business operations. At DBE, we value the feedback from our stakeholders and take the initiatives in improving each facet of the risks and concerns raised. In FY 2018, the Group has identified its stakeholders, their area of interest and the method of engagement with them, which is presented in the table below.

SHAREHOLDINGS

Area of interest
Group performance
Business Strategy
Business Ethics

How we engage with them
Shareholders meeting
Annual general meeting
Annual report

REGULATORY BODIES

Area of interest
Career development
Training competency
Safe workplace

How we engage with them
Training programme
Occasional get-together lunch

REGULATORY BODIES

Area of interest
Regulatory compliance
Standards and certification

How we engage with them
Inspection by local authority
Meeting with regulatory bodies

CUSTOMER

Area of interest
Product safety
Customer satisfaction
Health, safety and environmental compliance

How we engage with them
Customer satisfaction survey
Company's official website
Mobile food service (food truck)

SUPPLIER

Area of interest
Transparent procurement practices
Timely payouts

How we engage with them
Evaluation and performance review
Contract negotiation
Suppliers registration

COMMUNITIES

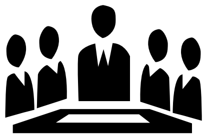
Area of interest
Social issues
Environmental impacts

How we engage with them
Community engagement
CSR programme

MATERIAL SUSTAINABILITY MATTERS

For this inaugural year, the Sustainability Committee (SC) assessed and identified 14 material sustainability matters that we consider as pertinent to our business operations and our stakeholders.

Moving forward in our next reporting year, we will establish a materiality matrix by assessing the degree of impact of each material sustainability matters on the Group's business operations and our stakeholders.

 **GOVERNANCE**	 **ECONOMIC**	 **ENVIRONMETAL**	 **SOCIAL**
• Business Ethics • Regulatory Compliance	• Market Presence	• Energy Efficiency • Effluents and Waste • Animal Health and Welfare	• Food Safety • Customer Satisfaction • Occupational Health and Safety • Diversity and Inclusion • Training and Development • Employee Benefit • Protecting Labour Rights • Community Engagement

GOVERNANCE

BUSINESS ETHICS

Our Code of Conduct aims to help our employees to make the right decision and to act appropriately in response to ethical behaviour in the workplace. It cover the areas of; business conduct, conflict of interests, compliance of laws and regulations, disclosure, communications, implementation and enforcement. At DBE, the trust and confidence of our stakeholders are the utmost importance to us. Therefore, we have adopted a Code of Conduct and Ethics which has been published on the Group's website.

Whistleblowing Policy

The Group's whistleblowing policy is in place to provide an accessible avenue to our employees and the general public to report matters about malpractice or improper conduct within the Group. We are committed to the highest standard of openness, probity and accountability. Furthermore, to ensure effectiveness of the policy, we review the policy periodically.

REGULATORY COMPLIANCE

Our products have been produced to meet the standard requirements and the regulatory law of the Department of Veterinary Services Malaysia and Ministry of Health Malaysia. The Group continuously monitors and improves its standards of products as well as always vigilant of global emerging food safety concerns. To date, the Group has not received any fines for non-compliance from the department.

SUSTAINABILITY STATEMENT (Cont'd)

OUR ECONOMIC

The demand for broilers which is the most affordable source of protein drives our poultry business.

The poultry business remains as the core business of the Group and our major revenue contributor. However, in 2018, DBE ventured into the business of property development and construction. This is one of the DBE's strategies and initiatives to be more resilient and diversified financially.

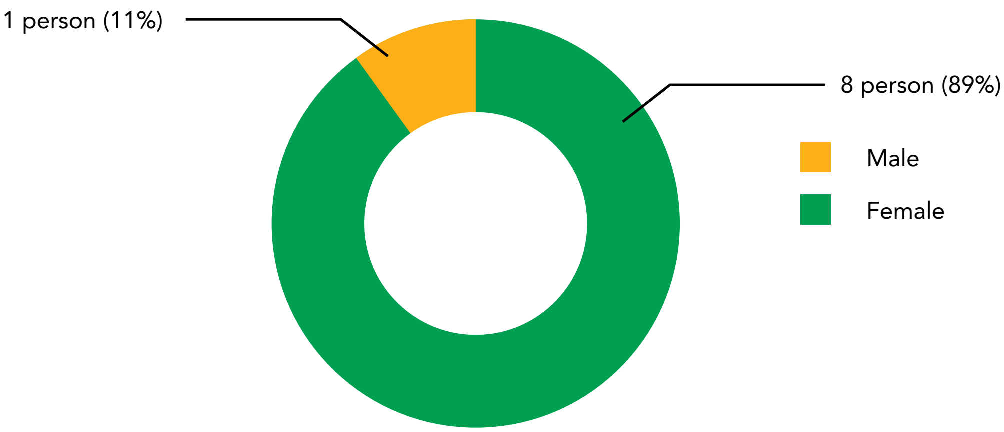
During the year under review, the Group expanded its cold room storage in the Processing Division which entailed considerable financial investment. Nevertheless, this expansion resulted in reduced energy consumption, which translated into cost savings.

MARKET PRESENCE

The Group recognizes its opportunity in promoting local talent and diversity. At DBE, our senior management comprises of 89% men (8 persons) and 11% women (1 person).

We are pleased to present that all of our senior management are Malaysians. We define our senior management as Directors and Chief Financial Officer (CFO).

Composition of Senior Management



OUR ENVIRONMENT

ENERGY EFFICIENCY

Aligning ourselves with global trends in energy conservation, the Group promotes energy efficiency across its business operations. This is evident through the Group's initiative in building a new cold room that utilizes the inverter system. This effort has resulted in 15% energy reduction of our total electricity consumption.

Other energy efficiency initiatives include the use of natural gas as an alternative to diesel in our feed mill boiler. The use of natural gas contributes to reduced cost, cleaner air quality and reduced carbon dioxide emissions.

EFFLUENTS AND WASTE

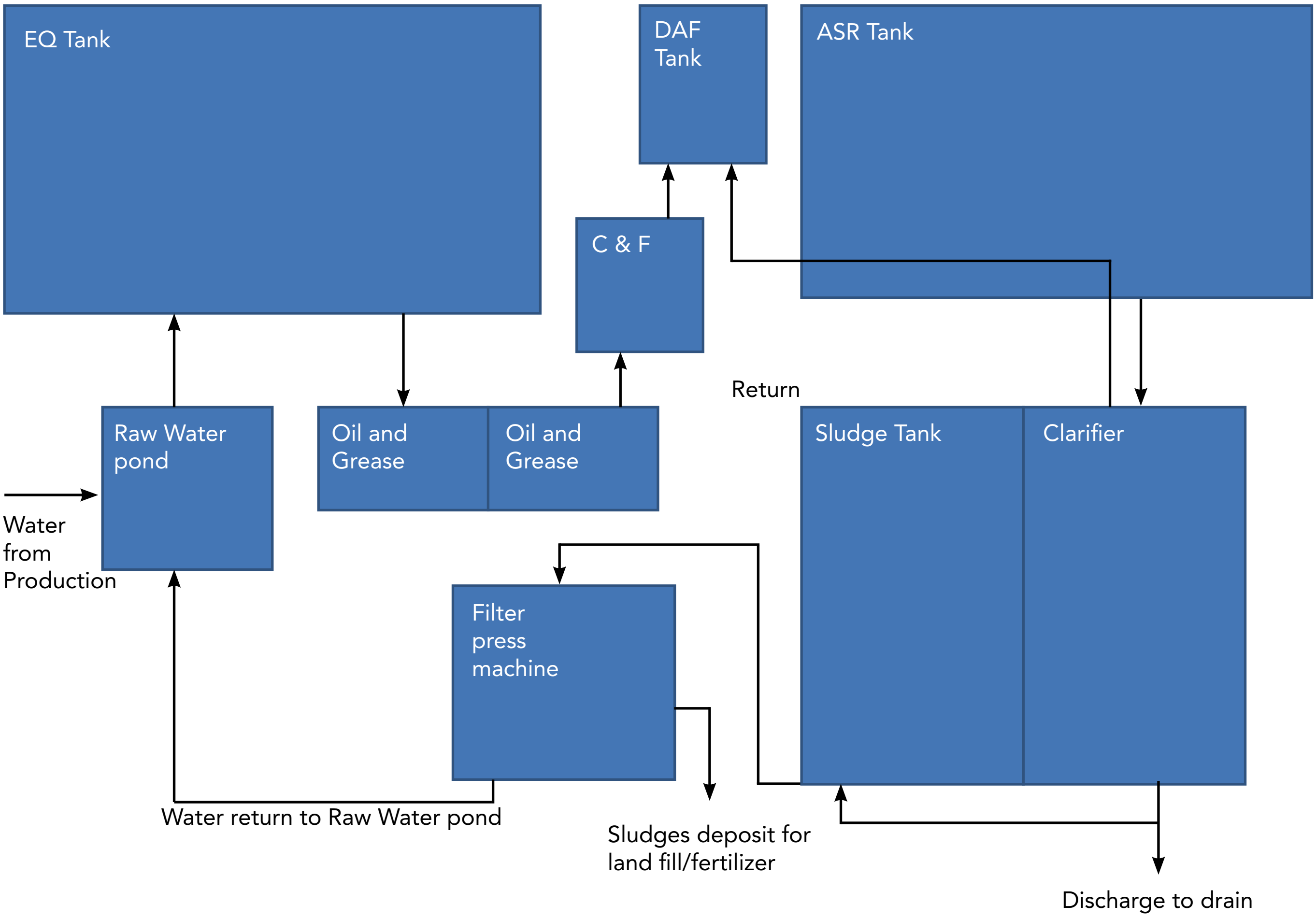
Water is essential in chicken meat production, therefore in our stewardship of water, we monitor our effluent from the production processes. In accordance with Standard B of the Environmental Quality (Industrial Effluent) Regulations, 2009 enforced by Department of Environment (DOE), the effluent from the processing area is monitored weekly and tested for biochemical oxygen demand (BOD) and chemical oxygen demand (COD). To date, the Group's discharged treated effuents has not exceeded the limit prescribed by DOE.

SUSTAINABILITY STATEMENT (Cont'd)

OUR ENVIRONMENT (Cont'd)

EFFLUENTS AND WASTE (Cont'd)

The figure below shows DBE's water flow diagram from production point to discharge point.



Stage	Function
Equalization (EQ) tank	Mixing of all wastewater
Chemical Mixing (C&F) tank	Mixing of chemicals with the wastewater
Dissolved Air Flotation (DAF) tank	Removal of solid waste
Activated Sludge Reactor (ASR) tank	Degradation of waste by bacteria
Clarifier	Separate water from sludge and subsequently the water is discharged into drain
Sludge tank	Collect all the sludge from the clarifier
Filter press machine	Remove water from the sludge, where the sludge is deposited as fertilizer and the water returns to the pond

OUR ENVIRONMENT (Cont'd)

EFFLUENTS AND WASTE (Cont'd)

At DBE, we maximise the re-use of our by-products and waste. Our waste reduction strategy involves the reusing of feed packages for the packaging of chicken manure. The table below lists the various waste streams that are reused.

By-products or waste	Approach
Feathers	Feather meal
Internal organs	Distribute to fish farm
Dung	Agricultural or plantation use
Skin, gizzard, liver	Wet Market
Feed packaging	Chicken manure packaging

ANIMAL HEALTH AND WELFARE

Our focus on the broilers' health and welfare is paramount to the group and our stakeholders. We believe that it is our responsibility to ensure the health and welfare of the broilers. In ensuring animal well-being and providing high quality product to our customers, our broilers are kept in a closed house system equipped with a biosecurity which ensures a controlled environment. This system allows for a higher capacity, lower feed conversion, less mortality, higher average bodyweight and higher carcass yield.

In terms of broilers' feed, we provide the best nutrition with the aid of our expert in-house nutritionist to meet the broilers' daily nutrition requirements. Consumption of animal matter, bone meal and growth factor hormones and excessive use of antibiotics are strictly prohibited to ensure the wellness of our broilers.
Antibiotics however, are sometimes administered to the broilers to combat infections when other management strategies have been unsuccessful. The Group only uses antibiotics that are approved by the Department of Veterinary Services Malaysia.

During the transportation of the broilers to the slaughter house, we ensure that our broilers are not placed in an overcrowded condition and we safeguard the well-being of the broilers by allocating thirty (30) minutes rest time before the start of slaughtering process.

OUR SOCIAL

FOOD SAFETY

The Group pays great attention to the quality and safety of our products. We are committed to provide premium quality products to our customers. We are accredited under the Hazard Analysis and Critical Control Point (HACCP) and HALAL certification schemes.

We are the proud recipient of the Malaysian Good Agricultural Practices (MyGAP) certificates from the Ministry of Agriculture and Agro-based Industry Malaysia which were issued to all six of our breeder farms and two broiler farms. The remaining nine broiler farms are in the midst of obtaining the MyGAP certification. MyGAP addresses areas of farm biosecurity, farm management, workers' welfare and safety, and environmental management. Biosecurity in poultry is vital as it is designed to protect and prevent the spread of pests and diseases.

OUR SOCIAL (Cont'd)

FOOD SAFETY (Cont'd)

In ensuring product safety, the Group has established "Food Safety Objectives" which comprises of objective(s) and target(s) to be achieved by all departments.

Below is a summary of the Group's accreditation;

Standards and Certification
Good Manufacturing Practice (GMP) Certificate by Ministry of Health Malaysia
Hazard Analysis and Critical Control Point (HACCP) Certificate by Ministry of Health Malaysia
MeSTI Certificate *(Makanan Selamat Tanggungjawab Industri)* by Ministry of Health Malaysia
Good Animal Husbandry Practice (GAHP) by Ministry of Health Malaysia
HALAL Certificate by *Jabatan Agama Islam Perak* (JAIP)
MS 1480 : 2007 - Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System by SIRIM QAS and IQNet
ISO 22000 Food Safety Management System (FSMS) by BRS
Certificate for implementation of Quality Assurance Program (QAP) & HACCP System by Department of Veterinary Services Malaysia

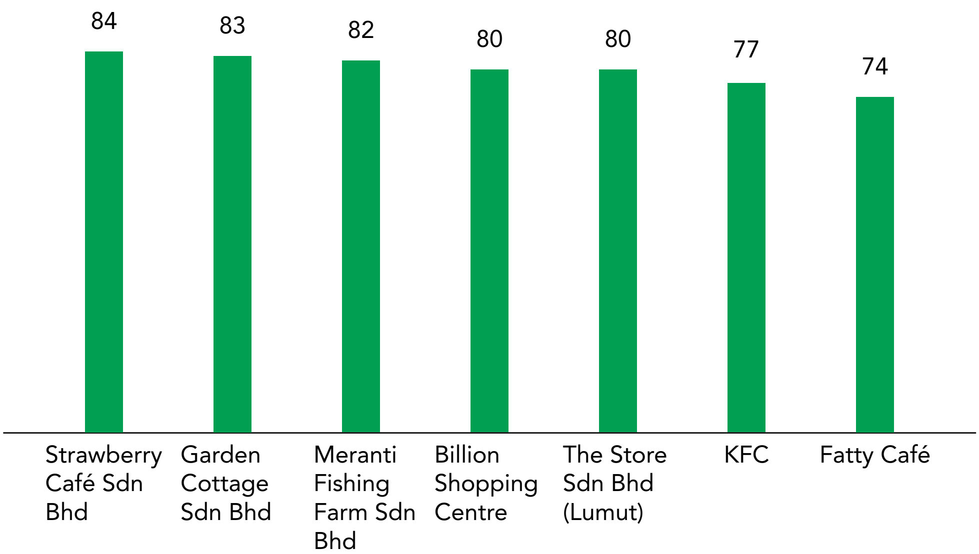
CUSTOMER SATISFACTION

Consumer confidence in our products is fundamental to our success and we are cognisant of the importance in the safety and quality of our products. Hence, the Group measures the stakeholders' satisfaction by conducting an annual customer satisfaction survey. The criteria used in the survey include;

- responsiveness to customer needs
- communication with customer
- timeline and reliability of delivery
- quality and safety of product

The graph below shows our customers' feedback on our products and services.
For FY 2018, we achieved an average score of 80% which was below our target score of above 85%. Moving forward, we are committed to improve our performance to attain our target score.

Customer Satisfaction Survey 2018 (%)



OUR SOCIAL (Cont'd)

OCCUPATIONAL HEALTH AND SAFETY

The Group is committed to provide a healthy and safe working environment for our employees. Our Safety and Health committee which is headed by our Chairman, comprises six employer representatives and five employee representatives. The employees' health and welfare is always at the heart of the Group and we ensure this by providing safety trainings and PPE to our employees. The PPE provided include stainless steel glove, glove, mask, cap, boot, coat apron, ear plug and safety helmet.

WORKPLACE ACCIDENTS

In FY 2018, two accidents were recorded. One case involved an injury occurring during the transportation of motor equipment while the other accident happened outside of the workplace. In both cases, the necessary accident investigations were carried out.

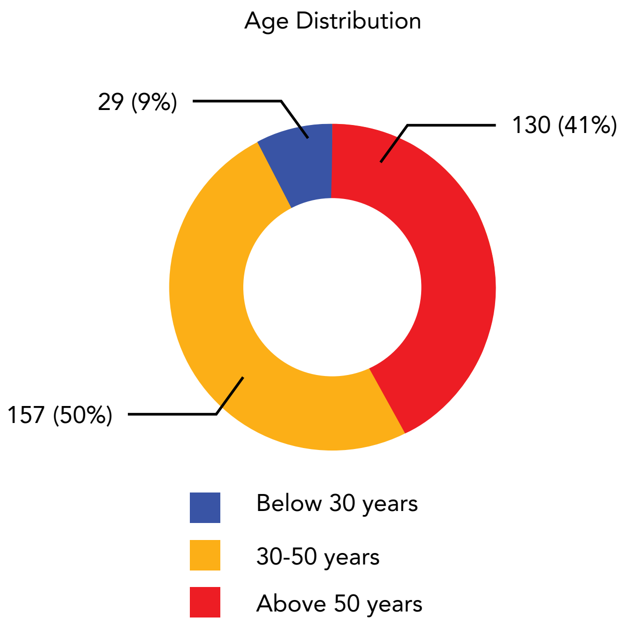
DIVERSITY AND INCLUSION

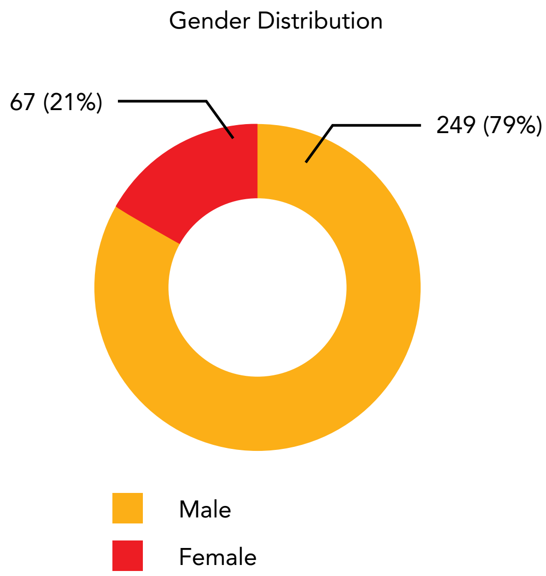
The Group promotes equal opportunity, inclusivity and diversity where every employee is treated with fairness and respect.

At DBE, 50% of our workforce constitute those within the 30-50 years age group, followed by 41% within the age group of below 30 years. The remaining 9% represents those above 50 years of age. In terms of gender distribution, 21% of our employees are women and 79% are men.

The figures below summarise our employee breakdown and distribution.

Employee Breakdown by Age Group and Gender



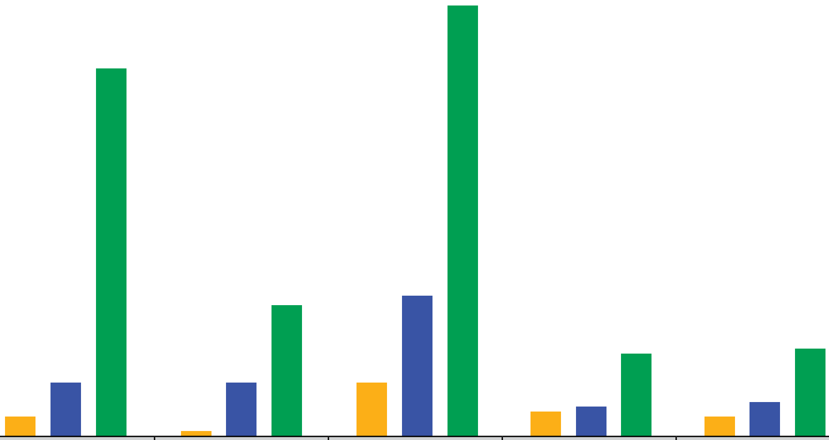


OUR SOCIAL (Cont'd)

DIVERSITY AND INCLUSION (Cont'd)

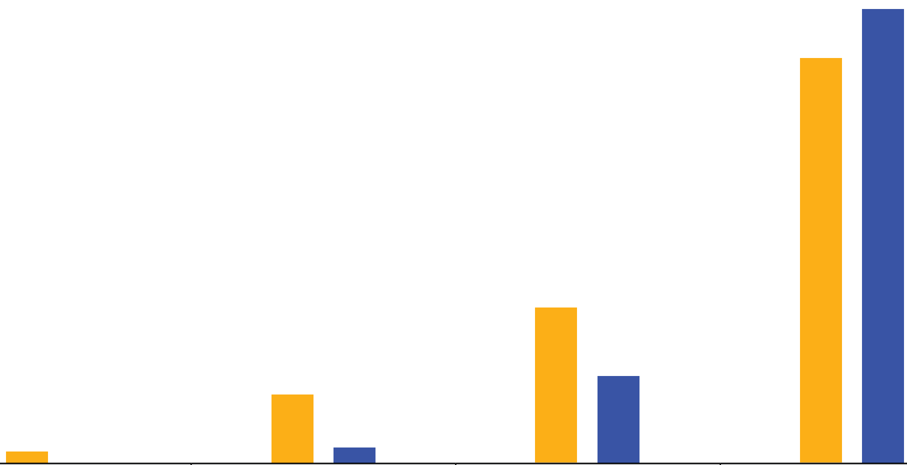
Employee Breakdown by Age Group and Gender (Cont'd)

Employee Distribution



	Below 30 years		30 - 50 years		Above 50 years	
	Male	**Female**	**Male**	**Female**	**Male**	**Female**
Management	4	1	11	5	4	0
Executive	11	11	29	6	7	0
Non-Executive	76	27	89	17	18	0

Employee Distribution based on Locality



	Senior Management	**Management**	**Executive**	**Non-Executive**
Management	3	18	41	107
Executive	0	4	23	120

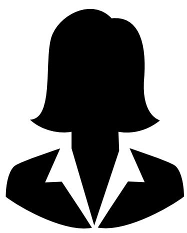
OUR SOCIAL (Cont'd)

TRAINING AND DEVELOPMENT

To equip our employees with specific skills and to broaden their learning, we provide trainings on regular basis. We believe that investing in our employees will further solidify our business profile through the development of a strong and knowledgeable workforce that can bring value creation to its stakeholders. We ensure comprehensive training programmes are provided to improve their knowledge and skills. Each employee is required to complete at least an average of eight hours of training annually. In FY 2018, our training hours totalled to 1,160 hours, with 744 hours for men and 416 hours for women. Our near-term plan is to aim to surpass our current total training hours. A list of the key training programmes are presented below.

Key Trainings
Good Manufacturing Practice (GMP)
Hazard analysis critical control point (HACCP)
HALAL training
Food Handling training
Occupational Safety and Health Act1994 (OSHA)
First Aid and Cardiopulmonary Resuscitation (CPR) at the Workplace
Fire drill training
ISO 22000:2005 Food Safety Management System: Awareness and Implementation Training
ISO 9001:2015 Quality Management System
Forklift Safety training
Workshop Domestic Inquiry
Labour Law

1,160 Total training hours



Woman
416 training hours

Men
744 training hours

EMPLOYEE BENEFITS

Our people are at the heart of DBE and the reason for our continuous success. At DBE, we offer numerous benefits to our employees. We not only fully comply with the requirements of Employment Act 1955, but exceed the standard requirements by providing paternity, compassionate leave and leave for those getting married.

In terms of health, we provide a panel clinic and medical fee for our employees. Whereas for managers, they are entitled for company car and allowance.

SUSTAINABILITY STATEMENT (Cont'd)

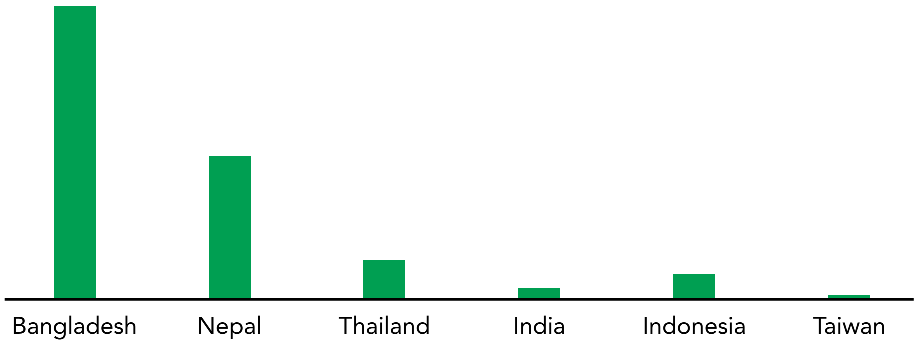
OUR SOCIAL (Cont'd)

PROTECTING LABOUR RIGHTS

DBE is committed in protecting our employees' rights. In addition to adhering to Employment Act 1955, we conduct our business operations in an ethical manner and treat our employees with respect and do not allow any forms of discrimination. The use of forced labour, involuntary prison labour and child labour are strictly prohibited at all times.

In line with poultry business that employs foreign workers, we are committed in protecting the rights of our foreign workers that comprised of various nationalities. The graph below summarises our composition of foreign workers.

Employee Numbers based on Nationality



COMMUNITY ENGAGEMENT

The Group is aware of its responsibility towards the local communities. At all of our corporate social responsibility (CSR) programmes, we provide our Harumi meal and various gifts to the participants. Below are the highlights of our CSR for the year under review.

22nd March 2018

Yayasan Bina Upaya Darul Ridzuan (YBUDR) and Perak Youth Council collaboration.

To provide youth with opportunities to engage in HARUMi Fried Chicken's franchise business.

18th May 2018

Majlis Kesyukuran Tadika PASTI, Kampar

To introduce HARUMi to the local communities.

OUR SOCIAL (Cont'd)

COMMUNITY ENGAGEMENT (Cont'd)

18th August 2018

HARUMi Merdeka 2018 Kids Coloring Contest

To nurture the spirit of "Cintakan Negara Malaysia" amongst children

17th November 2018

HARUMi Thailand Restaurant Opening at Nakhon Si Thammarat, Thailand.

To expand HARUMi's business in Thailand region.

22nd October 2018

HARUMi Food Trucks journey at the Rest & Recreation (R&R) and North-South highway stops

To introduce HARUMi to customers in the North-South highway

24th December 2018

Mrs Malaysia International Global 2018 Christmas Charity Day.

Social responsibility to community.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of the Company recognises the importance of practicing and maintaining good corporate governance towards the success of the Company and its subsidiaries ("the Group") whilst pursuing its corporate objectives.

The Board remains committed to subscribe to the principles of good corporate governance that is central to the effective operation of the Group and to ensure the highest standards of accountability and transparency. The Board supports the Corporate Governance Framework and continues to improve existing practices and achieve the objectives of the Group.

The Board is pleased to set out below the manner in which the Group has applied the three main principles in the Malaysian Code on Corporate Governance ("MCCG 2017") known as Board Leadership and Effectiveness (Principal A), Effective Audit and Risk Management (Principal B) and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders (Principal C) throughout the financial year ended 31 December 2018.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board takes full responsibility for the oversight and overall performance of the Group and provides leadership within a framework of prudent and effective controls which enables risk to be appropriately assessed and managed. The Board sets the strategic direction, managing the business and affairs of the Group including ensuring achieving its strategic goals and realising long-term shareholders' values.

The Group is led and controlled by an effective and experienced Board with the right mix of skills and balance to contribute to the achievement of the Group's objectives. The directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, property development and construction, regulatory and operations which are relevant to the Group.

The overall principal roles and responsibilities of the Board are as follows:

(i) Determine and develop the Group's strategic direction and business plans;
(ii) Oversee the conduct and proper management of the Group's businesses;
(iii) Provide clear objectives and policies to management for operations;
(iv) Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
(v) Ensure establishment of appropriate risk management and internal control framework and risk strategy as well as adequate management information and internal control system of the Company;
(vi) Ensure the Group's strategies promote sustainability, with attention given to environmental, social and governance aspects of business;
(vii) Review and approve the Group's annual budget and business plan;
(viii) Review and approve the Related Party Transactions ("RPT") and Recurrent RPT;
(ix) Carrying out periodic review of the Group's financial performance and operating results and major capital commitments;
(x) Review and approve any major corporate proposals, new business ventures or joint ventures of the Group subject to shareholders' approval where necessary;
(xi) Review the adequacy and soundness of the Group's financial system, internal control systems and management information system and ensure that they are in compliance with the applicable standards, laws and regulations; and
(xii) Oversee the development and implementation of a shareholder communications policy, including an investor relations programme for the Company.

The Board plays an active role in reviewing and monitoring the Group's overall strategic and financial plans. The Board reviews and approves on a yearly basis the proposed business plan and budget of the Group as well as the capital expenditure at the Board Meetings.

The Board reviews the performance and results of the business divisions on a regular basis at its quarterly meetings by monitoring the Group's financial results against the budget and the preceding quarter's result. The Board members are updated on a regular basis on financial, operational, corporate, regulatory, business development and audit matters for the decisions to be made to effectively discharge the Board's responsibilities.

The Board also deliberates and evaluates the feasibility of business propositions and corporate proposals as well as the principal risks that may have a significant impact on the Group's business.

Key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required.

The Board sets the risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2018.

The Management and the Board also discuss and resolve risk management and sustainability-related issues, in particular, on business development, costing, environment and social aspects.

To ensure the effective discharge of its duties, the Board has delegated certain functions to the Group Managing Director and Executive Director as well as to the Audit and Risk Committee, Remuneration Committee and Nomination Committee ("Committees" or "Board Committees") with each operating within its clearly defined Terms of Reference ("TOR"). Deliberation and decisions at the Committee level are recorded. The Committee Chairman / Chairperson will report to the Board on the outcome of the Committees' meetings and the minutes of meetings are circulated to the Board. The Board reviews the Committees' authority and TOR from time to time to ensure its relevance and efficacy. The Board retains full responsibility for the direction and control of the Company and the Group. The ultimate decision on all matters lies with the Board.

For the day-to-day operations, the Board has delegated its authorities and responsibilities to the Management team led by the Group Managing Director and Executive Director, representing the Management from poultry division and property development division respectively. The functions delegated to the Management team by the Board are, inter alia, as follows:

- implementation of strategies and business, policies and procedures approved by the Board;
- managing the daily conduct of the business and affairs of the Group;
- communicating matters of concern to the Board for information and/or decision; and
- representing the Group in its dealing with the government authorities and other external parties.

Directors' Responsibilities in relation to the Financial Statements

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects, primarily through the annual and quarterly financial statements to Shareholders as well as the Management Discussion and Analysis in this Annual Report. The Board is assisted by the Audit and Risk Committee to oversee the Group's financial reporting processes, ensures its compliance with applicable financial reporting standards and regulatory requirements as well as the quality of its financial reporting. The financial statements are reviewed by the Audit and Risk Committee prior to recommending them to the Board for relevant announcement and issuance to shareholders. The Board ensures the integrity of the Group's financial reporting and fully recognises that accountability in financial disclosure forms an integral part of good corporate governance practices.

The Directors have ensured that the financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 2016. In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgement and estimates.

Roles and Responsibilities between the Chairman and Group Managing Director

The Chairman, Dato' Doh Tee Leong and the Group Managing Director, Dato' Ding Seng Huat, both holds separate position. There is a clear division of responsibilities between the Chairman (non-executive) and the Group Managing Director (executive) to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The distinct and separate roles of the Chairman and Group Managing Director promote accountability and facilitate division of responsibilities between them. The Group Managing Director focuses on implementing the plans chartered out and the day-to-day operations and management of the Group with clear authority delegated by the Board while the Non-Independent Non-Executive Chairman plays a vital role in leading and guiding the Board in the oversight of Management.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Company Secretaries

The Company is supported by two (2) qualified named Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretaries under section 235(2) of the Companies Act 2016. They play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretary is present at meetings to record deliberations, issues discussed and conclusions in discharging her duties and responsibilities and also provide a central source of guidance and advice to the Board, on matters of ethics and good corporate governance and assist in determining board agenda, formulating governance, coordinates board assessment process and other board-related matters.

The Company Secretaries ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company.

Access to Information and Advice

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. The notices of Board and Board Committee meetings are sent out to the Directors via email at least seven (7) days prior to the meetings. The Board papers are circulated on a timely basis, at least five (5) days in advance of the meeting to enable the members to have sufficient time to review the papers prepared. This is to allow time for the Directors to review the Board papers and to facilitate full discussion at the Board and Board Committee meetings. The Board papers are comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made.

All proceedings from the Board and Board Committee meetings are recorded and confirmed by the Chairman or Chairperson of the meetings. The minutes of Board and Board Committee meetings are circulated to all Directors for their perusal prior to confirmation of the minutes to be done at the commencement of the following Board and Board Committee meetings.

Meeting papers on issues or corporate proposals which are deemed confidential and sensitive would only be presented to the Directors during the meeting itself. Verbal explanations and briefings are also provided by Executive Directors, Management and external consultants to enhance understanding of matters in relation to the Group's business and operations.

All Directors have access to the advice and service of the Company Secretaries. The Board of Directors, whether as a full board or in their individual capacity, may upon approval of the Board of Directors, seek independent professional advice if required, in furtherance of their duties, at the Group's expense.

Board Charter

The Company has adopted a Board Charter ("Charter") which sets out the role, duties, functions and responsibilities of the Board, Board Committees and Management so that there is a structured guide with regards to the various responsibilities including the need for Directors to carry out their leadership and supervisory role and in discharging their duties towards the Group and the Board. The demarcation of roles established in the Charter is the reference point (in relation to the Directors and Board's roles, powers, duties and functions) to guide Board activities and help to reinforce the supervisory role of the Board.

The Board will review the Charter from time to time to ensure its compliance with relevant rules and regulations and remains relevant and effective. The Charter is made available on the Company's website at www.dbegurney.com.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Code of Conduct and Ethics and Whistle Blowing Policy

The Group's Handbook for Employees ("Handbook") continues to govern the standard of ethics and good conduct expected of Directors and employees. In addition, the Company has also formalized a Code of Conduct and Ethics for the Group. The objective of the Code of Conduct and Ethics is to set out the ethical standards to all Directors and employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. Every employee must display and behave in a manner which is consistent with the Group's philosophy and core values.

Through the Code of Conduct and Ethics and also the Handbook, the Board sets the tone for proper ethical behavior expected of the Board members and the employees. The Board will periodically review the Code of Conduct and Ethics to ensure it remains relevant and appropriate. Details of the Code of Conduct and Ethics are available for reference at the Company's website at www.dbegurney.com.

The Board has put in place a Whistle-Blowing Policy to provide an avenue for employees and stakeholders to report genuine concerns about unethical behavior, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions taken where required.

Included in the policy are the procedures and the independent person to which report on any suspected wrongdoing maybe reported for further investigation. The whistle-blower can address his/her complaints to the Chairperson of the Audit and Risk Committee.

The Board will periodically review the Whistle-Blowing Policy to ensure it remains relevant and appropriate. The details of the Whistle-Blowing Policy are available for reference at the Company's website at www.dbegurney.com.

Time Commitment, Board Meetings and Directors' Training

A full year meeting schedule which sets out the dates for Board meetings, Board Committee meetings and Annual General Meeting is prepared and circulated to the Directors before the start of each calendar year to allow the Directors to plan ahead in attending such meetings.

Board Meetings are scheduled every quarter with additional meetings to be convened as and when required. Urgent and important matters are resolved by way of written resolutions and clarifications are provided to the Directors where necessary. During the financial year under review, the Board met a total of eight (8) times. The attendance of the Directors who held office during the financial year is set out below:

Directors	Attendance
Dato' Doh Tee Leong	8/8
Dato' Ding Seng Huat	8/8
Dato' Doh Jee Ming	8/8
YM Ungku A Razak bin Ungku A Rahman	8/8
Mr. Sandeep Singh A/L Gurbachan Singh	8/8
Ms. Foo Kwai Kheng *(appointed on 26 October 2018)*	1/1
YM Raja Azlan Shah bin Raja Azwa *(resigned on 17 December 2018)*	8/8
Dato' Ding Chong Chow *(resigned on 26 October 2018)*	6/7
Dato' Cheng Lay Miew *(resigned on 26 October 2018)*	7/7

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

I. Board Responsibilities (Cont'd)

Time Commitment, Board Meetings and Directors' Training (Cont'd)

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. All the Directors have complied with the minimum 50% attendance requirement in respect of Board meeting as stipulated in the Main Market Listing Requirements (MMLR).

All Directors of the Company do not hold more than five (5) directorships in listed companies pursuant to Paragraph 15.06 of the MMLR.

Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend various external professional programmes deemed necessary to ensure that they are kept abreast with industry developments and trends and also on various issues facing the changing business environment within which the Group operates, in order to fulfil their duties as Directors. Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of appointment. All Directors have attended the MAP.

During the financial year under review, the Directors had participated in the following training programs:

Directors	Seminars/Workshops/Courses	Date
Dato' Ding Seng Huat	Value Creation for Owners & Directors	29 Jan 2018
Dato' Doh Jee Ming	Value Creation for Owners & Directors	29 Jan 2018
	Mandatory Accreditation Programme ("MAP")	12&13 Feb 2018
	9th Annual Affordable Housing Projects	3&4 Apr 2018
Dato' Doh Tee Leong	Value Creation for Owners & Directors	29 Jan 2018
	Mandatory Accreditation Programme ("MAP")	12&13 Feb 2018
Mr. Sandeep Singh A/L Gurbachan Singh	Value Creation for Owners & Directors	29 Jan 2018
	Mandatory Accreditation Programme ("MAP")	12&13 Feb 2018
YM Ungku A Razak bin Ungku A Rahman	Value Creation for Owners & Directors	29 Jan 2018
Ms. Foo Kwai Kheng	Mandatory Accreditation Programme ("MAP")	14&15 Jan 2019

II. Board Composition

The Board has a balanced composition of Executive and Non-Executive Directors (including Independent Directors) such that no individual or group of individuals can dominate the Board's decision-making powers and processes. The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained.

The Board currently consists of six (6) members; comprising two (2) Executive Directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, in compliance with the MCCG 2017 that at least half of the Board members comprise of independent directors. Brief profile of each Board member is presented in this Annual Report under Profile of Directors.

The Board is of the view that its composition and size is adequate for the effective discharge of its functions and responsibilities. With its diversity of qualifications and skills, and the governance structure of the Board and its Committees, the Board has been able to provide clear and effective collective leadership to the Group and has delivered informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group's undertakings. None of the Non-Executive Directors participate in the day-to-day management of the Group.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the respective Board Committees such as the Audit and Risk Committee, Nomination Committee and Remuneration Committee. The presence of the Independent Non-Executive Directors both in the Board and Board Committees is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities with which the Group conducts its business are well-represented and taken into account.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

The Board must justify and seek shareholders' approval in the event that it retains a Director as an Independent Non-Executive Director ("INED"), a person who has served in that capacity for more than nine (9) years. The assessment of the independence of each of its INED is undertaken annually according to set criteria as prescribed by the MMLR. As recommended by the MCCG 2017, the tenure of directorship of not more than nine (9) years form part of the assessment criteria for independence of a Director, where specific tenures of the Directors were duly reviewed and confirmed for suitability by the Nomination Committee and the Board. As at to-date, none of the INED has served for more than nine (9) years and this is not applicable to the Company for FYE2018.

Board Committees

The Board is supported by relevant Board Committees, i.e Audit and Risk Committee (ARC), Nomination Committee (NC) and Remuneration Committee (RC). These Committees play a significant part in reviewing matters within each Committee's TOR, and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees have specific TOR, scope and specific authorities to review matters tabled before the Committees prior to decisions by the Board as a whole. The ARC comprises of wholly INEDs whereas the NC and RC comprise a majority of INEDs.

Nomination Committee

The NC which was established by the Board consists entirely of Non-Executive Directors, a majority of whom are independent. The composition, duties and responsibilities of the NC together with its activities during the financial year ended 31 December 2018 are presented in the Nomination Committee Report herein.

The NC operates within defined TOR that has been drawn up in accordance with the best practices prescribed by the MCCG 2017. The details of the terms of reference of NC are available for reference at the Company's website at www.dbegurney.com.

Having regard to the operations of the Group and composition of the Board, the Board has dispensed with the formality of appointing a senior INED from amongst the Board Members. Any concerns from the shareholders can be conveyed to any of the INED of the Board.

Board Appointment

The Board appoints its members through a formal and transparent selection process, which is consistent with the Company's Constitution. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly made and that legal and regulatory requirements are met.

The appointment process of a new Director is summarised as follows:

(a) The candidate identified upon the recommendations from the Directors and Management or their contacts in the related industries, finance accounting, legal professions and/or major shareholders;

(b) In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the required mix of skills, expertise, experience, time commitment and contribution of the candidates can bring to the Board. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independency will be considered;

(c) Recommendation to be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

(d) Decision to be made by the Board on the proposed new appointment including appointment to the various Board Committees.

The Company's Constitution provides that all Directors of the Company are subject to retirement. At least one third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at the Annual General Meeting, provided always that all Directors shall retire from office at least once in every three (3) years. A retiring Director shall be eligible for re-election. Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Board Appointment (Cont'd)

The NC is also responsible for recommending to the Board those Directors who are eligible to stand for re-election. During the year, the NC assessed and was satisfied and made recommendations to the Board for re-election of the following Directors:

(a) The re-election of the two (2) Directors, namely Dato' Ding Seng Huat and YM Ungku A Razak bin Ungku A Rahman who are due to retire but shall be eligible for re-election pursuant to Article 84 of the Company's Constitution at the forthcoming AGM; and

(b) The re-election of the one (1) Director, namely Ms. Foo Kwai Kheng who was appointed during the financial year and shall hold office until the forthcoming AGM but shall be eligible for re-election pursuant to Article 91 of the Company's Constitution at the forthcoming AGM.

The profiles of these Directors are set out in this Annual Report under Profile of Directors.

Board Diversity

The Board acknowledges the importance of a diverse mix of skills and profiles of the Directors on the Board, in terms of age, ethnicity, gender, business experience and personal skills to provide the necessary perspective, experience and expertise required to achieve effective stewardship and management of the Company's operation. The NC and Board regularly review the composition of the Board to ensure proper discharge of its functions and obligations. All Directors are appointed based on the criteria - competency, character, time commitment, integrity and experience as set out under Paragraph 2.20A of the MMLR.

The Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is strictly based on the candidates' competency, skills, character, time commitment, knowledge, expertise, professionalism, suitability and character of a person in meeting the needs of the Group, regardless of gender, ethnicity and age.

The Board is supportive of the gender diversity in the boardroom as recommended by MCCG 2017. The Board currently has one (1) female Director which the Board is of the view, is in line with the gender diversity recommended by MCCG 2017.

The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board. The Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Board Evaluation and Assessment

The Board, through the NC conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Directors of the Company internally by way of a set of self-assessment questionnaires.

The evaluation process is carried out by the NC and guided by the Corporate Governance Guide - Towards Boardroom Excellence. The individual Directors and Committee members are required to complete the separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The Board Committees carried out their evaluation with the view to maximize the performance of the individual committees in the interest of the Company. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. All assessments and evaluations carried out by the NC in the discharge of all its functions are documented. The assessment and comments are summarised and discussed at Nomination Committee meeting before it is presented to the Board.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

II. Board Composition (Cont'd)

Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Group. The Independent Directors of the Company fulfill the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making. Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on any potential or actual conflict of interest in relation to any material transactions.

The Board, via NC, has developed the criteria to assess independence and formalised the current independence assessment practice.

Each Independent Director completed his/her own independent director checklist. Each Independent Director abstained from deliberation on his/her own assessment. The NC was satisfied that the Independent Directors still maintain their independence.

The NC has based on the guidelines set out in the Corporate Governance Guide of listing requirements to assess the independence of candidate for Directors and existing Directors. The Directors are also required to confirm their independence by completing the independence checklist on an annual basis.

III. Remuneration

Remuneration Committee, Remuneration of Directors and Senior Management

The RC which was established by the Board comprises mainly of INEDs and its composition is as follows:

Chairperson
Ms. Foo Kwai Kheng

Members
Mr. Sandeep Singh A/L Gurbachan Singh
Dato' Ding Seng Huat

The RC held two (2) meetings during the financial year to carry out its function as stated within the terms of reference. The details of the TOR of RC are available for reference at the Company's website at www.dbegurney.com.

The primary function of the RC is to set up and review the policy and procedures of remuneration framework and recommend to the Board the remuneration packages of all the Directors and senior management according to the Group's financial performance, the skills, level of responsibilities, experience and performance of the Directors and senior management. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.

The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. The RC reviews the Board remuneration policy and terms of service of each Director annually taking into consideration market conditions and comparisons, responsibilities held, business strategy, long term objectives and the overall financial performance of the Group.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration. Non-Executive Directors are paid by way of fixed monthly fees and a meeting allowance for each meeting attended. Individual Director is not allowed to participate in discussion of his/her own remuneration.

The Board will then recommend the Directors' fees and other benefits payable to Directors to the shareholders for approval at the 18th AGM in accordance with Section 230(1) of the Act.

PRINCIPLE A - BOARD LEARDERSHIP AND EFFECTIVENESS (Cont'd)

III. Remuneration (Cont'd)

Remuneration Committee, Remuneration of Directors and Senior Management (Cont'd)

The aggregate remuneration of Directors of the Group and of the Company for the financial year ended 31 December 2018 is as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)
Directors' fees	-	90,000
Meeting & Committee allowances	18,000	30,000
Salaries and other emoluments	1,699,239	-
Others	51,941	-

The details of the total remuneration of the Directors of the Group and of the Company on a named basis for the financial year ended 31 December 2018 are as follows:

Name	Directors' fees (RM)	Meeting & Committee allowances (RM)	Salaries and other emoluments (RM)	Others (RM)	Total (RM)
Dato' Ding Chong Chow*	-	3,500	636,593	16,734	656,827
Dato' Ding Seng Huat	-	5,000	672,923	12,639	690,562
Dato' Cheng Lay Miew**	-	4,500	269,723	22,568	296,791
Dato' Doh Tee Leong	-	5,000	-	-	5,000
Dato' Doh Jee Ming	-	5,000	120,000	-	125,000
YM Ungku A Razak bin Ungku A Rahman	30,000	8,000	-	-	38,000
YM Raja Azlan Shah bin Raja Azwa***	30,000	8,000	-	-	38,000
Mr. Sandeep Singh A/L Gurbachan Singh	30,000	8,000	-	-	38,000
Ms. Foo Kwai Kheng****	-	1,000	-	-	1,000

Note :

* Dato' Ding Chong Chow resigned as Executive Chairman of the Company on 26 October 2018 but remain as director in the subsidiary companies.

** Dato' Cheng Lay Miew resigned as Executive Director of the Company on 26 October 2018.

*** YM Raja Azlan Shah bin Raja Azwa resigned as Independent Non-Executive Director of the Company on 17 December 2018.

**** Ms. Foo Kwai Kheng appointed as Independent Non-Executive Director of the Company on 26 October 2018.

The Company has not disclosed on a named basis the top five senior management's remuneration components in bands of RM50,000.

The Company acknowledges the need for corporate transparency in the remuneration of its key senior management's remuneration. In view of the highly competitive industry conditions in which the Company is operating, the Company is of the view that the disclosing of the remuneration of senior management would be a disadvantage to the Group and may be detrimental to the Company's business interests given the challenges faced by the Company in talent management and retention.

The Company's remuneration policy for Directors and senior management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at www.dbegurney.com.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Committee

The Audit Committee of the Company which has been assisting the Board in amongst others, overseeing the Group's risk management and internal control system has been renamed as ARC with effect from 21 November 2018. The ARC of the Group comprises the following members:

Chairperson
Ms. Foo Kwai Kheng

Members
YM Ungku A Razak bin Ungku A Rahman
Mr. Sandeep Singh A/L Gurbachan Singh

The Company complied with Practice 8.1 of the MCCG 2017 which stipulates that the Chairman of the ARC is not the Chairman of the Board. The ARC consists wholly of independent directors. The ARC Report is set out separately in this Annual Report.

Under the TOR of the ARC, the members should be financially literate and able to understand matters under the purview of the Committee including the financial reporting process and its composition and performance are reviewed by the NC annually and recommended to the Board for its approval.

The TOR of the ARC has been updated with a requirement that a former key audit partner is to observe a cooling-off period of at least two years before being appointed as a member of the ARC, consistent with Practice 8.2 of the MCCG 2017. To-date, the Company has not appointed a former audit partner to be a member of the ARC.

Full details of the ARC's duties and responsibilities are stated in its TOR which is available on the Company's website at www.dbegurney.com.

The Board, through its ARC maintains a formal and transparent relationship with its external auditors. The ARC ensured that the external auditors work closely with the internal auditors to enhance the effectiveness of the overall audit process. The ARC assesses the suitability and independence of the external auditors on an annual basis. Areas of assessment including amongst others, the external auditor's suitability, objectivity, independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

The external auditors, in supporting their independence, will provide the ARC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The external auditors have provided such declaration in their annual audit plan presented to the ARC of the Company during the financial year.

The external auditors have an obligation to bring to the attention of the Board of Directors, the ARC and Management any significant defects in the Group's systems of reporting, internal control and compliance with Applicable Approved Financial Reporting Standards and the requirements of the Act in Malaysia.

The external auditors are invited to attend at least two (2) meetings with the ARC each financial year to discuss their audit plan and audit findings on the Company's yearly financial statements. Private meetings between them were held twice during FYE2018 without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the ARC.

The ARC and the Board are satisfied with the performance, competence and independence of the external auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

II. Risk Management and Internal Control Framework

The Board has ultimate responsibility for reviewing the Group's risks, approving the risk management framework and policy and overseeing the Group's strategic risk management and internal control framework to achieve its objectives within an acceptable risk profile as well as safeguarding the interest of stakeholders and shareholders and the Group's assets. The internal control system is designed to identify the risks to which the Group is exposed and mitigate the impacts thereof to meet the particular needs of the Group.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. Risk Management and Internal Control Framework (Cont'd)

The Board had established both Risk Management Committee (RMC) and Sustainability Committee (SC) headed by the Group Managing Director and assisted by members of key management team of the respective divisions. The RMC oversees and manages the Group's operational risks whilst the SC oversees the overall sustainability strategies and initiatives of the Group. Both committees shall report to the ARC and the Board respectively on a regular basis. The responsibilities and purposes of the RMC and SC are:

(1) to assist the ARC in fulfilling its responsibility with respect to identifying, evaluating, controlling, reviewing and monitoring the Group's risk management framework and activities on an on-going basis. The RMC reports to the ARC regarding the Group's risk exposures, including review risk assessment model used to monitor the risk exposures and Management's view on the acceptable and appropriate level of risks faced by each division; and

(2) to establish and implement the sustainability framework, review of the adequacy of the sustainability processes, ensuring effectiveness in identification, management and reporting of the Material Sustainability Matters in Economic, Environmental and Social aspects of the Group, monitoring and overseeing all sustainable strategies and initiatives of the Group.

During FYE2018, as an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm has undertaken to review the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the ARC and the Board to strengthen and improve current management and operating style in pursuit of best practices within the Group.

Internal Audit Function

The Group's internal audit function ("IAF") is outsourced to an external professional accounting and consulting firm, JKO Associates which adopts internal audit standards and best practices endorsed by the Institute of Internal Auditors Malaysia. None of the internal audit personnel has any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions. The IAF team reports to the ARC and provides the Board with reasonable assurance on the adequacy and integrity of the Group's internal control systems.

Details of the Group's internal control system and risk management framework are set out under Statement on Risk Management and Internal Control and ARC Report in this Annual Report.

The ARC undertook an annual assessment of the performance of the internal auditors through a performance checklist. The checklist includes inter alia, the scope and functions of internal auditors, regular reviews on effectiveness of the financial, operational and compliance controls and processes, test of effectiveness of the governance and risk management framework and policies, manpower, budget and competency of the internal auditors, input on developing action plans to monitor risks, detection and investigation of fraud. The ARC was satisfied with the performance of the internal auditors during the financial year under review.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communicating with Stakeholders

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The policy of the Company is to maintain an active dialogue with its shareholders with the intention of giving its shareholders as clear as possible complete information of the Group's business position, financial performance and major developments. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results.

The Board believes that the Company's Annual Report is a vital source of essential information for shareholders, investors and other stakeholders where it communicates comprehensive information of the financial results, management and discussion analysis on the operations of the Company, governance and sustainability measures and activities.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

I. Communicating with Stakeholders (Cont'd)

General meetings are the key platform for shareholders' participation and for the Board to provide an overview of the Group's progress to-date and respond to questions from shareholders concerning the Group's business, operations and prospects.

Shareholders may also obtain the Company's information, latest announcements and new events relating to the Group through its company's website at www.dbegurney.com.

II Conduct of General Meetings

The Board regards the AGM as an important avenue for the communication and dialogue with its shareholders. The Board supports and encourages active shareholders' participation at its AGM, and any other general meetings.

At the AGM, shareholders are given time to ask questions and seek clarifications about the resolutions to be proposed or the Group's operation in general for more information. The Board members, senior management and the external auditors are present at the AGM to respond to shareholders' queries.

The Company will also ensure that the notice for AGM will be given to its shareholders at least twenty-eight (28) days prior to the meeting.

All resolutions set out in the notice of general meetings will be carried out by poll voting. The Chairman will make an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings for shareholders' information.

This Corporate Governance Overview Statement was approved by the Board of Directors on 8 April 2019.

NOMINATION COMMITTEE REPORT

COMPOSITION

The Nomination Committee comprises wholly of Non-Executive Directors, the majority of whom are Independent Directors as follows:

Mr. Sandeep Singh A/L Gurbachan Singh (Chairman)
Ms. Foo Kwai Kheng (Member) *(Appointed on 17 December 2018)*
Dato' Doh Tee Leong (Member)
YM Raja Azlan Shah Bin Raja Azwa (Member) *(Resigned on 17 December 2018)*

The Nomination Committee held three (3) meetings during the financial year ended 31 December 2018 that were attended by all members.

RESPONSIBILITIES OF NOMINATION COMMITTEE

The responsibilities of the Nomination Committee are as follows:

(i) To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary.

(ii) To recommend for appointment to the Board of Directors, candidates for all directorships to be filled by the shareholders or the Board, taking into consideration the candidates':

- skills, knowledge, expertise and experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the Nomination Committee will also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

(iii) To encourage and seek suitable women candidates based on the candidates' competency, experiences and knowledge to bring value and expertise to the Board as part of its recruitment exercise.

(iv) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

(v) To recommend to the Board, Directors to fill the seats on Board Committees.

(vi) To review annually the Board's mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board.

(vii) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation.

(viii) To orientate and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

ACTIVITIES OF THE NOMINATION COMMITTEE

During the financial year ended 31 December 2018, the Nomination Committee, in discharging its functions and duties, carried out the following activities:

- Considered the nomination of new membership of the Board
- Reviewed the size and composition of the Board and Board Committees (mix of skills, experience, boardroom diversity, current and future needs, soft attributes)
- Discussed and recommended the changes in composition of the Board, Audit & Risk Committee, Nomination Committee and Remuneration Committee
- Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors (Directors’ Evaluation, Self & Peer Assessments, Effectiveness of the Board & Board Committees, Term of Office and Performance of the Audit & Risk Committee and each of its members)
- Nominating the Directors who are due for retirement and are eligible to stand for re-election at AGM
- Assessed the independence of the Independent Non-Executive Directors

The Nomination Committee upon its annual assessment carried out for financial year 2018, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge, skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continue to uphold the highest governance standards in discharging their duties and responsibilities;
- All members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors are demonstrably independent;
- The Directors are able to devote sufficient time and commitment to their roles and responsibilities as evidenced by their attendance records; and
- All the Directors have received relevant trainings during the financial year ended 31 December 2018 and could serve to enhance their effectiveness in the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

for preparing the Audited Financial Statements

Directors are legally responsible to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing those financial statements, the Directors ensured that:

- they complied with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and Companies Act 2016 ("the Act");
- appropriate accounting policies are used and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy at any time the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRSs, IFRSs, the Act and the Main Market Listing Requirements of Bursa Securities.

The Directors have a general responsibility for taking such steps as are reasonably available to them to manage risks associated to the business of the Group, safeguard the Group's assets, to prevent and detect fraud and other irregularities.

This Statement was approved by the Board of Directors on 8 April 2019.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Exercise

At the Extraordinary General Meeting of the Company held on 16 April 2018, the shareholders of the Company had approved the variation of the utilisation of the remaining proceeds raised from the Company's Redeemable Convertible Notes exercise in view of the Group's diversification into property development and construction related business.

The status of the remaining unutilised Notes Issue Proceeds of RM12.56 million is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended Timeframe for Utilisation #
To finance the project development financing under the joint development with Misi Jutari Sdn Bhd	7,000	(5,050)	1,950	Within 24 months
To finance future property development and construction activities after diversification into property development and construction related business, including acquisition of landbanks for development	5,260	(1,101)	4,159	Within 24 months
To defray estimated expenses relating to the corporate proposals including professional fees, regulatory authorities' fees, printing and despatch costs, and EGM related expenses	300	(300)	-	Within 1 month
Total	12,560	(6,451)	6,109	

Note:

The intended timeframe for utilisation is from the date of completion of the Redeemable Convertible Notes, i.e. 21 December 2017

Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered to the Group and to the Company by the external auditors and its affiliates in Malaysia for the financial year are as follows:

	Group (RM)	Company (RM)
Audit Fees	125,000	40,000
Non-Audit Fees	5,000	5,000

Material Contracts Involving Directors and Major Shareholders

On 30 November 2018, DBE Development Sdn Bhd ("DBE Development"), a wholly-owned subsidiary of the Company had entered into a DRA with Yik Wang for the proposed participation in the development and assumption of the development rights to an ongoing development project of 780 units of apartments known as Pangsapuri Seri Iskandar ("Project") for a total cash consideration of RM3,800,000. The Project is being developed on a parcel of leasehold land held under PN 405295 Lot 15845, Bandar Seri Iskandar, Mukim Bota, Daerah Perak Tengah, Negeri Perak Darul Ridzuan measuring approximately 40,470 square metres in area. Yik Wang, the registered owner of the land as at the date of the DRA, is carrying out the development works on the Project. Subsequently, DBE Development had on 11 January 2019 entered into a supplemental agreement with Yik Wang ("Supplemental DRA") to revise certain terms and conditions contained in the DRA dated 30 November 2018.

The above business arrangement is deemed as a related party transaction in view of the interests of certain Directors and major shareholders of the Company and persons connected to them. As such, the Company will seek its shareholders' approval for the related party transaction at the Extraordinary General Meeting of the Company to be held on 27 May 2019.

ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

Contract Relating to Loans

During the year, there were no contracts relating to loans entered into by the Company and its subsidiaries involving the interests of major shareholders and/or Directors.

Recurrent Related Party Transactions of a Revenue or Trading Nature

During the financial year, DBE Development was deemed to have entered into a recurrent related party transaction with Rantau Urusan (M) Sdn Bhd, a company connected with certain Directors and/or major shareholders of the Company in relation to the award of contracting works for a mixed development project on a piece of freehold land located in Mukim Bota, Daerah Perak Tengah, Perak Darul Ridzuan amounting to RM2.98 million from 27 April 2018 to 31 October 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound internal control and risk management system in pursuant to paragraph 15.26(b) of the MMLR of Bursa Malaysia Securities Berhad. This Statement on Risk Management and Internal Control outlines the nature and scope of the risk management and internal control of the Group for the financial year 31 December 2018. The Statement on Risk Management and Internal Control is issued to report on the status of the Group's compliance with the principles and best practices relating to risk management and internal control as stipulated in the Malaysian Code of Corporate Governance 2017 ("the Code").

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility over the Group's system of risk management and internal controls, which includes the existence of an appropriate control environment and framework, and the review of its effectiveness and adequacy to ensure that the Group's assets and shareholders' interests are safeguarded. The system of internal control covers governance, risk management, financial strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals. Therefore, it should be noted that control systems can only provide reasonable but not absolute assurance against material loss or failure.

The Board has also received assurance from the Group Managing Director that the Group's risk management and internal control system are in place for the financial year 2018 and is operating effectively in all material aspects.

RISK MANAGEMENT

In providing oversight of risk management framework and policies of the Group, the Board is assisted by the Audit and Risk Committee and Risk Management Committee to:

- Ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets: and
- Ascertain the nature and extent of principal risks that may impact the Group's strategic objectives.

The Group has appointed external consultants to put in place an Enterprise Risk Management framework ("ERM") which comprises the following elements:

- Communicate and disseminate across the organisation the vision, role and direction of the Group;
- Provide guiding principles and approach towards risk management;
- Process of identification, assessment, evaluation and management of the various principal risks which affect the Group's business;
- Creation of a risk-awareness culture and risk ownership for more effective management of risks;
- Regular reviewing, tracking and reporting on keys risks identified and corresponding mitigation procedures;
- Regular reviewing of the effectiveness of the system of internal control.

The framework would be applied throughout the financial year to determine, evaluate and manage principal risks of the Group. This would be complemented by the system of internal control that is integrated into the Group's operations and processes. Notwithstanding this, risk management principles, policies, procedures and practices would also be updated regularly to ensure relevance and compliance with current/applicable laws and regulations, and are made available to all employees.

INTERNAL AUDIT FUNCTION

The Board has given the responsibility for reviewing the adequacy and integrity of the internal control system to the Audit and Risk Committee. The Audit and Risk Committee assess the adequacy and integrity of the internal control system and its compliance with the Group's policies and procedures through independent reviews performed by the outsourced internal audit function. In this respect, the Board, through the Audit and Risk Committee receives and reviews reports on internal control from the outsourced internal audit function. The outsourced internal audit function reports directly to the Audit and Risk Committee. The Audit and Risk Committee reviews and approves the audit plan, scope of work and reviews reports of the outsourced internal audit function. The internal audit function reports to the Audit and Risk Committee on areas for improvement and will subsequently follow up to determine the extent to which their recommendations have been implemented.

For the financial year ended 31 December 2018, the outsourced Internal Auditors undertook the following internal audit assignments:

1. Follow up on internal control of biosecurity management
2. Internal audit on the operation review
3. Report on review of enterprise risk management

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

KEY ELEMENTS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

- **Control Environment**

  The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control.

  Management has established, with board oversight, structures, reporting lines and appropriate authorities and responsibilities, in pursuit of objectives. There is a defined organization structure with scopes of responsibility lines of reporting, and appropriate levels of delegated authority, including proper approval and authorization limits. This is reinforced by a process of hierarchical reporting which provides for a documented and auditable trail of accountability.

- **Risk Assessment**

  With the setting up of a risk management framework, which would be embedded in the Group's management system, it defines the authority and accountability in implementing the risk management process and internal control system.

  The management of each business unit, in establishing its business objectives, would be required to identify and document all possible risks that can affect their achievement upon taking into consideration the effectiveness of controls that are capable of mitigating such risks. By this process, each business unit's identified risks, the controls and processes for managing them are tabulated in a risk assessment report. Significant risks of business units are presented to Audit and Risk Committee for their attention and deliberation.

- **Control Activities**

  The Group has standard operating procedures and controls to ensure regular and comprehensive information is provided to management, covering financial and operational performance and key business indicators, for effective monitoring and decision making. The procedures are designed to mitigate risks to acceptable levels of risk.

- **Information and Communication**

  The Board communicates and disseminates across the organization the vision, role and direction of the Group. Management communicated key policies and procedures to the operating staff for their guidance and implementation.

  The Board has a preset agenda of items to ensure that all pertinent issues and relevant information are bring to its attention for discussion and deliberation.

- **Monitoring Activities**

  The Group's operating procedures are designed to facilitate tracking and evaluation to ascertain that the main components of internal controls are intact.

  There would be a formal approach to risk management review and monitoring, with the key risk factors identified together with the risk mitigation procedures, as well as the establishment of a comprehensive risk register to facilitate tracking of risks. Risk criteria, risk policies and risk management procedures are reviewed annually or sooner, if necessary.

  Financial and other results and performance are reviewed and tracked. There is close monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

  The monitoring activities are further supported by the outsourced internal audit functions performing the audit visits, based on the Audit Plan approved by the Audit and Risk Committee, to key business operations areas. The outsourced internal audit function performs systematic review of the effectiveness of internal controls of the key operations areas and report accordingly to the Audit and Risk Committee.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia's MMLR, the external auditors have reviewed this Statement of Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2018 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is intended to be included in the Annual Report of the Group, in all material aspects, has not been prepared in accordance with the disclosure required by the paragraph 41 and 42 of the "Statements on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers", nor is the statements factually inaccurate. The review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

CONCLUSION

The Board is of the view 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 risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board of Directors on 8 April 2019.

AUDIT AND RISK COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit and Risk Committee for the financial year ended 31 December 2018, pursuant to Paragraph 15.15 of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities).

1. COMPOSITION AND MEETINGS OF THE AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee are:

Ms. Foo Kwai Kheng - Chairperson
(Independent, Non-Executive Director)

YM Ungku A Razak bin Ungku A Rahman
(Independent, Non-Executive Director)

Mr. Sandeep Singh A/L Gurbachan Singh
(Independent, Non-Executive Director)

Ms. Foo Kwai Kheng, being a member of The Association of Chartered Certified Accountants and Malaysian Institute of Accountants, fulfils the requirement of Paragraph 15.09(1)(c) of the Listing Requirements of Bursa Securities.

The Audit and Risk Committee held six (6) meetings during the financial year ended 31 December 2018. Details of attendance of the Audit and Risk Committee members are as follows:

Name of Members	**Total Meetings Attended**
YM Raja Azlan Shah Bin Raja Azwa (*resigned on 17 December 2018*)	6/6
Ms. Foo Kwai Kheng (*appointed on 21 November 2018*)	1/1
Mr. Sandeep Singh A/L Gurbachan Singh	6/6
YM Ungku A Razak bin Ungku A Rahman	6/6

At the invitation of the Audit and Risk Committee, the Group Managing Director, relevant Management Team members, External and Internal Auditors attended the Audit and Risk Committee meetings and presented their reports on financial results, audit findings and other matters for the information and/or approval of the Audit and Risk Committee.

The Company Secretary acts as Secretary to the Audit and Risk Committee and shall circulate the minutes of meetings of the Audit and Risk Committee to all members of the Board. Detailed audit reports by the Internal Auditors and the respective Management response are circulated to members of the Audit and Risk Committee before each Meeting at which the said reports are tabled. The Audit and Risk Committee Chairman later tabled to the Board relevant and salient issues with the recommendation(s) of the Audit and Risk Committee for Board's consideration and approval.

2. SUMMARY OF KEY SCOPE OF RESPONSIBILITIES

The Audit and Risk Committee assists and supports the Board's responsibility to oversee the Company's operations in the following manner:

- Overseeing the financial reporting process and integrity of the Company's financial statements.
- Evaluating the independence of the External Auditors.
- Assessing the performance and process of the Company's Internal Audit function effectiveness.
- Reviewing the Company's practices, processes and effectiveness of the risk management system.
- Examining any related party transactions and conflict of interest situations.
- Conducting annual assessment on the performance of the Company's External Auditors.
- Reviewing any significant reporting judgements made by management and how these matters are addressed.

3. TERMS OF REFERENCE

The Audit and Risk Committee terms of reference is made available on the Company's website at www.dbegurney.com.

4. SUMMARY OF ACTIVITIES OF AUDIT AND RISK COMMITTEE

The Audit and Risk Committee met at scheduled times during the year, with due notices of meetings issued, and with agendas planned and itemised so that matters were deliberated and discussed in a focused and detailed manner. Apart from the scheduled meetings, an adhoc meeting was also called at the discretion of the Audit and Risk Committee. The minutes of each meeting held were distributed to each member of the Board at subsequent Board Meetings. The Audit and Risk Committee Chairperson reported on each meeting to members of the Board.

The key activities carried out by the Audit and Risk Committee during the financial year are as follows:

(a) Financial Reporting and Compliance

The Company's quarterly and annual financial statements as well as relevant announcements made to Bursa Securities were reviewed by the Audit and Risk Committee before submission to the Board for its subsequent approval. In doing so, the Audit and Risk Committee deliberated and focused on changes in major accounting policies and practices as well as any adjustments and/or issues affecting audit related matters to ensure compliance with Main Market Listing Requirements, Malaysian Financial Reporting Standards (MFRS), Companies Act 2016 and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements.

As part of their accounting oversight duties, the Audit and Risk Committee also reviewed the external auditors' annual and interim audit reports, together with accompanying Management responses.

(b) Risk Management and Internal Controls

During the year under review, the Audit and Risk Committee had two meetings with the Internal Auditors. A new risk management framework had been set up and implemented within the organization. The Audit and Risk Committee had reviewed thoroughly on the Group's enterprise risk especially on the issues of concern identified under strategic risks, operational risks, IT risks, financial risks and human resource risks. The Committee followed up closely on the progress of mitigating actions taken by the Management to reduce the risks identified.

The Audit and Risk Committee also discussed and deliberated on the issues highlighted from the internal audit activities, and recommendations by the Internal Auditors on the controls environment and weaknesses, and ensured that corrective actions were taken by the Management on a timely basis. The Audit and Risk Committee also appraised the adequacy and effectiveness of management response in resolving the key risk issues reported and assessed the overall effectiveness of the system of internal controls within the Group.

(c) Going Concern Assessment

The Audit and Risk Committee reviewed the going concern basis for preparing the Company's financial statements, including the assumptions underlying the going concern statement and the period of assessment.

(d) External Audit

Throughout the financial year, the Audit and Risk Committee had two meetings with the External Auditors without the presence of Management to discuss audit matters and issues of concern to the Auditors.

The Audit and Risk Committee reviewed the External Auditors' Audit Planning Memorandum prior to the commencement of their audit work for the financial year. The annual audit plan was reviewed and considered in view of the changes to the financial standards, Main Market Listing Requirements and Companies Act 2016 relating to the financial reporting disclosures.

To reinforce the independence and objectivity of the External Auditors, the Audit and Risk Committee reviewed all non-audit services performed by the External Auditors and also reviewed the findings of the External Auditors' reports, particularly the issues raised in the management letter and the response from the Management to ensure where appropriate, the necessary corrective actions had been taken by the Management.

The Audit and Risk Committee reviewed the performance, suitability and independence of the External Auditors for the financial year through a performance and independence checklist, comprising of the external auditors' quality of service, audit team, independence and objectivity, scope of audit and planning, audit fees, non-audit services and fees and audit communications.

The External Auditors had provided written assurance that they have been independent throughout the term of their audit engagement in accordance with the terms of the relevant professional and regulatory requirements.

4. SUMMARY OF ACTIVITIES OF AUDIT AND RISK COMMITTEE (Cont'd)

(e) Related Party Transaction and Conflict of Interest

The Audit and Risk Committee reviewed the related party transactions ("RPT") of the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity. During the year, the Committee had reviewed the recurrent related party transactions, RPT and conflict of interest situation presented by the Management prior to the Company entering into such transactions. The Committee also ensured that adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into such transactions.

5. KEY AUDIT MATTERS CONSIDERED BY THE AUDIT AND RISK COMMITTEE IN RELATION TO THE FYE 2018 ACCOUNTS

The Audit and Risk Committee also reviewed and considered the key audit matters identified by the External Auditors in relation to the Audited Financial Statements for the financial year ended 31 December 2018 as disclosed under Independent Auditors' Report from page 61 to 66 of this Annual Report.

6. INTERNAL AUDIT FUNCTION

The Group has in place an Internal Audit function that reports directly to the Audit and Risk Committee at least twice a year to ensure its independent status within the Group.

The Group has outsourced the internal audit function to JKO Associates ("JKO"), an independent consulting firm. The Internal Auditors are empowered with strict accountability for confidentiality to safeguarding records and information, is authorized with unrestricted access to any and all of the Company's records, physical properties, to carrying out any internal audit or investigation engagement.

The internal audit function, through a systematic and structured approach is responsible for the followings:

- provide independent assurance to the Audit and Risk Committee, Board of Directors and Management that adequate and effective internal controls system is in place to safeguard Company's assets;
- recommend improvements and enhancements to the existing system of internal control and work procedures/ processes; and
- ensure effective implementation of policies and procedures to promote best corporate governance practices.

During the financial year under review, the internal audit function undertook the following activities:

- prepared the internal audit plan for the year, which is reviewed and approved annually by the Audit and Risk Committee;

- prepared the internal audit programme based on the internal audit plan, for each activity or process to be audited;

- carried out the internal audit of the Group's operating units in its subsidiaries by reviewing business activities and operational processes to ensure compliance with internal control procedures;

- discussed with the Management on the results of the audit for each activity or process, and the recommendations for action plan to mitigate the identified risk or control work flow improvements;

- reported to the Audit and Risk Committee its internal audit findings and the response and rectification undertaken by the Management to improve the Group's system of internal controls and procedures; and

- followed up on all the action plans agreed from the previous internal audit reports to ensure that all matters arising are adequately addressed by the Management.

The total cost incurred for the Group's internal audit function for the financial year ended 31 December 2018 amounted to approximately RM41,000.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this Annual Report.

7. ANNUAL REVIEW AND PERFORMANCE EVALUATION

The Audit and Risk Committee conducted an annual performance evaluation in an effort to enhance and improve its processes of the control environment. The Audit and Risk Committee was assessed based on five (5) key areas, namely composition and charter, committee process, external auditors, internal audit, financial statements and quarterly results.

The Audit and Risk Committee's responsibility is to monitor and review the practices and processes performed by management and the external auditors. It is not the Audit and Risk Committee's duty or responsibility to conduct auditing or accounting reviews. The Audit and Risk Committee members are not employees of the Company. Therefore, the Audit and Risk Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity, in conformity with approved accounting principles and on the representations of the External Auditor included in its reports on the Company's financial statements and internal control over financial reporting.

CONTENTS

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 an investment holding company. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

	Group RM	Company RM
Net loss for the financial year	27,849,657	68,650,449

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.

ISSUANCE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Company is not in a position to pay or declare dividends for the current financial year.

DIRECTORS OF THE COMPANY

The Directors in office since the beginning of the financial year to the date of this report are:

Dato' Ding Seng Huat, DSAP	
Dato' Doh Jee Ming	
Dato' Doh Tee Leong	
YM Ungku A Razak Bin Ungku A Rahman	
Sandeep Singh A/L Gurbachan Singh	
Foo Kwai Kheng	Appointed on 26 October 2018
Dato' Ding Chong Chow, DIMP, PPT	Resigned on 26 October 2018
Dato' Cheng Lay Miew	Resigned on 26 October 2018
YM Raja Azlan Shah Bin Raja Azwa	Resigned on 17 December 2018

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act, 2016, the Directors who served in the subsidiaries (including Directors who are also Directors of the Company) since the beginning of the financial year to the date of this report are as follows:

Dato' Ding Chong Chow, DIMP, PPT
Dato' Ding Seng Huat, DSAP
Dato' Doh Jee Ming
Dato' Doh Tee Leong

DIRECTORS' INTERESTS

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

	Number of ordinary shares				Amount	
	At 1.1.2018 Unit	**Bought Unit**	**Sold Unit**	**At 31.12.2018 Unit**	**At 1.1.2018 RM**	**At 31.12.2018 RM**
Name of Directors						
Ordinary shares in the Company						
Direct interest:						
- Dato' Ding Seng Huat, DSAP	130,903,374	-	-	130,903,374	4,581,618	3,927,101
- Dato' Doh Jee Ming	47,520,000	10,000,000	-	57,520,000	1,663,200	1,725,600
- Foo Kwai Kheng	-	380	-	380	-	11
Indirect interest:						
- Dato' Doh Jee Ming *	234,741,784	704,538,436	-	939,280,220	8,215,963	28,178,407
- Dato' Doh Tee Leong * #	235,174,684	704,538,436	432,900	939,280,220	8,231,114	28,178,407

* Indirect interest pursuant to Section 8(4) of the Companies Act, 2016 via Doh Properties Holdings Sdn Bhd
\# Indirect interest by virtue of shares held by his spouse pursuant to Section 59(11)(c) of the Companies Act, 2016 in Malaysia.

Dato' Doh Jee Ming and Dato' Doh Tee Leong are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares of the Company.

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

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company and its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Fee	90,000	-
Salary, allowances and bonus	168,000	1,224,465
Contributions to defined contribution plan	-	108,000
Others	-	6,424
Total fees and other benefits	258,000	1,338,889

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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, other than those as disclosed in Note 27 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

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

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

   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values 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.

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

   (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent;

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

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

   (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist:

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

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

OTHER STATUTORY INFORMATION (Cont'd)

(d) In the opinion of the Directors:

  (i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

  (ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

  (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

(e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company is RM40,000 and its subsidiaries is RM85,000.

(f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

(g) The total amount of indemnity given to or insurance effected for Directors of the Company is RM5,000,000.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events are disclosed in Note 33 to the financial statements.

EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

Details of significant events are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2019.

Dato' Ding Seng Huat, DSAP

Dato' Doh Jee Ming

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on page 67 to 150 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 19 April 2019.

Dato' Ding Seng Huat, DSAP

Dato' Doh Jee Ming

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, Dato' Ding Seng Huat, DSAP, being the Director primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on page 67 to 150 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed
at Kuala Lumpur in the Federal Territory
on 19 April 2019

Dato' Ding Seng Huat, DSAP

Before me,

Tan Kim Chooi
No. W 661
Commissioner For Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

to the members of D.B.E. GURNEY RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of D.B.E. Gurney Resources Berhad, which comprise the statements of financial position as at 31 December 2018 and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 67 to 150.

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 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 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 IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Key Audit Matters	Our audit performed and responses thereon
Impairment Review of Plant and Equipment	
As at 31 December 2018, as shown in Note 8 to the financial statements, the carrying amount of the Group's property, plant and equipment amounted to RM68,366,565, representing approximately 57% of the Group's total assets and the Group's impairment loss recognised during the financial year is RM16,489,175. One of the main operating subsidiaries of the Group with material plant and equipment balances are in continuous loss-making and significant accumulated losses position has resulted in multiple indications that the carrying amount of plant and equipment may be impaired. Accordingly, the Group estimated the recoverable amount of the plant and equipment based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by Directors covering a five-year period. We have identified the impairment review of plant and equipment as a key audit matter as impairment test involves significant management judgement in estimating the underlying assumptions to be applied in the discounted cash flows projections of the VIU calculation. The recoverable amount of the Group's plant and equipment is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Evaluated management's budgeting processing by comparing actual results to historical cash flows projections; • Compared the key assumptions including forecast revenue, growth rate, gross margin and discount rate against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculation and assessed the impact of the recoverable amount of the plant and equipment; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
Valuation of Biological Assets	
Biological assets of the Group consist of breeders and broilers. These assets are measured at fair value less cost to sell upon the adoption of MFRS 141, Agriculture with effect from 1 January 2018. At the reporting date, the balance of the biological assets of the Group were carried at RM8,132,542. The key assumptions used in determining the fair value of breeders and broilers are disclosed in Note 12 to the financial statements. We identified the valuation of the Group's biological assets as a key audit matter due to the significant judgement associated with the determination of fair value based on valuation carried out by an independent professional valuer ("the Valuer").	We have performed the following audit procedures to evaluate Valuer's methodology and assumptions used in the valuation of biological assets: • Considered the objectivity, independence and expertise of the Valuer engaged by the Management; • Obtained an understanding of the methodology adopted by the Valuer in estimating the fair value of biological assets and assessed whether such methodology is consistent with those used in the industry; • Discussion with the Valuer to obtain understanding of the market value used as inputs to the valuation models and of the adjustments made to the observable inputs; • Tested the mathematical accuracy of the Valuer's workings; and • Tested checked the assumptions used by valuer against historical data and found them to be in agreement.
Valuation of Inventories	
As at 31 December 2018, as shown in Note 13 to the financial statements, the carrying amount of inventories held by the Group is RM15,138,598 which represents approximately 13% of total assets of the Group. Inventories are stated at the lower of cost and net realisable value. The cost of inventories comprises the cost of purchase of raw materials, direct labour, plus conversion costs such as variable costs, fixed overheads and property development costs. This key audit matter focused on inventories arising from poultry segment amounting to RM7,151,336. We focused on this area due to significant judgement involved to determine the multiple inputs used to arrive at the cost allocation to the various finished goods.	We have performed the following audit procedures: • Obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories; • Reviewing the computation of inventory costing which includes costs of raw materials, direct labour, other direct costs, and other incidental costs incurred in bringing the inventories to their present location and condition; • Observing year end physical inventory count to examine physical existence and condition of the finished goods; and • Reviewing the Group's assessment on the net realisable value of finished goods.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
Recoverability Assessment of Trade Receivables	
As at 31 December 2018, as shown in Note 14 to the financial statements, the Group has total net trade receivables of RM17,443,288 and the Group's impairment loss recognised during the year is RM701,833. The total net trade receivables representing approximately 14% of the Group's total assets. We focused on this area because the Directors made significant judgement over assumptions about risk of default and expected loss rate. In making the assumptions, the Directors selected inputs to the impairment calculation, based on the Group's past history and forward-looking information at the end of the reporting period.	We have performed the following audit procedures to assess the management's assessment about the recoverability of trade receivables: • Understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management; • Reviewing subsequent receipts and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; • Review management's assessment on the recoverability of past due debts to assess the sufficiency of allowance for trade receivables through specific and collective provisions with reference to historical payment behavior of the customers, historical trend of bad debts or impairment provided for and correlation with macroenvironment factors; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.
Going Concern	
As at 31 December 2018, the Group and the Company recorded loss after tax of RM27,849,657 and RM68,650,449 respectively. The Group and the Company also recorded negative operating cash flows of RM1,140,131 and RM1,176,388 respectively for the financial year ended 31 December 2018. The Group has continued to adopt the going concern basis in preparing the financial statements after having considered the surplus cash flows contributed from the property development segment and obtaining continued financial support from two major shareholders to enable the Group to have sufficient resources to continue its operations for the period of at least 12 months from the reporting date. The assessment on the Group's ability to continue as a going concern was an area of focus as the assessment requires the exercise of significant judgement by the Directors on assumptions supporting the cash flows forecast, including the revenue and profit margins. These are fundamental to the appropriateness of the going concern basis which was adopted for the preparation of the financial statements.	We have performed the following audit procedures: • Reviewed the Group's assessment in relation to going concern; • Assessed whether the cash flows forecast was prepared by management based on the approved budgets by the Directors; • Assessed the ability of the major shareholders to provide continuous financial support for at least 12 months from the end of the financial year; • Reviewed the cash flows forecast by comparing the Group's key assumptions to our assessments to assess their reasonableness and achievability of the forecasting; • Tested the mathematical accuracy of the cash flows forecast calculation; • Performed sensitivity analysis for a range of reasonably possible scenarios; and • Obtained confirmation from the major shareholders of the Company who extended an advance to the Group amounted to approximately RM12.3 million which is repayable on demand.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
Impairment Review of the Company's Investment in Subsidiaries As at 31 December 2018, as shown in Note 9 to the financial statements, the carrying amount of the Company's investment in subsidiaries amounted to RM250,001 and the Company's impairment loss on investment in subsidiaries recognised during the year is RM44,362,928. A history of recent losses and significant accumulated losses recorded by certain subsidiaries has resulted in multiple indications that the carrying amount of investment in subsidiaries may be impaired. Accordingly, the Company estimated the recoverable amount of the investment in subsidiaries based on value-in-use ("VIU") calculation using cash flows projections derived from the most recent financial forecast approved by Directors covering a five-year period. We have identified the impairment review of investment in subsidiaries as a key audit matter as impairment test involves significant judgement in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the Company's investment in subsidiaries is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flows projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and for respective subsidiaries: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Evaluated management's budgeting processing by comparing actual results to historical cash flows projections; • Compared the key assumptions including forecast revenue, growth rates, gross margin and discount rate against our knowledge of the subsidiaries's historical performance, business and cost management strategies based on facts and circumstances currently available; • Performed a sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the cost of investment; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.
Recoverability of Amounts due from Subsidiaries As at 31 December 2018, as shown in Note 16 to the financial statements, the Company recorded net amounts due from subsidiaries amounted to RM11,723,361 and the Company's impairment loss on amounts due from subsidiaries recognised during the year is RM22,585,617. We identified the recoverability of amounts due from subsidiaries as a key audit matter due to the recognition of these assets involving judgement by management as to the likelihood of the recoverability of these amounts due from subsidiaries, which is based on a number of factors, including whether there will be sufficient cash flows in the future to repay the outstanding amounts.	We have performed the following audit procedures to assess the management's assessment about the recoverability of amounts due from subsidiaries: • Evaluating management's assessment on the sufficiency of future cash flows in support of the low credit risk of amounts due from subsidiaries by comparing management's forecasts of future cash flows to historical results and evaluating the assumptions used in those forecasts; and • Performed sensitivity analysis by changing certain key assumptions used in the forecast of future cash flows calculations and assessed the impact to the future cash flows.

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 and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report 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 Annual Report 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 the Annual Report, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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 also 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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 and 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 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 and the Company to cease to continue as a going concern.

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

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: (cont'd)

(e) 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 represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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.

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 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

(i) As stated in Note 2(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated 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 have, 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 financial performance and cash flows for the financial year then ended.

(ii) 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 contents of this report.

(iii) The comparative figures were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 13 April 2018.

MOORE STEPHENS ASSOCIATES PLT	STEPHEN WAN YENG LEONG
LLP0000963-LCA & AF002096	02963/07/2019 J
Chartered Accountants	Chartered Accountant

Petaling Jaya, Selangor
Date: 19 April 2019

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

		Group		Company	
			Restated		
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	4	**108,232,330**	111,721,035	**-**	-
Cost of sales		**(106,373,402)**	(108,873,939)	**-**	-
Gross profit		**1,858,928**	2,847,096	**-**	-
Other income		**6,813,462**	1,694,234	**2,728**	-
Administrative expenses		**(13,896,013)**	(14,714,035)	**(1,106,040)**	(2,453,581)
Selling and marketing expenses		**(973,996)**	-	**-**	-
Other expenses		**(19,496,430)**	(8,166,324)	**(67,547,137)**	(15,174,580)
Loss from operations		**(25,694,049)**	(18,339,029)	**(68,650,449)**	(17,628,161)
Finance costs	5	**(1,128,447)**	(2,094,624)	**-**	-
Share of result of associates	10	**(80,722)**	(28,953)	**-**	-
Loss before tax	5	**(26,903,218)**	(20,462,606)	**(68,650,449)**	(17,628,161)
Income tax expense	6	**(946,439)**	209,093	**-**	-
Loss for the year, net of tax		**(27,849,657)**	(20,253,513)	**(68,650,449)**	(17,628,161)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus, net of tax		**223,250**	9,721,409	**-**	-
Total comprehensive income for the financial year		**(27,626,407)**	(10,532,104)	**(68,650,449)**	(17,628,161)
Loss per ordinary share attributable to Owners of the Company:					
Basic and diluted (sen):	7	**(0.010)**	(0.014)		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		Group			Company		
			Restated	Restated			
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Note	RM	RM	RM	RM	RM	RM
ASSETS							
Non-current assets							
Property, plant and equipment	8	**68,366,565**	79,963,448	68,120,065	**4**	4	4
Investment in subsidiaries	9	**-**	-	-	**250,001**	44,362,928	59,469,784
Investment in associates	10	**-**	211,047	-	**-**	-	-
Investment in unquoted shares	11	**-**	-	-	**-**	-	-
		68,366,565	80,174,495	68,120,065	**250,005**	44,362,932	59,469,788
Current assets							
Biological assets	12	**8,132,542**	9,107,482	9,561,332	**-**	-	-
Inventories	13	**15,138,598**	6,479,024	6,781,073	**-**	-	-
Trade receivables	14	**17,443,288**	13,068,649	15,108,496	**-**	-	-
Other receivables	15	**2,414,701**	7,146,381	8,837,526	**-**	-	-
Amounts due from subsidiaries	16	**-**	-	-	**11,723,361**	47,131,739	18,224,427
Tax recoverable		**8,064**	6,963	-	**-**	-	-
Fixed deposits with licensed banks	17	**5,367,189**	1,363,366	29,000	**-**	29,000	29,000
Cash and bank balances		**3,136,200**	15,301,577	1,183,496	**382**	1,931,191	15,740
		51,640,582	52,473,442	41,500,923	**11,723,743**	49,091,930	18,269,167
TOTAL ASSETS		**120,007,147**	132,647,937	109,620,988	**11,973,748**	93,454,862	77,738,955

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018 (Cont'd)

	Note	Group			Company		
		31.12.2018	Restated 31.12.2017	Restated 1.1.2017	31.12.2018	31.12.2017	1.1.2017
		RM	RM	RM	RM	RM	RM
EQUITY AND LIABILITIES							
Equity							
Share capital	18	**56,842,332**	56,842,332	10,831,639	**56,842,332**	56,842,332	10,831,639
Reserves	19	**585,374**	28,211,781	48,704,578	**(44,946,975)**	23,703,474	51,292,328
Redeemable convertible notes	20	**-**	-	202,404	**-**	-	202,404
Total equity		**57,427,706**	85,054,113	59,738,621	**11,895,357**	80,545,806	62,326,371
Non-current liabilities							
Trade payables	21	**3,081,152**	-	-	**-**	-	-
Borrowings - secured	22	**6,177,807**	7,497,508	11,321,286	**-**	-	-
Deferred tax liabilities	23	**5,354,509**	5,513,242	2,999,847	**-**	-	63,918
		14,613,468	13,010,750	14,321,133	**-**	-	63,918

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018 (Cont'd)

		Group			Company		
			Restated	Restated			
		31.12.2018	31.12.2017	1.1.2017	31.12.2018	31.12.2017	1.1.2017
	Note	RM	RM	RM	RM	RM	RM
Current liabilities							
Trade payables	21	**15,811,689**	15,685,743	15,053,052	**-**	-	-
Other payables	24	**13,620,045**	8,470,207	8,235,905	**78,391**	151,466	236,711
Redeemable convertible notes	20	**-**	-	2,283,678	**-**	-	2,283,678
Amount due to Directors	25	**12,255,225**	107,443	46,161	**-**	-	-
Amounts due to subsidiaries	16	**-**	-	-	**-**	12,757,590	12,828,277
Borrowings - secured	22	**5,162,092**	10,319,681	9,925,229	**-**	-	-
Provision for taxation		**1,116,922**	-	17,209	**-**	-	-
		47,965,973	34,583,074	35,561,234	**78,391**	12,909,056	15,348,666
TOTAL LIABILITIES		**62,579,441**	47,593,824	49,882,367	**78,391**	12,909,056	15,412,584
TOTAL EQUITY AND LIABILITIES		**120,007,147**	132,647,937	109,620,988	**11,973,748**	93,454,862	77,738,955

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2018

		Attributable to Owners of the Company						
		Non-Distributable						
	Note	Share Capital RM	Share Premium RM	Asset Revaluation Reserve RM	Other Reserve RM	Redeemable Convertible Notes RM	Accumulated Losses RM	Total Equity RM
Group								
At 1 January 2017, as previously reported		10,831,639	9,960,693	10,759,199	38,578,011	202,404	(9,856,837)	60,475,109
Effect of first time adoption of MFRS	32(d)	-	-	-	-	-	(736,488)	(736,488)
At 1 January 2017, as restated		10,831,639	9,960,693	10,759,199	38,578,011	202,404	(10,593,325)	59,738,621
Loss for the year, as previously reported		-	-	-	-	-	(20,313,670)	(20,313,670)
Effect of first time adoption of MFRS	32(d)	-	-	-	-	-	706,417	706,417
Prior year adjustment	32(d)	-	-	-	-	-	(646,260)	(646,260)
Loss for the year, as restated		-	-	-	-	-	(20,253,513)	(20,253,513)
Other comprehensive income								
Asset revaluation reserve, net of tax	19(a)	-	-	9,721,409	-	-	-	9,721,409
Realisation of asset revaluation reserve	19(a)	-	-	(633,669)	-	-	633,669	-
Total comprehensive income for the financial year, as restated		-	-	9,087,740	-	-	(19,619,844)	(10,532,104)
Transactions with Owners of the Company:								
Issuance of Redeemable Convertible Notes	18 and 20	34,331,250	1,718,750	-	-	(202,404)	-	35,847,596
Transfer pursuant to Section 618(2) of the Companies Act, 2016	18	11,679,443	(11,679,443)	-	-	-	-	-
Total transactions with Owners of the Company		46,010,693	(9,960,693)	-	-	(202,404)	-	35,847,596
At 31 December 2017, as restated		56,842,332	-	19,846,939	38,578,011	-	(30,213,169)	85,054,113

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2018 (Cont'd)

		Attributable to Owners of the Company				
			Non-Distributable			
	Note	Share Capital RM	Asset Revaluation Reserve RM	Other Reserve RM	Accumulated Losses RM	Total Equity RM
Group						
At 1 January 2018, as restated		**56,842,332**	**19,846,939**	**38,578,011**	**(30,213,169)**	**85,054,113**
Loss for the year		**-**	**-**	**-**	**(27,849,657)**	**(27,849,657)**
Other comprehensive income						
Asset revaluation reserve, net of tax	19(a)	**-**	**223,250**	**-**	**-**	**223,250**
Realisation of asset revaluation reserve	19(a)	**-**	**(539,862)**	**-**	**539,862**	**-**
Total comprehensive income for the financial year		**-**	**(316,612)**	**-**	**539,862**	**223,250**
Capital reduction	19(b)	**-**	**-**	**(38,578,011)**	**38,578,011**	**-**
At 31 December 2018		**56,842,332**	**19,530,327**	**-**	**(18,944,953)**	**57,427,706**

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2018 (Cont'd)

		Attributable to Owners of the Company					
		Non-Distributable					
	Note	Share Capital RM	Share Premium RM	Other Reserve RM	Redeemable Convertible Notes RM	Distributable Retained Earning/ (Accumulated Losses) RM	Total Equity RM
Company							
At 1 January 2017		10,831,639	9,960,693	38,578,011	202,404	2,753,624	62,326,371
Loss for the year		-	-	-	-	(17,628,161)	(17,628,161)
Transactions with Owners of the Company:							
Issuance of Redeemable Convertible Notes	18 and 20	34,331,250	1,718,750	-	(202,404)	-	35,847,596
Transfer pursuant to Section 618(2) of the Companies Act, 2016	18	11,679,443	(11,679,443)	-	-	-	-
Total transactions with Owners of the Company		46,010,693	(9,960,693)	-	(202,404)	-	35,847,596
At 31 December 2017		56,842,332	-	38,578,011	-	(14,874,537)	80,545,806
At 1 January 2018		56,842,332	-	38,578,011	-	(14,874,537)	80,545,806
Loss for the year		-	-	-	-	(68,650,449)	(68,650,449)
Capital reduction	19(b)	-	-	(38,578,011)	-	38,578,011	-
At 31 December 2018		56,842,332	-	-	-	(44,946,975)	11,895,357

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018

		Group		Company	
			Restated		
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Cash Flows from operating activities					
Loss before tax		**(26,903,218)**	(20,462,606)	**(68,650,449)**	(17,628,161)
Adjustments for:					
Changes in fair value on unquoted shares		**1,070,000**	-	**1,070,000**	-
Depreciation of property, plant and equipment		**6,393,003**	5,619,338	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**13,710**	(30,711)	**-**	-
Impairment loss on:					
- amounts due from subsidiaries		**-**	-	**22,585,617**	65,183
- investment in associates		**268,251**	-	**-**	-
- investment in subsidiaries		**-**	-	**44,362,928**	15,402,610
- property, plant and equipment		**16,489,175**	123,772	**-**	-
- receivables		**701,833**	7,574,966	**-**	-
Interest expense		**1,128,447**	2,094,624	**-**	-
Interest income		**(329,730)**	-	**(2,728)**	-
Reversal of impairment loss on:					
- amounts due from subsidiaries		**-**	-	**(471,408)**	-
- investment in subsidiaries		**-**	-	**-**	(295,757)
- receivables		**(6,196,744)**	(1,574,875)	**-**	-
Share of result of associates		**80,722**	28,953	**-**	-
Written off on:					
- Deposit		**8,990**	-	**-**	-
- amounts due from subsidiaries		**-**	-	**-**	2,540
- investment in subsidiaries		**-**	-	**-**	3
- property, plant and equipment		**419,984**	867	**-**	-
Operating loss before changes in working capital		**(6,855,577)**	(6,625,672)	**(1,106,040)**	(2,453,582)
Biological assets		**974,940**	453,850	**-**	-
Inventories		**(8,659,574)**	302,049	**-**	-
Receivables		**5,842,962**	(2,269,099)	**-**	-
Payables		**8,356,936**	866,993	**(73,075)**	(85,245)
Cash used in operations		**(340,313)**	(7,271,879)	**(1,179,115)**	(2,538,827)
Interest received		**329,730**	-	**2,728**	-
Interest paid		**(1,128,447)**	(2,094,624)	**-**	-
Income tax paid		**(1,101)**	(15,185)	**-**	-
Net cash used in operating activities		**(1,140,131)**	(9,381,688)	**(1,176,387)**	(2,538,827)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018 (Cont'd)

		Group		Company	
		2018	Restated 2017	2018	2017
	Note	RM	RM	RM	RM
Balance brought forward		**(1,140,131)**	(9,381,688)	**(1,176,387)**	(2,538,827)
Cash Flows from Investing Activities					
Acquisition of associate		**(137,926)**	(240,000)	**-**	-
Acquisition of subsidiaries		**-**	-	**(250,001)**	-
Acquisition of unquoted shares		**(1,070,000)**	-	**(1,070,000)**	-
Cash written off		**-**	(3)	**-**	-
Purchase of property, plant and equipment	8(c)	**(10,976,645)**	(3,278,168)	**-**	-
Proceeds from disposal property, plant and equipment		**7,800**	39,231	**-**	-
Net cash used in investing activities		**(12,176,771)**	(3,478,940)	**(1,320,001)**	-
Cash Flows from Financing Activities					
Advances from Directors		**12,147,782**	61,282	**-**	-
Advances from/(Repayment to) subsidiaries		**-**	-	**536,579**	(29,045,722)
Drawdown of borrowings		**-**	24,593,311	**-**	-
Proceeds from issuance of shares		**-**	36,050,000	**-**	36,050,000
Proceeds from Redeemable Convertible Note		**-**	(2,550,000)	**-**	(2,550,000)
Uplift of/(increase in) fixed deposits pledged		**1,334,366**	(1,334,366)	**-**	-
Repayment of borrowings		**(6,892,743)**	(32,840,448)	**-**	-
Net cash from financing activities		**6,589,405**	23,979,779	**536,579**	4,454,278
Net (decrease)/increase in cash and cash equivalents		**(6,727,497)**	11,119,151	**(1,959,809)**	1,915,451
Cash and cash equivalents at beginning of the year		**12,232,414**	1,113,263	**1,960,191**	44,740
Cash and cash equivalents at end of the year	(i)	**5,504,917**	12,232,414	**382**	1,960,191

(i) Cash and cash equivalents comprise the following:

		Group		Company	
			Restated		
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Cash and bank balances		**3,136,200**	15,301,577	**382**	1,931,191
Fixed deposits with licensed banks	17	**5,367,189**	1,363,366	**-**	29,000
		8,503,389	16,664,943	**382**	1,960,191
Less: Fixed deposits pledged with licensed banks	17	**-**	(1,334,366)	**-**	-
Cashline-i	22	**(2,998,467)**	(3,000,000)	**-**	-
Bank overdraft	22	**(5)**	(98,163)	**-**	-
		5,504,917	12,232,414	**382**	1,960,191

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

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

The registered office of the Company is located at No. 54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600, Jelutong, Penang.

The principal place of business of the Company is located at Plot 137 & 138 Kawasan Perindustrian Pelabuhan Lumut, Kampung Acheh, 32000 Sitiawan, Perak Darul Ridzuan.

The Company is principally engaged in investment holding. The principal activity of the subsidiaries is disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 19 April 2019.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In the previous years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards ("FRS"). The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 31 December 2018, the comparative information presented in these financial statements for the financial year ended 31 December 2017 and in the preparation of the opening MFRSs statements of financial position as at 1 January 2017 (date of transition to MFRSs).

The changes in accounting policies as a consequence of the transition to MFRSs are presented in Note 32.

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

(i) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and for the Company:

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(i) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretations 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 2	Share-Based Payment
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendments to MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 101	Presentation of Financial Statements
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 134	Interim Financial Reporting
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
IC Interpretation 132	Intangible Assets-Web Site Costs

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications, except as described below:

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int (Cont'd)

(i) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

MFRS 16 Leases

The Group will elect to use the exemption proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application.

During the year, the Group has performed a detailed assessment of MFRS 16 and the summary of the impact of adoption of the standard is as follows:

Impact to statement of financial position as at 31 December 2019:

	31.12.2019 RM
Asset	
Lease assets	1,210,720
Liabilities	
Lease liabilities	(1,950,646)
Deferred tax liabilities	(177,582)
Net impact on equity	(917,508)

Impact to statement of comprehensive income (increase/(decrease)) for the financial year ended 31 December 2019:

	31.12.2019 RM
Cost of sales (operating lease expense)	(1,344,400)
Administrative expenses (operating lease expense)	(465,925)
Amortisation of lease assets	817,379
Finance costs	529,494
Profit for the year	(463,452)

Due to the adoption of MFRS 16, the Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under MFRS 117.

(b) Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

2. BASIS OF PREPARATION (Cont'd)

(c) Functional and presentation currency

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

(d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's result of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

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

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be within 5 to 99 years.

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 could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Biological assets

The fair value of biological assets is determined based on valuations performed by an independent professional valuer.

In measuring the fair value of biological assets, estimates and judgements are required which include the market price, expected quantity of eggs to be produced over the life of the breeders, value of eggs produced by breeders, mortality rate, feed consumption rate, feed costs and other direct costs. Changes to any of these assumptions would affect the fair value of the biological assets.

The key assumptions used in the valuation methods are disclosed in Note 12 to the financial statements.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

2. BASIS OF PREPARATION (Cont'd)

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

(iv) Impairment of receivables

The Group assesses at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loan and receivables at the reporting date are disclosed in note to the financial statements.

In adoption of MFRS 9, the Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

For amount due from subsidiaries, the Company applies the approach permitted by MFRS 9, which requires the Company measures the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(v) Revaluation of properties

All properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the fair values of the buildings based on replacement cost model less the amount of accrued physical depreciation as evidenced by the observed condition and assuming the continued use of the installed property for the designed purpose as part of a going concern but without specific relation to earnings.

Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(vi) Carrying value of investment in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

(vii) Property development

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). In making the estimate, management relies on opinion/service of experts, past experience and a continuous monitoring mechanism.

2. BASIS OF PREPARATION (Cont'd)

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

(viii) Fair value estimates for certain financial assets and liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(ix) Control over an investee

The Directors considers that the Group has no significant control of Harumi International Holdings Limited ("HIHL") even though it owns 98.7% of the equity shares. Based on MFRS 10, such investment has not been treated as subsidiary or jointly controlled investment entity given the Group has no significant influence over its operating and financing activities. Hence, it is regarded as investment in an equity instrument carried at fair value as disclosed in Note 11.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

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

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

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

Business combination

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

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

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

Subsidiaries

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

Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group’s share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate’s operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue and other income recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainly associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- 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 to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Revenue and other income recognition (Cont'd)

Sale of on-going construction units

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Sale of goods

Revenue from sale of goods is recognised upon delivery of goods where control of the goods has been passed to the customers, or performance of services, net of sales and goods and services taxes and discounts.

Other revenue earned by the Group are recognised on the following bases:

Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on asset.

Rental income

Rental income is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(c) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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

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

(e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises 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 nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

Goods and Services tax ("GST")

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

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Leases

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

(i) Finance Lease

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

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating Lease

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

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

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

(g) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Property, plant and equipment

Property, plant and equipment are measured at cost/valuation less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

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

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

The Group revalues its properties comprising land and building every 3 to 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Long leasehold lands	Over remaining leasehold period
Buildings	50 years
Cold room, installation, and plant and machineries	6 - 20 years
Motor vehicles	10 years
Signboard, furniture and fittings, and office equipments	5 - 10 years

Freehold lands have an indefinite useful life and therefore is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Biological assets

Biological assets comprise breeders and broilers are measured at fair value less cost to sell.

The fair value of breeders is determined using income approach based on the expected number of eggs produced by each breeder 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 breeders to maturity.

The fair value of broilers is determined using comparison approach by entails analysing recent transactions, asking price and sector benchmarks of similar biological assets in and around the locality for comparison purposes with adjustments made for age, size, weight and market condition.

Costs to sell include the incremental selling costs, exclude finance costs and income taxes.

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

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The inventories of the Group are made up of poultry related inventories and relevant cost of land and development expenditure.

(i) Poultry related inventories

The cost of inventories is measured based on weighted average cost method and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition, are accounted for as follows:

- cost of raw materials and packaging materials comprise cost of purchase and are stated on a standard cost basis (which approximates average actual cost).
- cost of finished goods includes raw materials, labour and an appropriate proportion of production overheads.

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

(ii) Property development costs

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, cashline-i and pledged deposits, if any.

(l) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively.

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

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

Previous financial year

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 3(m)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 3(m)(i)).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost. Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

Previous financial year (Cont'd)

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value, through profit or loss, are subject to review for impairment (see Note 3(m)(i)).

Financial liabilities

Current financial year

The category of financial liabilities at initial recognition is as follows:

(a) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) 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 specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Financial instruments (Cont'd)

(iv) Financial guarantee contracts (Cont'd)

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(a) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(vi) 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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

(m) Impairment of assets

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

Loss allowance of the Group are measured on either of the following bases:

(i) 12-month ECL - represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

(ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Financial assets (Cont'd)

Current financial year (Cont'd)

Simplified approach - trade receivables, lease receivables and contract assets

The Group applies the simplified approach to provide ECLs for all trade receivables, lease receivables and contract assets as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where applicable.

General approach- other financial instruments and financial guarantee contracts

The Group applies the general approach to provide for ECLs on all other financial instruments and financial guarantee contracts, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant in credit risk since intial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

  The Company considers a financial guarantee contract to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditors and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLS is the maximum contractual period over which the Group is exposed to credit risk.

Credit Impaired financial assets

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment of assets (Cont'd)

(i) Financial assets (Cont'd)

Current financial year (cont'd)

Credit Impaired financial assets (cont'd)

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event (e.g being more than 1 year past due)
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not other consider (e.g the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associates) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Impairment of assets (Cont'd)

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

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

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risks specific to the asset.

Previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Equity instrument

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

<u>Ordinary shares</u>

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

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) 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, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in Ringgit Malaysia using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are translated to the functional currencies at the exchange rates on the reporting date. Non-monetary items denominated in foreign currencies are not retranslated at the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

(r) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

		Group	
		2018	2017
	Note	RM	RM
Live broilers and other farm related products	(i)	**34,121,775**	28,790,261
Processed products	(ii)	**59,701,250**	80,858,662
Property development revenue	(iii)	**12,742,411**	-
Restaurants and kiosk	(iv)	**1,666,894**	2,072,112
		108,232,330	111,721,035

Disaggregation of revenue by segment is disclosed in Note 28.

Revenue represents the Group's and the Company's revenue from contracts with customers which are recognised at a point in time.

4. REVENUE (Cont'd)

(i) Live broilers and other farm related products

The Group is engaged in trading of live broilers and other farm related products such as chicken feeds, egg and chemicals. The Group entered into contract with customers upon issuance of sales invoice to customers.

(ii) Processed products

The Group is engaged in trading of processed products. The Group entered into contract with customers via a supply of poultry products agreement and upon issuance of sales invoice to customers.

Performance Obligation ("PO") of (i) and (ii)

PO is satisfied upon delivery of goods to customers and acknowledged by customers. The credit term granted to customers generally ranged from cash on delivery to 30 days. No allocation of transaction price required to PO as each contract consists of one PO only and transaction price is determined based on market price of the goods.

Timing of recognition of (i) and (ii)

Revenue is recognised at point in time when the Group had satisfied PO, i.e. delivery of goods to customers. At the end of the financial year end, there is no unsatisfied PO, i.e. unperformed services and therefore no cut-off issue on the recognition of revenue.

(iii) Property development costs

The Group generates revenue from sale of on-going construction units.

The Group has entered into a Joint Development Agreement with third party to develop an affordable mixed development (i.e. single-storey semi-detached house, single-storey terrace house, and single-storey shop house). Contract with customer is established upon signing the Sale and Purchase Agreement ("SPA").

Revenue recognition is based on stage of completion method. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Performance Obligation ("PO")

The PO is satisfied upon the customer simultaneously receives and consumes the benefits provided by the Group's performance. The duration of the contract generally takes 24 months to complete. Payment is generally due upon issuance of progress billing and tax invoice to customer.

Timing of recognition

Revenue is recognised when 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 to date. The residential units sold have generally no alternative use for the Group due to contractual restrictions. The Group has an enforceable right to payment for the certified workdone over the contract period as promised in the Sale and Purchase Agreement (SPA). Therefore, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that aforesaid performance obligation.

Variable consideration

Incremental costs of obtaining a contract with a customer are recognised as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (for example, a sales commission). Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group has recognised the incremental costs of obtaining a contract with a customer as assets under Note 13(a).

4. REVENUE (Cont'd)

(iii) Property development costs (Cont'd)

Asset related to contracts with customers

The Group has recognised the carried-forward asset and performance obligations that was satisfied during the year as follows:

	Note	2018 RM
Cumulative revenue recognised in profit or loss		**12,742,411**
Cumulative billing to purchasers		**(7,921,500)**
Net progress billings		**4,820,911**
Representing:		
Total contract assets, representing revenue recognised from performance obligations satisfied during the year	14	**4,820,911**

Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from property development revenue.

	2018 RM
Total transaction price	**21,872,000**
Less: Property development revenue recognised	**(12,742,411)**
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 31 December	**9,129,589**

(iv) Restaurants and kiosk

The Group operates restaurants and kiosk with its own brand name. The Group entered into contract with customers upon issuance of invoice to customers.

Performance Obligation ("PO")

PO is satisfied upon delivery of food to customers and all payments are based on cash on delivery. No allocation of transaction price required to PO as each contract consists of one PO only and transaction price is determined based on selling price of the goods.

Timing of recognition

Revenue is recognised at point in time when the Group had satisfied PO, i.e. delivery of goods to customers. At the end of the financial year end, there is no unsatisfied PO, i.e. unperformed services and therefore no cut-off issue on the recognition of revenue.

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	Group		Company	
	2018 RM	Restated 2017 RM	2018 RM	2017 RM
Auditors' remuneration				
- Statutory audit				
- Current year	**125,000**	46,500	**40,000**	37,000
- Overprovision in prior year	**-**	(50,000)	**-**	(50,000)
- Other services	**5,000**	7,000	**5,000**	7,000
Changes in fair value on unquoted shares	**1,070,000**	-	**1,070,000**	-
Depreciation of property, plant and equipment	**6,393,003**	5,619,338	**-**	-
Directors' remuneration (Note a)	**1,596,889**	1,456,422	**258,000**	115,000
Employee benefits expense (Note b)	**14,290,761**	13,969,693	**-**	-
Impairment loss on:				
- amounts due from subsidiaries	**-**	-	**22,585,617**	65,183
- investment in associates	**268,251**	-	**-**	-
- investment in subsidiaries	**-**	-	**44,362,928**	15,402,610
- property, plant and equipment	**16,489,175**	123,772	**-**	-
- receivables	**701,833**	7,574,966	**-**	-
Interest expense:				
- banker's acceptance	**7,333**	135,433	**-**	-
- bank overdraft	**977**	9,878	**-**	-
- Bai' Bithman Ajil Facility	**736,725**	1,382,191	**-**	-
- Finance lease payables	**366,852**	133,464	**-**	-
- Cashline-i	**16,560**	433,658	**-**	-
Interest income	**(329,730)**	-	**(2,728)**	-
Loss/(gain) on disposal of property, plant and equipment	**13,710**	(30,711)	**-**	-
Reversal of impairment loss on:				
- amounts due from subsidiaries	**-**	-	**(471,408)**	-
- investment in subsidiaries	**-**	-	**-**	(295,757)
- receivables	**(6,196,744)**	(1,574,875)	**-**	-

5. LOSS BEFORE TAX (Cont'd)

Loss before tax is arrived at after charging/(crediting) (Cont'd):

	Group		Company	
	2018	Restated 2017	2018	2017
	RM	RM	RM	RM
Rental of:				
- coldroom	**207,680**	200,180	**-**	-
- crane and forklift	**22,730**	44,557	**-**	-
- equipment	**59,247**	52,032	**-**	-
- farm	**3,987,000**	3,972,000	**-**	-
- hostel	**713,223**	424,060	**-**	-
- motor vehicle	**652,500**	629,424	**-**	-
Rental income	**(119,846)**	(33,600)	**-**	-
Realised loss/(gain) on foreign exchange	**3,911**	(4,642)	**-**	-
Written off on:				
- deposit	**8,990**	-	**-**	-
- amount due from a subsidiary	**-**	-	**-**	2,540
- investment in subsidiaries	**-**	-	**-**	3
- property, plant and equipment	**419,984**	867	**-**	-

(a) Directors' remuneration:

	Group		Company	
	2018	Restated 2017	2018	2017
Fee	**90,000**	90,000	**90,000**	90,000
Salary, allowances and bonus	**1,392,465**	1,249,686	**168,000**	25,000
Contributions to defined contribution plan	**108,000**	108,001	**-**	-
Others	**6,424**	8,735	**-**	-
	1,596,889	1,456,422	**258,000**	115,000

The number of Directors of the Group and of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Group		Company	
	No. of Directors			
	2018	2017	2018	2017
Executive Directors:				
RM100,001 - RM150,000	**1**	-	**1**	-
RM600,001 - RM650,000	**2**	2	**-**	-
Non-Executive Directors:				
Below RM50,000	**4**	3	**6**	3

5. LOSS BEFORE TAX (Cont'd)

(b) Employee benefits expense:

	Group	
	2018 RM	Restated 2017 RM
Salary, allowances and bonus	**12,133,118**	11,304,055
Contributions to defined contribution plan	**631,226**	617,647
Others	**1,526,417**	2,047,991
	14,290,761	13,969,693

6. INCOME TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:				
- Current year provision	**1,116,922**	-	**-**	-
- Overprovision in prior year	**-**	(8,986)	**-**	-
Deferred tax (Note 23):				
- Realisation of deferred tax liability arising from depreciable revaluation reserve	**(170,483)**	(200,107)	**-**	-
Income tax expense/(credit) for the financial year	**946,439**	(209,093)	**-**	-

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

The reconciliations from the tax amount at statutory income tax rate to the Group's and to the Company's tax expense/ (credit) are as follows:

	Group		Company	
	2018 RM	Restated 2017 RM	2018 RM	2017 RM
Loss before tax	**(26,903,218)**	(20,462,606)	**(68,650,449)**	(17,628,161)
Tax at the Malaysian statutory income tax rate of 24%	**(6,456,773)**	(4,911,025)	**(16,476,108)**	(4,230,759)
Income not subject to tax	**(1,487,220)**	(257,099)	**(113,138)**	(70,982)
Tax effect on non-deductible expenses	**936,768**	2,719,521	**16,589,246**	4,301,741
Tax effect on share of result of associates	**19,373**	6,949	**-**	-
Deferred tax assets not recognised	**8,104,774**	2,441,654	**-**	-
Realisation of deferred tax liability arising from depreciable revaluation reserve	**(170,483)**	(200,107)	**-**	-
Overprovision of income tax in prior year	**-**	(8,986)	**-**	-
	946,439	(209,093)	**-**	-

6. INCOME TAX EXPENSE (Cont'd)

The Group has the following estimated items available for set-off against future taxable profits:

	Group	
		Restated
	2018	2017
	RM	RM
Unutilised tax losses	**57,337,430**	47,317,073
Unabsorbed capital allowances	**59,870,969**	56,779,425
Unutilised reinvestment allowances	**47,428,883**	47,428,883
	164,637,282	151,525,381

The availability of tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

With effect from Year of Assessment ("YA") 2019, the unutilised business losses and unabsorbed capital allowances in a YA of the Group can only be carried forward for a maximum period of 7 consecutive YAs to be utilised against income from any business source.

7. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018	2017
Loss after tax attributable to the Owners of the Company (RM)	**(27,849,657)**	(20,253,513)
Number of ordinary shares at beginning of the year	**2,678,229,306**	1,083,163,945
Effect of weighted average on conversion of Redeemable Convertible Note	**-**	356,963,731
Weighted average number of ordinary shares in issue at end of financial year	**2,678,229,306**	1,440,127,676
Basic loss per ordinary share (sen)	**(0.010)**	(0.014)

Diluted loss per share

The Group has no dilution in its loss per ordinary share as the exercise price of the warrants have exceeded the average market price of ordinary shares during the financial year. The options do not have any dilution effect on the weighted average number of ordinary shares.

8. PROPERTY, PLANT AND EQUIPMENT

	At valuation			At cost			
	Freehold lands	Long leasehold lands	Buildings	Cold room, installation, plant and machineries	Motor vehicles	Signboard, furniture and fittings, and office equipment	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2018							
Cost/Valuation							
At 1 January	5,525,000	14,600,000	40,623,015	57,293,723	9,483,840	4,643,668	132,169,246
Additions	-	-	9,342,998	665,333	626,339	857,119	11,491,789
Disposals	-	-	-	(47,800)	-	-	(47,800)
Written off	-	-	-	(1,035,781)	-	(390,399)	(1,426,180)
Revaluation surplus	235,000	-	-	-	-	-	235,000
At 31 December	5,760,000	14,600,000	49,966,013	56,875,475	10,110,179	5,110,388	142,422,055
Accumulated depreciation							
At 1 January	-	84,670	1,430,243	42,159,893	6,908,375	1,498,845	52,082,026
Charge for the financial year	-	165,596	2,900,553	2,385,946	446,424	494,484	6,393,003
Disposals	-	-	-	(26,290)	-	-	(26,290)
Written off	-	-	-	(970,494)	-	(35,702)	(1,006,196)
At 31 December	-	250,266	4,330,796	43,549,055	7,354,799	1,957,627	57,442,543

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation			At cost			
	Freehold lands	Long leasehold lands	Buildings	Cold room, installation, plant and machineries	Motor vehicles	Signboard, furniture and fittings, and office equipment	Total
	RM	RM	RM	RM	RM	RM	RM
Group (cont'd)							
2018							
Accumulated impairment loss							
At 1 January	-	-	123,772	-	-	-	123,772
Addition	10,000	-	-	13,326,419	-	3,152,756	16,489,175
At 31 December	10,000	-	123,772	13,326,419	-	3,152,756	16,612,947
Net carrying amount							
At 31 December	5,750,000	14,349,734	45,511,445	1	2,755,380	5	68,366,565

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation			At cost			
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	Signboard, furniture and fittings, and office equipment RM	Total RM
Group							
2017							
Cost/Valuation							
At 1 January	4,355,000	9,230,000	43,886,936	55,514,097	9,126,066	2,328,003	124,440,102
Additions	-	-	142,307	1,802,212	827,890	2,324,640	5,097,049
Disposals	-	-	-	(20,504)	(470,116)	(8,975)	(499,595)
Revaluation surplus/(deficit)	1,170,000	5,370,000	(3,406,228)	-	-	-	3,133,772
Written off	-	-	-	(2,082)	-	-	(2,082)
At 31 December	5,525,000	14,600,000	40,623,015	57,293,723	9,483,840	4,643,668	132,169,246
Accumulated depreciation							
At 1 January	-	411,380	7,919,576	39,771,833	6,995,485	1,221,763	56,320,037
Charge for the financial year	-	136,092	2,412,924	2,405,206	387,579	277,537	5,619,338
Disposals	-	-	-	(20,504)	(470,116)	(455)	(491,075)
Reclassification	-	-	-	4,573	(4,573)	-	-
Elimination of accumulated deprecation on revaluation	-	(462,802)	(8,902,257)	-	-	-	(9,365,059)
Written off	-	-	-	(1,215)	-	-	(1,215)
At 31 December	-	84,670	1,430,243	42,159,893	6,908,375	1,498,845	52,082,026

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation			At cost			
	Freehold lands	Long leasehold lands	Buildings	Cold room, installation, plant and machineries	Motor vehicles	Signboard, furniture and fittings, and office equipment	Total
	RM	RM	RM	RM	RM	RM	RM
Group (cont'd)							
2017							
Accumulated impairment loss							
At 1 January	-	-	-	-	-	-	-
Addition	-	-	123,772	-	-	-	123,772
At 31 December	-	-	123,772	-	-	-	123,772
Net carrying amount							
At 31 December	5,525,000	14,515,330	39,069,000	15,133,830	2,575,465	3,144,823	79,963,448
At 1 January	4,355,000	8,818,620	35,967,360	15,742,264	2,130,581	1,106,240	68,120,065

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Office equipment, furniture and fittings and renovation RM
Company	
2018	
Cost	
As at 1 January/31 December	**42,157**
Accumulated depreciation	
As at 1 January/31 December	**42,153**
Net carrying amount - 1 January/31 December	**4**
2017	
Cost	
As at 1 January/31 December	42,157
Accumulated depreciation	
As at 1 January/31 December	42,153
Net carrying amount - 1 January/31 December	4

(a) Assets held under finance lease arrangements

	Group		
	31.12.2018 RM	**31.12.2017 RM**	**1.1.2017 RM**
Net carrying amount			
Motor vehicles	**1,856,522**	1,557,055	1,185,958
Plant and machinery	**-**	2,868,820	1,973,247
	1,856,522	4,425,875	3,159,205

(b) Assets pledged as security

In addition to assets held under finance lease arrangements, the following assets have been pledged to licensed bank as securities for credit facilities granted to the Group as follows:

(i) Freehold land, leasehold land and buildings with a total carrying amount of RM17,072,807 (31.12.2017: RM43,182,496; 1.1.2017: RM37,795,482) as disclosed in Note 22;

(ii) Debenture over plant and machinery financed under term loan as disclosed in Note 22; and

(iii) Specific debenture over fixed assets of a subsidiary as disclosed in Note 22.

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(c) Acquisitions of property, plant and equipment

	Group	
	31.12.2018	31.12.2017
	RM	RM
Cash purchase	**10,976,645**	3,278,168
Financed through finance lease arrangement	**515,144**	1,818,881
Total acquisition of property, plant and equipment	**11,491,789**	5,097,049

(d) Assets held in trust

Included property, plant and equipment of the Group is a motor vehicle with net carrying amount of RM48,004 (31.12.2017: RM57,936; 1.1.2017: RM67,668) held in trust by a Director of the Company.

(e) Revaluation of freehold land, leasehold land and buildings

Freehold lands, leasehold lands and buildings were revalued on 13 July 2018, 21 February 2017 and 9 March 2017 respectively. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the freehold and leasehold lands were determined based on comparison method with similar lands that have been sold recently and those that are currently being offered for sale in the vicinity with appropriate adjustments made to reflect improvements and other dissimilarities and to arrive at the value of the subject lands.

The fair values of the buildings were determined based on replacement cost model less the amount of accrued physical depreciation as evidenced by the observed condition and assuming the continued use of the installed property for the designed purpose as part of a going concern but without specific relation to earnings.

The fair values of the freehold lands, leasehold lands and buildings are categorised at Level 3 of the fair value hierarchy and were estimated using observable inputs for the properties.

If the freehold lands, leasehold lands and buildings currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group		
	Net carrying amount		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
At historical cost:			
Freehold lands	**2,508,152**	2,508,152	2,508,152
Long leasehold lands	**3,090,243**	3,125,904	2,809,331
Buildings	**36,128,896**	28,115,092	27,974,919
	41,727,291	33,749,148	33,292,402

8. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(f) Impairment of plant and equipment

As at 31 December 2018, the Group carried out a review of the recoverable amount of its property, plant and equipment (except properties) in the poultry operating segment due to its continuously loss-making and significant accumulated losses position. An impairment loss of RM16,479,175 (31.12.2017: RM Nil; 1.1.2017: RM Nil) representing the impairment of the plant and equipment to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018.

The recoverable amount of the plant and equipment was derived based on value-in-use calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-years period.

The estimate of value-in-use was determined using a pre-tax discount rate of 9.80% (31.12.2017: Nil; 1.1.2017: Nil).

9. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2018	**31.12.2017**
	RM	**RM**
Unquoted shares		
At cost		
At beginning of the year	**111,582,276**	110,669,922
Add: Additions	**250,001**	-
Add: Reclassification	**-**	912,357
Less: Written off	**-**	(3)
At end of the year	**111,832,277**	111,582,276
Less: Accumulated impairment loss		
At beginning of the year	**(67,219,348)**	(51,200,138)
Add: Additions	**(44,362,928)**	(15,402,610)
Add: Reclassification	**-**	(912,357)
Less: Reversal	**-**	295,757
At end of the year	**(111,582,276)**	(67,219,348)
Net carrying amount at end of the year	**250,001**	44,362,928
Net carrying amount at beginning of the year	**44,362,928**	59,469,784

On 26 January 2018, the Group had incorporated a wholly-owned subsidiary, DBE Development Sdn Bhd with a cash consideration of RM250,000. The principal activity of the subsidiary is property development.

9. INVESTMENT IN SUBSIDIARIES (Cont'd)

On 12 February 2018, the Group had incorporated a wholly-owned subsidiary, D Construction Sdn Bhd with a cash consideration of RM1. Its intended principal activity is construction of buildings and houses.

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest 31.12.2018 %	Effective Equity Interest 31.12.2017 %
D.B.E. Poultry Sdn Bhd #	Malaysia	Operating broiler farms, feeds processing activities and trading in related farm products and materials and operator of restaurants	100	100
D.B.E. Breeding Sdn Bhd *	Malaysia	Dormant	100	100
D.B.E. Hatchery Sdn Bhd *	Malaysia	Dormant	100	100
D.B.E. Marketing Sdn Bhd *	Malaysia	Dormant	100	100
D.B.E. Food Processing Industries Sdn Bhd *	Malaysia	Dormant	100	100
D.B.E. Gurney Chicken Sdn Bhd *	Malaysia	Dormant	100	100
DBE Development Sdn Bhd	Malaysia	Property development	100	-
D Construction Sdn Bhd	Malaysia	Dormant	100	-

Impairment on investment in subsidiaries

 # D.B.E. Poultry Sdn Bhd

As at 31 December 2018, the Group carried out a review of the recoverable amount of its investment in subsidiaries, namely D.B.E. Poultry Sdn Bhd ("DBEP") due to its continuously loss-making and significant accumulated losses position. An impairment loss of RM36,937,409 (31.12.2017: RM Nil) representing the impairment of the investment in DBEP to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018. The recoverable amount was derived based on value-in-use calculation using cash flows projections derived from the most recent financial forecast approved by the Directors covering a five-year period. The estimate of value-in-use was determined using a pre-tax discount rate of 9.80% (31.12.2017: Nil; 1.1.2017: Nil).

9. INVESTMENT IN SUBSIDIARIES (Cont'd)

Impairment on investment in subsidiaries (Cont'd)

** Poultry related dormant companies*

As at 31 December 2018, the Group carried out a review of the recoverable amount of its investment in subsidiaries on poultry related dormant companies due to its continuously loss-making and significant accumulated losses position after the debt rationalisation exercise as disclosed in Note 33. An impairment loss of RM7,425,519 (31.12.2017: RM Nil) representing the impairment of the investment in its poultry related dormant companies to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018. The recoverable amount was derived based on fair value less costs of disposal which was measured based on adjusted net assets of these subsidiaries.

10. INVESTMENT IN ASSOCIATES

`	Group	
	31.12.2018	31.12.2017
	RM	RM
Unquoted shares, at cost		
At beginning of the year	**240,000**	-
Add: Additions	**137,926**	240,000
At end of the year	**377,926**	240,000
Less: Share of post acquisition reserves		
At beginning of the year	**(28,953)**	-
Add: Additions	**(80,722)**	(28,953)
At end of the year	**(109,675)**	(28,953)
Less: Accumulated impairment loss		
At beginning of the year	**-**	-
Add: Additions	**(268,251)**	-
	(268,251)	-
Net carrying amount at end of the year	**-**	211,047
Net carrying amount at beginning of the year	**211,047**	-

10. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of the associates are as follows:

Name of associates	Country of Incorporation	Principal Activities	Effective Equity Interest 31.12.2018 %	Effective Equity Interest 31.12.2017 %
Super Harumi Sdn Bhd *#	Malaysia	Investment holding company, restaurants and wholesaler of variety of goods without any particular specialisation	40	40
Super Harumi (Thailand) Co., Ltd. *#	Thailand	Quick service restaurant	30	-
GW Seasoning (M) Sdn Bhd *#	Malaysia	Seasoning powder manufacturer, wholesaler and distributor	30	-

* Not audited by Moore Stephens Associates PLT

\# The audited financial statements and auditors' report for the financial year end 31 December 2018 and 2017 were not made available.

On 19 October 2017, the Group had entered into a joint venture agreement and incorporated a company, Super Harumi Sdn Bhd ("SHSB") of which the Group has subscribed 40% of the equity interest for a total cash consideration of RM240,000. SHSB had ceased its operation in June 2018.

On 23 May 2018, the Group had entered into a joint venture agreement and incorporated a company, Super Harumi (Thailand) Co., Ltd. ("SHT") of which the Group has subscribed 30% of the equity interest for a total cash consideration of RM38,778.

On 26 September 2018, the Group had invested in GW Seasoning (M) Sdn Bhd ("GWSM") by subscribing 30% of the equity interest for a total cash consideration of RM99,148. GWSM has yet to commence its business activity.

(b) The summarised financial information of the associates, not adjusted for the proportion of the ownership interest held by the Group based on management accounts are as follows:

	31.12.2018 RM	31.12.2017 RM
Assets and liabilities		
Total assets	**532,597**	565,852
Total liabilities	**72,493**	38,235
Results		
Revenue	**254,534**	22,894
Loss for the financial year	**(317,311)**	(72,383)
Total comprehensive income	**(317,311)**	(72,383)

10. INVESTMENT IN ASSOCIATES (Cont'd)

(c) Impairment on investment in associates

As at 31 December 2018, the Group carried a review of the recoverable amount of its investment in associates due to loss-making position of certain associates and cessation of business during the year. An impairment loss of RM268,251 (31.12.2017: RM Nil) representing the impairment of the investment in associates to the recoverable amount was recognised as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2018.

The recoverable amount of the investment in associates estimated based on fair value less cost of disposal. The fair value is measured based on adjusted net assets of the associates.

11. INVESTMENT IN UNQUOTED SHARES

	Group/Company	
	31.12.2018	31.12.2017
	RM	RM
At fair value:		
Unquoted shares	**1,070,000**	-
Less: Changes in fair value	**(1,070,000)**	-
At end of the year	**-**	-
At beginning of the year	**-**	-

On 5 February 2018, the Group has incorporated a 98.7% subsidiary namely Harumi International Holdings Limited in Taiwan (Republic of China) with a total cash consideration of RM1,070,000.

This investment has not been treated as subsidiary or jointly controlled investment entity given the Group has no control or significant influence over its operating and financing activities of such investment.

This investment does not have a quoted market price in an active market and hence, the fair value was derived based on adjusted net assets. The fair value of the investment is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.

12. BIOLOGICAL ASSETS

	Group		
		Restated	Restated
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
At fair value:			
Breeders	**3,159,290**	3,169,852	3,129,157
Broilers	**4,973,252**	5,937,630	6,432,175
	8,132,542	9,107,482	9,561,332

12. BIOLOGICAL ASSETS (Cont'd)

Movement of breeders and broilers at fair value can be analysed as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM	**RM**
At 1 January	**9,107,482**	9,561,332
Increase due to purchases	**88,057,135**	93,431,155
Depopulation	**(8,807,999)**	(14,613,628)
Change in fair value	**24,450**	374,824
Sale of biological assets	**(80,248,526)**	(79,646,201)
At 31 December	**8,132,542**	9,107,482

In measuring the fair value of biological assets, estimates and judgements are required which include the market price, expected quantity of eggs to be produced over the life of the breeders, value of eggs produced by breeders, mortality rate, feed consumption rate, feed costs and other direct costs.

The fair value of breeders is determined using income approach based on the expected number of eggs produced by each breeder 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 breeders to maturity.

The fair value of broilers is determined using comparison approach which entails analysing recent transactions, asking price and sector benchmarks of similar biological assets in and around the locality for comparison purposes with adjustments made for age, size, weight and market condition.

The fair values of the breeders and broilers are categorised at Level 3 of the fair value hierarchy and were estimated using observable inputs for the assets.

13. INVENTORIES

		Group		
			Restated	
		31.12.2018	**31.12.2017**	**1.1.2017**
	Note	**RM**	**RM**	**RM**
At cost:				
Breeder eggs		528,663	594,694	700,627
Chicken feeds		450,430	476,075	457,016
Chilled and frozen chicken		2,264,032	1,883,987	3,048,317
Packing materials		254,134	301,624	184,630
Raw materials		1,082,546	1,336,987	981,370
Consumables		2,571,531	1,885,657	1,409,113
Property development costs	(a)	7,987,262	-	-
		15,138,598	6,479,024	6,781,073

The Group recognised inventories as cost of sales amounted to RM61,804,743 (31.12.2017: RM70,270,180).

13. INVENTORIES (Cont'd)

(a) Property development costs

	31.12.2018 RM
Cost incurred during the financial year	
Land costs	6,476,359
Development costs	9,402,488
At 31 December 2018	15,878,847
Cummulative cost recognised in statements of comprehensive income	
At beginning of the year	-
Recognised to cost of sales during the financial year	6,920,759
Recognised to selling and marketing expenses during the financial year	970,826
At end of the year	7,891,585
At 31 December 2018	
- Land costs	5,654,306
- Development costs	2,332,956
	7,987,262

On 5 February 2018, the Group entered into business arrangement via a Joint Development Agreement ("JDA") with Misi Jutari Sdn Bhd ("MISI") to development a mixed development on a piece of freehold land for which MISI is the registered land owner ("JDA Land") while DBE Development Sdn Bhd, a subsidiary of the Group is the beneficial owner and have full control over the project.

Included in property development costs is an amount of RM1,656,000 which represent costs to obtain contracts with customers of which RM970,826 has been amortised and recognised based on stage of completion of the development.

The title to certain land under development are in the name of third party with the development right obtained by the Group through a Joint Development Agreement dated 5 February 2018.

Land costs comprise cost incurred via acquisition or business arrangement. Any consideration payable for the land with deferred payment will be determined based on the present value of the deferred payment.

14. TRADE RECEIVABLES

		Group	
		Restated	Restated
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Trade receivables, gross	**18,145,121**	16,430,574	19,181,289
Less: Allowance for impairment loss (Note 14(a))	**(701,833)**	(3,361,925)	(4,072,793)
Trade receivables, net	**17,443,288**	13,068,649	15,108,496

The normal credit terms of trade receivables range from 30 to 90 days (31.12.2017: 30 to 90 days; 1.1.2017: 30 to 90 days).

14. TRADE RECEIVABLES (Cont'd)

Included in gross trade receivables amounting to RM7,377,039 (31.12.2017: RM Nil; 1.1.2017: RM Nil) is derived from property development segment as follows:

	Note	31.12.2018 RM
Trade receivables		**2,556,128**
Contract assets	4	**4,820,911**
		7,377,039

The contract assets primarily relate to the Group's right to consideration for work completed on property development but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

(a) Allowance for impairment loss

The movement in the impairment losses on trade receivables during the financial year were:

	Group	
	31.12.2018 RM	31.12.2017 RM
Balance at 1 January as per MFRS 139	**2,957,030**	3,500,000
Adjustment on initial application of MFRS 9	**404,895**	572,793
Balance at 1 January as per MFRS 9	**3,361,925**	4,072,793
Additional impairment loss	**701,833**	864,007
Reversal	**(3,361,925)**	(1,574,875)
Balance at 31 December	**701,833**	3,361,925

15. OTHER RECEIVABLES

		Group	
	31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Other receivables, gross	**5,032,167**	9,296,456	6,298,794
Less: Allowance for impairment loss (Note 15(a))	**(3,876,140)**	(6,710,959)	-
Less: Written off	**(8,990)**	-	-
Other receivables, net	**1,147,037**	2,585,497	6,298,794
Deposits	**1,094,271**	1,054,038	1,015,995
Prepayments	**173,393**	3,506,846	1,522,737
	2,414,701	7,146,381	8,837,526

15. OTHER RECEIVABLES (Cont'd)

(a) Allowance for impairment loss

The movement in the impairment losses on other receivables during the financial year were:

	Group	
	31.12.2018	31.12.2017
	RM	RM
At beginning of the year	**6,710,959**	-
Addition	**-**	6,710,959
Reversal	**(2,834,819)**	-
At end of the year	**3,876,140**	6,710,959

16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Amounts due from subsidiaries, gross	**34,308,978**	47,603,147	18,630,652
Less: Allowance for impairment loss (Note 16(a))	**(22,585,617)**	(471,408)	(406,225)
Amounts due from subsidiaries, net	**11,723,361**	47,131,739	18,224,427
Amounts due to subsidiaries	**-**	(12,757,590)	(12,828,277)

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest free advances and are collectible/ repayable on demand.

(a) Allowance for impairment loss

The movement in the impairment losses on amounts due from subsidiaries during the financial year were:

	Group	
	31.12.2018	31.12.2017
	RM	RM
At beginning of the year	**471,408**	406,225
Addition	**22,585,617**	65,183
Reversal	**(471,408)**	-
At end of the year	**22,585,617**	471,408

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits placed with licensed banks bore an effective interest rates of 3.83% (31.12.2017: 3.30% to 4.20%; 1.1.2017: Nil) per annum, and had maturity periods ranging from 1 to 12 months (31.12.2017: 3 to 12 months; 1.1.2017: Nil).

Included in fixed deposits is an amount of RM Nil (31.12.2017: RM1,334,366; 1.1.2017: RM Nil) pledged to licensed banks as security for banking facilities of Trade Working Capital Financing-I ("TWCF-I") granted to the Group. As at financial year ended 31 December 2018, 31 December 2017 and 1 January 2017, the Group did not utilise this facility.

18. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		Amount	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	Unit	Unit	RM	RM
Authorised:				
At 1 January	-	100,000,000	-	100,000,000
Abolishment of authorised share capital under the Companies Act, 2016	-	(100,000,000)	-	(100,000,000)
At 31 December	-	-	-	-
Issued and fully paid:				
At 1 January	**2,678,229,306**	1,083,163,945	**56,842,332**	10,831,639
Transfer pursuant to Section 618(2) of the Companies Act, 2016	-	-	-	11,679,443
Conversion of Redeemable Convertible Note	-	1,595,065,361	-	34,331,250
At 31 December	**2,678,229,306**	2,678,229,306	**56,842,332**	56,842,332

(a) "No Par Value" Regime

In prior year, the Group's and the Company's authorised share capital comprised 100,000,000 ordinary shares with a par value of RM0.0213 each. The new Companies Act, 2016, which came into operation on 31 January 2017, introduced the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision under Section 618(2) of the Companies Act, 2016 the amount standing to the credit of the Group's and of the Company's share premium account has become part of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. The Company has a period of 24 months from the effective date of the Companies Act, 2016 to use the existing balance credited in the share premium in a manner specified under Section 618(3) of the Companies Act, 2016.

(b) Conversion of Redeemable Convertible Note ("RCN")

In prior year, the Group and the Company increased its issued and paid up share capital from 1,083,163,945 to 2,678,229,306 by way of issuance of 1,595,065,361 ordinary shares pursuant to the conversion of RM36,050,000 nominal value RCN converted at the conversion price per ordinary share.

18. SHARE CAPITAL (Cont'd)

(c) Warrants

On 27 January 2017, the Company completed the listings of bonus issue of 580,644,468 free warrants on the basis of one (1) warrant for every two (2) existing shares held on the entitlement date. The Company executed the Deed Poll constituting the warrants and the issue price and exercise price of the warrants have been fixed at RM0.05 each respectively.

The warrants may be exercised at any time commencing on the date of issue of warrants on 23 January 2017 but not later than 22 January 2022. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.

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

As at 31 December 2018, the total number of warrants that remain unexercised were 580,644,468 (31.12.2017: 580,644,468; 1.1.2017: Nil).

19. RESERVES

	Note	Group 31.12.2018 RM	Restated 31.12.2017 RM	Restated 1.1.2017 RM
Distributable:				
Accumulated losses		**(18,944,953)**	(30,213,169)	(10,593,325)
Non-distributable:				
Asset revaluation reserve	(a)	**19,530,327**	19,846,939	10,759,199
Other reserve	(b)	**-**	38,578,011	38,578,011
Share premium	18	**-**	-	9,960,693
		19,530,327	58,424,950	59,297,903
		585,374	28,211,781	48,704,578

	Note	Company 31.12.2018 RM	31.12.2017 RM	1.1.2017 RM
Distributable:				
(Accumulated losses)/Retained earning		(44,946,975)	(14,874,537)	2,753,624
Non-distributable:				
Other reserve	(b)	-	38,578,011	38,578,011
Share premium	18	-	-	9,960,693
		-	38,578,011	48,538,704
		(44,946,975)	23,703,474	51,292,328

(a) Asset revaluation reserve

The asset revaluation reserve represents increase in fair value of freehold lands, long leasehold lands and buildings, net of deferred tax.

19. RESERVES (Cont'd)

(b) Other reserve

These represents excess credit offset the accumulated losses of the Group and the Company and credited to other reserve of the Group and the Company which shall be applied towards setting off future losses of the Group and the Company as permitted by the High Court of Malaya arising from previous capital reduction exercise undertaken by the Company. During the year, the Group and the Company have transferred the other reserve to accumulated losses to set-off against losses incurred.

20. REDEEMABLE CONVERTIBLE NOTE ("RCN")

		Group/Company		
	Note	**31.12.2018**	**31.12.2017**	**1.1.2017**
		RM	**RM**	**RM**
RCN:				
- Equity component		-	-	202,404
- Liability component		-	-	2,283,678
- Deferred tax liabilities (Note 23)		-	-	63,918
		-	-	2,550,000

The salient terms of the RCN are as follows:

(a) Notes

Up to RM50 million nominal value of RCN comprising four (4) tranches of a principal amount of RM10 million each for Tranche 1, Tranche 2 and Tranche 3, RM20 million for Tranche 4 (collectively, the RCN shall be referred to as the "Notes").

Each of Tranche 1 Notes shall comprise forty (40) equal sub-tranche of RM0.25 million each, Tranche 2 Notes and Tranche 3 Notes shall comprise twenty (20) equal sub-tranches of RM0.50 million each and Tranche 4 Notes shall comprise twenty (20) equal sub-tranches of RM1 million each.

(b) Tenure/Maturity

Thirty-six (36) months from the closing date of the first sub-tranche of Tranche 1 Notes.

(c) Coupon rate

2.0% per annum payable semi-annually

20. REDEEMABLE CONVERTIBLE NOTE ("RCN") (Cont'd)

The salient terms of the RCN are as follows (cont'd):

(d) **Issue and subscription date of tranche 1 Notes and the option issue the remaining sub-tranches thereafter**

In respect of the first sub-tranche of tranche 1 Notes, the date falling five (5) market days immediately after the fulfillment of the last conditions precedent or such other date as the parties may agree in writing, such date being the closing date for the first sub-tranche of Tranche 1 Notes.

In respect of the subsequent sub-tranche of tranche 1 Notes, the date falling five (5) market days immediately after the fulfillment of the last conditions precedent or such other date as the parties may agree in writing, such date being the closing date for the first sub-tranche of Tranche 1 Notes.

The Company has the option in respect of each of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes to require the Subscriber to subscribe for such Notes from the Company during the relevant option period as follows:

(a) Tranche 2 Notes: the period commencing from and including the conversion date of the last of the Notes comprised in the last substranche of Tranche 1 Notes to and including the tenth (10th) market day thereafter;

(b) Tranche 3 Notes: the period commencing from and including the conversion date of the last of the Notes comprised in the last subtranche of Tranche 2 Notes to and including the tenth (10th) market day thereafter; and

(c) Tranche 4 Notes: the period commencing from and including the conversion date of the last of the Notes comprised in the last subtranche of Tranche 3 Notes to and including the tenth (10th) market day thereafter,

Hereinafter referred to as "Option Period".

If the Subscriber does not receive the exercise notice from the Company during the relevant Option Period, the options in respect of the respective tranches and all the subsequent tranches shall lapse and cease to have any force or effect whatsoever and the Subscriber will have no further obligation to subscribe and pay for the respective tranches and all the subsequent tranches.

(e) **Conversion term**

The Notes may be converted into New DBE Shares at the Conversion Price at the option of the Noteholders, subject to the Redemption Option term (as set out below).

The number of Conversion shares shall be determined by dividing the aggregate principal amount of the Notes held by the applicable Conversion Price.

Fractions of New DBE Shares will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.

The applicable accrued interest thereon up to and including the conversion date will be payable to the Noteholders in cash on the conversion date.

(f) **Redemption option**

The Notes that are not redeemed or purchased, converted or cancelled by the Company will be redeemed by the Company at 100% of their principal amount on the Maturity Date. The Company shall at least one (1) month prior to the Maturity Date, issue an announcement notifying the shareholders of the same and shall dispatch a notice of the Maturity Date to the Noteholders.

21. TRADE PAYABLES

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Non-current			
Trade payables	**3,081,152**	-	-
Current			
Trade payables	**15,811,689**	15,685,743	15,053,052
	18,892,841	15,685,743	15,053,052

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

	Group
	31.12.2018
	RM
Present value of trade payables:	
- Repayable within one year	15,811,689
- Repayable later than one year and not later than five years	3,081,152
	18,892,841
Minimum payments:	
- Repayable within one year	15,842,671
- Repayable later than one year and not later than five years	4,093,300
	19,935,971
Less: Fair value adjustment on trade payables on initial measurement	(1,043,130)
Present value of trade payables	18,892,841

The non-current trade payables of the Group represent the outstanding sum of RM4,093,300 for purchase of a leasehold land for property development purpose which is to be repayable within 5 years.

The effective interest rate of the non-current trade payable is based on estimated borrowing costs of similar instruments with collateral at prevailing market rate of 6.90% per annum.

22. BORROWINGS

		Group		
		31.12.2018	**31.12.2017**	**1.1.2017**
		RM	**RM**	**RM**
Non-current liabilities (secured)				
Bai' Bithaman Ajil Facility	(a)	**4,720,068**	5,926,188	6,071,076
Finance lease payables	(b)	**1,457,739**	1,571,320	1,196,770
Term loans	(c)	**-**	-	4,053,440
		6,177,807	7,497,508	11,321,286
Current liabilities (secured)				
Bai' Bithaman Ajil Facility	(a)	**1,153,769**	1,437,088	2,282,873
Bank overdraft	(d)	**5**	98,163	99,233
Finance lease payables	(b)	**1,009,851**	1,035,146	633,131
Term loans	(c)	**-**	-	6,909,992
Bankers' acceptance	(a)	**-**	4,749,284	-
Cashline-i	(a)	**2,998,467**	3,000,000	-
		5,162,092	10,319,681	9,925,229
Total borrowings (secured)				
Bai' Bithaman Ajil Facility	(a)	**5,873,837**	7,363,276	8,353,949
Bank overdraft	(d)	**5**	98,163	99,233
Finance lease payables	(b)	**2,467,590**	2,606,466	1,829,901
Term loans	(c)	**-**	-	10,963,432
Bankers' acceptance	(a)	**-**	4,749,284	-
Cashline-i	(a)	**2,998,467**	3,000,000	-
		11,339,899	17,817,189	21,246,515

The effective interest/profit rates per annum on the borrowings of the Group are as follows:

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	%	**%**	**%**
Bai' Bithaman Ajil Facility	**8.90 - 10.85**	8.90 - 10.85	8.90 - 10.85
Bank overdraft	**9.10**	9.10	9.10
Cashline-i	**BFR* + 4%**	BFR* + 4%	-
Finance lease payables	**4.64 - 7.38**	4.64 - 7.38	4.64 - 7.38
Term loans	**-**	-	7.86 - 8.75
Bankers' acceptance	**-**	7.75	-

** BFR - Bank Financing Rate*

22. BORROWINGS (Cont'd)

(a) Bai' Bithaman Ajil Facility ("BBA")

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
BBA I	**-**	-	722,873
BBA II	**-**	593,065	868,113
BBA III	**5,873,837**	6,770,211	6,762,963
	5,873,837	7,363,276	8,353,949
Representing:			
Repayable within one year (current)	**1,153,769**	1,437,088	2,282,873
Repayable between one and two years	**1,217,031**	1,162,292	1,560,000
Repayable between two and five years	**2,637,917**	4,369,054	4,511,076
Repayable more than five years	**865,120**	394,842	-
Repayable after one year (non-current)	**4,720,068**	5,926,188	6,071,076
	5,873,837	7,363,276	8,353,949

The BBA, bankers' acceptance and cashline-i facilities of the Group are secured by the following:

(i) First legal charge on the freehold land and buildings of the Group as disclosed in Note 8;

(ii) Corporate guarantee from the Company;

(iii) Jointly and severally guaranteed by two Directors of the Company; and

(iv) Assignment of sale proceeds of 5% into a Designated Escrow account in respect of Supply of Poultry Products Agreement between the Company and Approved Buyers. This was discharged during the financial year due to the full settlement of bankers' acceptance.

(b) Finance lease payables

	Group		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Minimum finance lease payments:			
Within 1 year	**1,132,842**	1,174,756	743,241
More than 1 year and less than 5 years	**1,555,690**	1,660,854	1,332,583
More than 5 years	**30,181**	136,265	-
	2,718,713	2,971,875	2,075,824
Less: Future finance charges	**(251,123)**	(365,409)	(245,923)
Present value of finance lease payables	**2,467,590**	2,606,466	1,829,901
Present value of finance lease payables:			
Within 1 year	**1,009,851**	1,035,146	633,131
More than 1 year and less than 5 years	**1,428,251**	1,463,609	1,196,770
More than 5 years	**29,488**	107,711	-
	2,467,590	2,606,466	1,829,901

22. BORROWINGS (Cont'd)

(c) Term loans

	Group		
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Term loan I	-	-	2,772,626
Term loan II	-	-	3,190,806
Term loan III	-	-	5,000,000
	-	-	10,963,432
Representing:			
Repayable within one year (current)	-	-	6,909,992
Repayable between one and two years	-	-	1,909,992
Repayable between two and five years	-	-	2,143,448
Repayable after one year (non-current)	-	-	4,053,440
	-	-	10,963,432

The term loans of the Group were secured by the followings:

(i) Second legal charge on the freehold land and buildings of the Group as disclosed in Note 8;

(ii) Corporate guarantee from the Company;

(iii) Specific debenture over fixed assets of a subsidiary; and

(iv) Jointly and severally guaranteed by two Directors of the Company.

(d) Bank overdraft

The bank overdraft of a subsidiary is secured jointly and severally by two Directors and a former Director of the Group.

23. DEFERRED TAX LIABILITIES

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM	**RM**	**RM**	**RM**
At beginning of the year	**5,513,242**	2,999,847	**-**	63,918
Recognised in profit or loss (Note 6)	**(170,483)**	(200,107)	**-**	-
Recognised in equity	**11,750**	2,713,502	**-**	(63,918)
At end of the year	**5,354,509**	5,513,242	**-**	-

The recognised deferred tax (assets)/liabilities before offsetting are as follows:

	Unabsorbed capital allowances	Property, plant and equipment	Asset revaluation reserve	Redeemable Convertible Notes	Total
	RM	**RM**	**RM**	**RM**	**RM**
Deferred tax (assets)/liabilities					
1 January 2018	**(5,848,912)**	**5,848,912**	**5,513,242**	**-**	**5,513,242**
Recognised in profit or loss	**(6,480,710)**	**6,480,710**	**(170,483)**	**-**	**(170,483)**
Recognised in equity	**-**	**-**	**11,750**	**-**	**11,750**
At 31 December 2018	**(12,329,622)**	**12,329,622**	**5,354,509**	**-**	**5,354,509**
1 January 2017	(5,836,989)	5,836,989	2,935,929	63,918	2,999,847
Recognised in profit or loss	(11,923)	11,923	(200,107)	-	(200,107)
Recognised in equity	-	-	2,777,420	(63,918)	2,713,502
At 31 December 2018	(5,848,912)	5,848,912	5,513,242	-	5,513,242

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follow:

	Group	
	31.12.2018	**Restated 31.12.2017**
	RM	**RM**
Unutilised tax losses	**57,337,430**	47,317,073
Unabsorbed capital allowances	**8,497,544**	2,207,273
Unutilised reinvestment allowances	**47,428,883**	47,428,883
Other deductible temporary differences	**17,459,262**	-
	130,723,119	96,953,229

The availability of tax losses will be subject to Inland Revenue Board discretion and approval to offset against future taxable profit.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries of the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the actual tax losses carrying forward, capital allowances and reinvestment allowances to the subsidiaries of the Company.

24. OTHER PAYABLES

		Group	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Other payables	**11,078,983**	6,669,701	4,685,044
Refundable deposits	**257,233**	249,671	230,171
Accruals	**2,283,829**	1,550,835	3,320,690
	13,620,045	8,470,207	8,235,905

		Company	
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM	**RM**	**RM**
Other payables	**7,191**	10,466	93,211
Accruals	**71,200**	141,000	143,500
	78,391	151,466	236,711

25. AMOUNT DUE TO DIRECTORS

Amount due to Directors is non-trade in nature, unsecured, interest free advances and is repayable on demand.

26. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	31.12.2018	**31.12.2017**
	RM	**RM**
Not more than one year	**1,810,325**	3,635,600
Later than one year and not later than two years	**1,129,000**	1,497,000
Later than one year and not later than five years	**1,302,000**	424,000
Five years and more than five years	**280,700**	-
	4,522,025	5,556,600

27. RELATED PARTY DISCLOSURES

Identity of related parties

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

The Group and the Company have related party relationships with its subsidiaries, Directors and key management personnel. The fellow subsidiary is subsidiary of its holding company.

27. RELATED PARTY DISCLOSURES (Cont'd)

Significant related party transactions

Other than disclosed elsewhere in the financial statements, the significant related party transactions between the Group and the Company and their related parties during the financial year are as follows:

	31.12.2018 RM	31.12.2017 RM
Group		
Directors		
Advances from Directors	**12,147,782**	61,282
Related parties		
Construction works	**6,582,310**	-
Advances	**100,505**	-
Repayments	**(6,682,815)**	-
Transaction with parties connected to the Directors		
Hostel rental	**12,000**	12,000
Salaries, allowance and bonus	**1,079,381**	1,119,300
Company		
Debt rationalisation exercise with subsidiaries in poultry segment		
Assignment of debts due from D.B.E. Breeding Sdn Bhd	**7,750,755**	-
Assignment of debts due from D.B.E. Food Processing Industries Sdn Bhd	**2,447,027**	-
Assignment of debts due from D.B.E. Gurney Chicken Sdn Bhd	**415,087**	-
Assignment of debts due from D.B.E. Hatchery Sdn Bhd	**2,132,481**	-
Assignment of debts due from D.B.E. Marketing Sdn Bhd	**(574,311)**	-
Assignment of debts due from D.B.E. Poultry Sdn Bhd	**(12,171,039)**	-
Subsidiaries		
Advances from/(Repayment to)	**536,579**	(29,045,722)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in Notes 16 and 25 respectively.

27. RELATED PARTY DISCLOSURES (Cont'd)

Compensation of key management personnel

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

The remuneration of the Directors and other members of key management personnel during the financial year were as follows:

	Group		Company	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
	RM	**RM**	**RM**	**RM**
Short-term employee benefits	**1,556,000**	1,555,000	**258,000**	115,000
Post-employment benefits	**119,760**	136,800	**-**	-
	1,675,760	1,691,800	**258 ,000**	115,000

28. SEGMENT INFORMATION

(a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Investment holding	**Investment holding company**
Poultry	Broiler farms, feeds processing activities and trading in related farm products and materials and operator of restaurants
Property development	Property development

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. Segment results represent profit or loss before finance costs and tax of the segments.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

28. SEGMENT INFORMATION (cont'd)

	Investment Holding RM	Poultry RM	Property Development RM	Total Segments RM	(i) Elimination RM	Note	Consolidated RM
2018							
Revenue							
External revenue	-	95,489,919	12,742,411	108,232,330			108,232,330
Result							
Interest expenses	-	1,128,447	-	1,128,447			1,128,447
Interest income	(2,728)	(209,813)	(117,189)	(329,730)			(329,730)
Other non-cash expenses/(income)	67,547,137	31,498,585	-	99,045,722	(79,796,798)	a(ii)	19,248,924
Segment results	(68,650,449)	(41,361,124)	4,520,726	(105,490,847)	79,796,798		(25,694,049)
Segment (loss)/profit before tax	(68,650,449)	(42,570,293)	4,520,726	(106,700,016)	79,796,798	a(ii)	(26,903,218)
Segment assets	11,973,747	98,770,750	21,230,947	131,975,444	(11,976,361)		119,999,083
Segment liabilities	78,390	87,201,039	16,460,220	103,739,649	(47,631,639)		56,108,010
Other information							
Additions to non-current assets excluding deferred tax assets and financial assets	-	11,491,789	-	11,491,789			11,491,789

(i) Inter-segment balances are eliminated on consolidation

28. SEGMENTS INFORMATION (Cont'd)

(a) Operating segments

(ii) Other non-cash expenses/(income) consist of the following items as presented in the respective notes to the financial statements:

	Group 2018 RM
Changes in fair value on unquoted shares	1,070,000
Depreciation of property, plant and equipment	6,393,003
Loss on disposal of property, plant and equipment	13,710
Impairment loss on:	
- investment in associates	268,251
- property, plant and equipment	16,489,175
- receivables	701,833
Reversal of impairment on receivables	(6,196,744)
Share of result of associate	80,722
Written off on:	
- Deposit	8,990
- property, plant and equipment	419,984
	19,248,924

(iii) Additions to non-current assets excluding deferred tax assets and financial assts consist of:

	Group 2018 RM
Property, plant and equipment	11,491,789

(b) Geographical Information

All of the segments are operated within Malaysia.

(c) Major customer information

The Group has 3 major customers which contribute 30% (31.12.2017: 58%) amounting to RM32,947,328 (31.12.2017: RM64,455,988) of the Group's revenue during the financial year.

In prior year, no segment information reporting by industry and geographical segments has been prepared as the Group was primarily involved in the business of poultry farming and operates principally in Malaysia.

29. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised at amortised costs, respectively except for investment in unquoted shares which is categorised at fair value through profit and loss.

Financial Risk Management Objectives and Policies

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

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

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables (which consist of trade receivables and other receivables). The Company's exposure to credit risk arises principally from amounts due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with good credit rating. Credit evaluations are performed on all customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

At the end of the reporting period, there is 1 customer with balances amounting to 24% (31.12.2017: 3 customers amounting to 15%, 19% and 29%; 1.1.2017: 1 customer amounting to 31%;) of the Group's gross trade receivables.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Recognition and measurement of impairment loss

<u>Trade receivables from Poultry Operating Segment</u>

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances and to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Any receivables having significant balances past due more than 1 year, which are deemed to have higher credit risk, are monitored individually. The Group has recognised a loss allowance of 100% against all receivables over 1 year past due (credit-impaired) because historical experience has indicated that these receivables are generally not recoverable.

The Group applies the simplified approach to provide for expected credit losses for all its trade receivables. The Group uses a provision matrix to measure the lifetime expected credit losses allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and number of days past due. Loss rates are based on actual credit loss experience over the past three years. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to repay the debts.

<u>Trade receivables and contract assets from Property Development Operating Segment</u>

The Group recognises a loss allowance for expected credit losses on a financial asset that is measured as receivable and a contract asset if the credit risk on that financial instrument has increased significantly since initial recognition. The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition as the trade receivable is determined to have low credit risk at the reporting date.

For the purposes of measuring expected credit losses, the estimate of expected cash shortfalls shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable (ie the estimate of expected cash flows considers the probability of a foreclosure and the cash flows that would result from it).

The Group has possession of the legal title to the properties sold and this had served as a collateral and in the event of defaults by the purchaser, the expected cash shortfall from selling the collateral less the cost of obtaining and selling the collateral is immaterial.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018, 31 December 2017 and 1 January 2017 which are grouped together as they are expected to have similar risk nature.

	Group		
	Gross	Loss Allowance	Net
	RM	RM	RM
31.12.2018			
Not past due	**6,125,808**	**(13,619)**	**6,112,189**
Past due but not impaired:			
1 day to 30 days	**3,345,285**	**(13,591)**	**3,331,694**
31 days to 120 days	**668,213**	**(47,977)**	**620,236**
More than 120 days	**628,776**	**(626,646)**	**2,130**
	4,642,274	**(688,214)**	**3,954,060**
	10,768,082	**(701,833)**	**10,066,249**
Collateralised trade receivables			
Trade receivables	**2,556,128**	**-**	**2,556,128**
Contract assets	**4,820,911**	**-**	**4,820,911**
	7,377,039	**-**	**7,377,039**
Total	**18,145,121**	**(701,833)**	**17,443,288**
31.12.2017			
Not past due	6,790,781	(37,125)	6,753,656
Past due but not impaired:			
Less than 30 days	5,549,584	(36,693)	5,512,891
31 days to 120 days	831,416	(131,753)	699,663
More than 120 days	807,603	(705,164)	102,439
	7,188,603	(873,610)	6,314,993
	13,979,384	(910,735)	13,068,649
Credit impaired			
Individually impaired	2,451,190	(2,451,190)	-
Total	16,430,574	(3,361,925)	13,068,649

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2018, 31 December 2017 and 1 January 2017 which are grouped together as they are expected to have similar risk nature (Cont'd).

	Group		
	Gross	**Loss Allowance**	**Net**
	RM	**RM**	**RM**
1.1.2017			
Not past due	6,949,708	(21,351)	6,928,357
Past due but not impaired:			
Less than 30 days	5,214,699	(18,436)	5,196,263
31 days to 120 days	565,727	(40,801)	524,926
More than 120 days	2,972,506	(513,556)	2,458,950
	8,752,932	(572,793)	8,180,139
	15,702,640	(594,144)	15,108,496
Credit impaired			
Individually impaired	3,478,649	(3,478,649)	-
Total	19,181,289	(4,072,793)	15,108,496

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as land and equity instruments held as securities and other credit enhancement in managing exposure to credit risk.

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

Comparative information under MFRS 139, Financial instruments: Recognition and measurement

The aging of trade receivables as at 31 December 2017 was as follows:

	Group			
	Gross	**Individual Impairment**	**Collective Impairment**	**Net**
	RM	**RM**	**RM**	**RM**
31.12.2017				
Not past due	6,790,781	-	-	6,790,781
Past due but not impaired:				
1 day to 30 days	5,549,584	-	-	5,549,584
31 days to 120 days	507,600	-	-	507,600
More than 120 days	3,582,609	(2,497,918)	(459,112)	625,579
	9,639,793	(2,497,918)	(459,112)	6,682,763
	16,430,574	(2,497,918)	(459,112)	13,473,544

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Comparative information under MFRS 139, Financial instruments: Recognition and measurement (cont'd)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks and financial institutions have low credit risks. Hence, a loss allowance is not necessary.

Other receivables and deposits

Expected credit loss of other receivables is determined individually after considering the financial strength of the other receivables. As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statements of financial position. The Group has assessed a debtor which is past due more than 1 year and considered as credit impaired. As such, the Group has provided allowances for expected credit losses on the debtor as disclosed in Note 15.

Financial guarantees

The Company provides financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM8,872,304 (31.12.2017: RM15,112,563; 1.1.2017: RM19,317,381) representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. The financial guarantees are provided as credit enhancements to the subsidiary's fully secured loans.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit in shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available. The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition as the borrowings in the subsidiary are adequately secured by assets as disclosed in Note 22. Should the subsidiary default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from amounts due from subsidiaries is represented by the carrying amounts in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(a) Credit risk (Cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss

Intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date.

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advances to the Company in full given insufficient highly liquid resources when the loan is demanded.

The Company determines the probability of default for these loans and advances individually using internal information available.

At the reporting date, the Company assumes that there is a significant increase in credit risk given a subsidiary's financial position has deteriorated significantly which may lead to high probability of default for the advance to the subsidiaries. As a result, the Company has made an allowance for impairment loss of RM22,585,617 on such advances during the financial year ended 31 December 2018.

(b) Interest rate risk

		Group	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Floating rate interest			
Financial assets	5,367,189	1,363,366	29,000
Financial liabilities	(8,872,309)	(15,210,723)	(19,416,614)
	(3,505,120)	(13,847,357)	(19,387,614)

		Company	
	31.12.2018	31.12.2017	1.1.2017
	RM	RM	RM
Floating rate interest			
Financial assets	-	29,000	29,000

The Group and the Company are exposed to interest rate risk through the impact of rate changes in floating rate fixed deposits and borrowings. The interest rates of fixed deposits and borrowings are disclosed in Notes 17 and Note 22.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

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

	Group	
	31.12.2018 (Increase)/ Decrease	**31.12.2017 (Increase)/ Decrease**
	RM	**RM**
Effects on loss after tax		
Increase of 10 basis points	(2,664)	(10,524)
Decrease of 10 basis points	2,664	10,524

	Company	
	31.12.2018 (Increase)/ Decrease	**31.12.2017 (Increase)/ Decrease**
	RM	**RM**
Effects on loss after tax		
Increase of 10 basis points	-	22
Decrease of 10 basis points	-	(22)

(c) Commodity price risk

The price of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its purchases commitments do not match at the end of each business day, the Group is subject to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise the risks arising from such fluctuations through purchase of the commodity in advance, where appropriate.

Sensitivity analysis for commodity price risk

At the reporting date, if the commodity price had been 5% higher/lower, with all other variables held constant, the Group's loss net of tax would have been RM22,459 (2017: RM27,981) lower/higher.

(d) Foreign currency risk

The Group and the Company did not have any material foreign currency instruments as at 31 December 2018 and 2017, a change in foreign currency rates would not have any material impact to the loss after tax and equity of the Group and the Company.

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(e) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's and the Company's exposures to liquidity risk arise primarily from mismatch of financial assets and liabilities. The Group's and the Company's financial liabilities comprise trade payables, other payables and amount due to Directors which are due within one year or payable on demand and borrowings which have fixed terms of repayment. The Group and the Company practice prudent risk management by maintaining sufficient cash balances and availability of funding through financial support from major shareholders.

The Group's and the Company's liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to their overall debt position to meet their working capital requirement.

All of the Company's liabilities at the reporting date mature within one year or repayable on demand.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the financial year based on contractual undiscounted repayment obligations:

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(e) Liquidity risk (Cont'd)

	Carrying amount	Contractual cash flows	Contractual cash flows: Within one year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	RM	RM	RM	RM	RM	RM
Group						
31.12.2018						
Trade payables	18,892,841	19,935,971	15,842,671	480,000	3,613,300	-
Other payables	13,620,045	13,620,045	13,620,045	-	-	-
Borrowings:						
- Bai' Bithaman Ajil Facility	5,873,837	7,458,835	1,640,000	1,680,000	4,138,835	-
- Bank overdraft	5	5	5	-	-	-
- Finance lease payables	2,467,590	2,718,713	1,132,842	724,561	831,129	30,181
- Cashline-i	2,998,467	3,020,119	3,020,119	-	-	-
Amount due to Directors	12,255,225	12,255,225	12,255,225	-	-	-
	56,108,010	59,008,913	47,510,907	2,884,561	8,583,264	30,181
Group						
31.12.2017						
Trade payables	15,685,743	15,685,743	15,685,743	-	-	-
Other payables	8,470,207	8,470,207	8,470,207	-	-	-
Borrowings:						
- Bai' Bithaman Ajil Facility	7,363,276	9,363,068	1,953,065	1,600,000	5,040,000	770,003
- Bank overdraft	98,163	99,140	99,140	-	-	-
- Finance lease payables	2,606,466	2,971,875	1,174,756	877,892	782,962	136,265
- Bankers' acceptance	4,749,284	4,799,732	4,799,732	-	-	-
- Cashline-i	3,000,000	3,061,656	61,656	3,000,000	-	-
Amount due to a Director	107,443	107,443	107,443	-	-	-
	42,080,582	44,558,864	32,351,742	5,477,892	5,822,962	906,268

29. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

(e) Liquidity risk (Cont'd)

	Carrying amount RM	Contractual cash flows RM	Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
			Contractual cash flows			
Group						
1.1.2017						
Trade payables	15,053,052	15,053,052	15,053,052	-	-	-
Other payables	8,235,905	8,235,905	8,235,905	-	-	-
Borrowings						
- Bai' Bithaman Ajil Facility	8,353,949	11,735,941	3,665,064	2,292,675	5,778,202	-
- Bank overdraft	99,233	109,111	109,111	-	-	-
- Finance lease payables	1,829,901	2,075,824	743,241	1,332,583	-	-
- Term loans	10,963,432	12,449,946	6,909,992	1,909,831	3,630,123	-
Redeemable convertible notes	2,283,678	2,283,678	2,283,678	-	-	-
Amount due to a Director	46,161	46,161	46,161	-	-	-
	46,865,311	51,989,618	37,046,204	5,535,089	9,408,325	-

30. FAIR VALUES INFORMATION

Assets and liabilities carried at fair value

The fair value measurement hierarchies used to measure non-financial assets at fair values in the statements of financial position are disclosed in Notes 8, 11 and 12.

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

Financial instrument other than those carried at fair value

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

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments and insignificant impact of discounting.

The carrying amounts of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair values of finance lease payables are determined by discounting the relevant cashflows using current interest rates for similar instruments as at the end of the reporting period.

Table below analyses liabilities carried at fair value and those not carried at fair value for which fair value is disclosed together with the carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at net present value				
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
	RM	**RM**	**RM**	**RM**	**RM**
Group					
31.12.2018					
Financial liability					
Finance lease (non-current)	-	-	1,448,084	1,448,084	1,457,739
31.12.2017					
Financial liability					
Finance lease (non-current)	-	-	1,526,960	1,526,960	1,571,320
1.1.2017					
Financial liability					
Finance lease (non-current)	-	-	1,188,297	1,188,297	1,196,770

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: The fair values of finance lease are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are 4.44% (31.12.2017: 2.48%; 1.1.2017: 2.48%).

There was no material transfer between Level 1, Level 2 and Level 3 during the financial year.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements. The Group is dependent on its continued financial support from its shareholders to enable it to meet its obligations as and when they fall due.

The Group monitors capital using net debt-to-equity ratio which is the net debt divided by total capital. Net debt includes loans and borrowings, less cash and cash equivalent whilst total capital is equity attributable to Owners of the Company.

The net debt-to-equity ratios at end of the reporting period are as follows:

	Group	
		Restated
	31.12.2018	31.12.2017
	RM	RM
Borrowings	11,339,899	17,817,189
Less: Cash and cash equivalents	(8,503,389)	(16,664,943)
Total net debts	2,836,510	1,152,246
Total equity	57,427,706	85,054,113
Debt-to-equity ratio (%)	5%	1%

The Group is in compliance with all externally imposed capital requirements.

32. COMPARATIVE FIGURES

(i) The financial statements of the Group and of the Company for the financial year ended 31 December 2017 were audited by a firm of chartered accountants other than Moore Stephens Associates PLT who expressed an unmodified opinion on those financial statements on 13 April 2018.

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification.

(a) Transition from Financial Reporting Standards Framework ("FRS") to MFRS

The financial statement of the Group and the Company for the financial year ended 31 December 2018 are the first sets of the financial statements prepared in accordance with MFRS.

The accounting policies set out in Note 3 have been applied in the opening MFRS statement of financial position as at 1 January 2017 and throughout all periods presented in the financial statements.

The effect of the Group's transition to MFRS are as follows:

(i) MFRS 141 Agriculture

Prior to the adoption of MFRS 141, Agriculture, biological assets were stated at the lower of amortised cost and net realisable value under FRS 141. Under MFRS 141, the fair values of breeders and broilers are determined using income and comparison model based on the expected number of eggs produced by each breeder, the expected projected selling price of matured broiler and salvage value for old breeders 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 breeders and broilers to maturity.

The adoption of MFRS 141 has resulted in the change in measurement basis to recognise the biological assets at fair value as presented in Note 32(d). The related deferred tax impact has not been included in the financial statements as the Management has made assessment and concluded that the impact is insignificant.

32. COMPARATIVE FIGURES (Cont'd)

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification. (Cont'd)

(a) Transition from Financial Reporting Standards Framework (“FRS”) to MFRS (Cont'd)

The effect of the Group's transition to MFRS are as follows: (Cont'd)

(ii) MFRS 9 Financial Instruments

For financial assets in the scope of MFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that the application of MFRS 9’s impairment requirements as at 1 January 2017 resulted in an additional allowance for impairment as presented in Note 32(d).

(b) Prior year adjustment

The external auditors had conducted a review of the opening balances in accordance with International Standards of Auditing 510 - Initial Audit Engagements - Opening Balances. Based on the findings of the review, the following areas were re-assessed by the Directors and the adjustments arising therefrom have been adjusted as prior period adjustments in accordance with the requirements of MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors.

Measurement of inventories

Based on the re-assessment conducted by the Directors, it was found that certain closing inventories were erroneously carry at selling price instead of cost in the financial year ended 31 December 2017.

Accordingly, those inventories have been adjusted as prior year adjustments in respect of financial year ended 31 December 2017, in accordance with the requirement stated in MFRS 108 as presented in Note 32(d).

(c) Reclassification

The comparative figures are reclassified to conform with the current year’s presentation.

32. COMPARATIVE FIGURES (Cont'd)

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification. (Cont'd)

(d) Reconciliation between FRS and MFRS framework

	As previously reported FRS RM	Effect of transition to MFRS RM	Prior year adjustment RM	Reclassification RM	As restated MFRS RM
Group					
1 January 2017					
Statements of financial position					
Biological assets (Note 12)	9,725,027	(163,695)	-	-	9,561,332
Trade receivables (Note 14)	15,681,289	(572,793)	-	-	15,108,496
Reserves	49,441,066	(736,488)	-	-	48,704,578
Statements of changes in equity					
Accumulated losses	(9,856,837)	(736,488)	-	-	(10,593,325)
31 December 2017					
Statements of comprehensive income					
Cost of sales:					
- effect of transition to MFRS on 31 December 2017	-	374,824	-	-	374,824
- prior year adjustment	-	-	(646,260)		(646,260)
- reclassification	-	-	-	(3,972,000)	(3,972,000)
- reversal of effect of transition to MFRS on 1 January 2017	-	163,695	-	-	163,695
	(104,794,198)	538,519	(646,260)	(3,972,000)	(108,873,939)
Other income	1,121,441	572,793	-	-	1,694,234
Administrative expenses	(25,979,878)	-	-	11,265,843	(14,714,035)
Other expenses	(467,586)	(404,895)	-	(7,293,843)	(8,166,324)

32. COMPARATIVE FIGURES (Cont'd)

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification. (Cont'd)

(d) Reconciliation between FRS and MFRS framework (Cont'd)

	As previously reported FRS RM	Effect of transition to MFRS RM	Prior year adjustment RM	Reclassification RM	As restated MFRS RM
Group					
31 December 2017					
Statements of financial position					
Biological assets (Note 12)	8,732,658	374,824	-	-	9,107,482
Inventories (Note 13)	7,125,284	-	(646,260)	-	6,479,024
Trade receivables (Note 14)	13,473,544	(404,895)	-	-	13,068,649
Reserves	28,888,112	(30,071)	(646,260)	-	28,211,781
Statements of changes in equity					
Accumulated losses	(29,536,838)	(30,071)	(646,260)	-	(30,213,169)
Statements of cash flows					
Adjustments:					
Impairment loss on receivables	7,170,071	404,895	-	-	7,574,966
Interest expense	702,545	-	-	1,392,079	2,094,624
Profit payment for Bai' Bithaman Ajil facility	1,382,201	-	-	(1,382,201)	-
Reversal of impairment loss on receivables	(1,002,082)	(572,793)	-	-	(1,574,875)
Changes in working capital					
Biological assets	992,369	(538,519)	-	-	453,850

32. COMPARATIVE FIGURES (Cont'd)

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification. (Cont'd)

(d) Reconciliation between FRS and MFRS framework (Cont'd)

	As previously reported FRS RM	Effect of transition to MFRS RM	Prior year adjustment RM	Reclassification RM	As restated MFRS RM
Group					
Cash generated from/(used in) operations					
Interest paid	(702,545)	-	-	(1,392,079)	(2,094,624)
Profit payment for Bai' Bithman Ajil facility	(1,382,201)	-	-	1,382,201	-
Cash flows from investing activities					
Purchase of property, plant and equipment	(5,097,049)	-	-	1,818,881	(3,278,168)
Cash flows from financing activities					
Drawdown of borrowings	-	-	-	24,593,311	24,593,311
Drawdown of bankers' acceptance	24,382,110	-	-	(24,382,110)	-
Drawdown of finance lease payables	2,030,082	-	-	(2,030,082)	-
Payment of bankers' acceptance	(19,632,826)	-	-	19,632,826	-
Repayment of term loans	(7,963,436)	-	-	7,963,436	-
Repayment of Bai' Bithman Ajil facility	(990,672)	-	-	990,672	-
Repayment of borrowings	-	-	-	(32,840,448)	(32,840,448)
Repayment of finance lease payables	(1,253,517)	-	-	1,253,517	-
Cash and cash equivalents comprise of the following:					
Cashline-i	-	-	-	(3,000,000)	(3,000,000)

32. COMPARATIVE FIGURES (Cont'd)

(ii) The following are changes in comparative figures due to changes in accounting framework, prior year adjustment and reclassification. (Cont'd)

(d) Reconciliation between FRS and MFRS framework (Cont'd)

	As previously reported FRS	Effect of transition to MFRS	Prior year adjustment	Reclassification	As restated MFRS
	RM	RM	RM	RM	RM
Company					
Statements of comprehensive income					
Administrative expenses	(17,923,918)	-	-	15,470,337	(2,453,581)
Other income	295,757	-	-	(295,757)	-
Other expenses	-	-	-	(15,174,580)	(15,174,580)
Statements of cash flows					
Adjustments:					
Impairment loss on:					
- amounts due from subsidiaries	-	-	-	65,183	65,183

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 5 February 2018, the Group had entered into a Joint Development Agreement (“JDA”) with third party to development a mixed development on a piece of freehold land measuring approximately 3.765 hectares located at Bota Kanan, Seri Iskandar, Perak for a consideration of RM1,740,000.

On 5 June 2018, the Group entered into a Sale and Purchase Agreement (“SPA”) for acquisition of a leasehold land measuring approximately 11.33 hectares (or approximately 28 acres) located within Mukim of Sungai Terap, District of Kinta, State of Perak for a total cash consideration of RM5,390,000 for development activity purpose.

On 30 November 2018, the Group entered into a Development Rights Agreement (“DRA”) to acquire the development right over an on-going development of 780 units of apartment known as Pangsapuri Seri Iskandar for a total cash consideration of RM3,800,000 which the DRA has not become unconditional as at year end.

During the year, the Company carried out a debt rationalisation exercise with its subsidiaries in the poultry segment as disclosed in Note 27.

34. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 26 February 2019, the Group has set up a joint venture company, namely Farmmesh Foods (M) Sdn Bhd (“FFM”) with Farmmesh Foods Co. Ltd. (“FFCL”) by subscribing for 7,000 new ordinary shares in FFM for a total consideration of RM7,000 only, representing 70% of the entire issued share capital of FFM.

LIST OF GROUP PROPERTIES

No.	Location	Description/ existing use	Land Area	Tenure	Approximate Age of Building (year)	Date of Acquisition	Net Book Value as at 31.12.2018 (RM)	Date of Last Revaluation
1	No.HM 296196,Lot 15604 Mukim of Lumut, Daerah Manjung, Perak Plot 135 & 136, Kawasan Perindustrian Pelabuhan Lumut, Kampung Acheh, 32000 Sitiawan Perak and No.HM 296197,Lot 15605 Mukim of Lumut, Daerah Manjung, Perak Plot 135 & 136, Kawasan Perindustrian Pelabuhan Lumut, Kampung Acheh, 32000 Sitiawan Perak	Industrial land/ Processing Plant Industrial land/ Processing Plant	1.4941 hectares 1.4892 hectares	99 years (expiring on 09.07.2105) 99 years (expiring on 09.07.2105)	14	19.09.2003	31,535,221.93	21.02.2017
2	No.HM 29611,Lot 15542 Mukim of Lumut, Daerah Manjung, Perak Plot 137 & 138, Kawasan Perindustrian Pelabuhan Lumut, 32000 Sitiawan Perak	Industrial land/ Feed mill	1.8746 hectares	99 years (expiring on 09.07.2105)	16	30.09.2001	15,458,886.96	21.02.2017
3	GRN 52054 Lot 4055, Mukim of Lumut, Daerah Manjung, Perak.	Agriculture land/ Broiler farm	8.5616 hectares	Freehold	15	18.07.2002	8,939,473.76	21.02.2017
4	GRN 49465 Lot 3234, Mukim of Lumut, Daerah Manjung, Perak.	Agriculture land/ Broiler farm	7.8281 hectares	Freehold	13	06.06.2002	8,133,333.42	21.02.2017
5	GM 2033 Lot 10846, Mukim of Belanja, Daerah Perak Tengah, Perak.	Agriculture land/ Vacant	1.7377 hectares	Freehold	N/A	17.07.2002	390,000.00	13.07.2018
6	GM 2034 Lot 10847, Mukim of Belanja, Daerah Perak Tengah, Perak.	Agriculture land/ Vacant	1.699 hectares	Freehold	N/A	20.09.2013	380,000.00	13.07.2018
7	HS(M) 57/76 Lot 10863, Mukim of Belanja, Daerah Perak Tengah, Perak.	Agriculture land/ Vacant	1.681 hectares	Freehold	N/A	07.12.2005	380,000.00	13.07.2018
8	H.S.(D) 237603 to 237892, PT No. 42830 to 43119 Mukim of Sungai Terap, District of Kinta, State of Perak and H.S.(D) 237897 PT No. 43124 Mukim of Sungai Terap, District of Kinta, State of Perak	Land Held for Development	11.33 hectares	99 years (expiring on 30.08.2117)	N/A	05.06.2018	5,390,000.00	N/A

ANALYSIS OF SHAREHOLDINGS

as at 1 April 2019

Total Number of Issued Shares	:	2,678,229,306
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of Shareholders	:	6,531

DISTRIBUTION SCHEDULE

Shareholding Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	15	0.23	631	0.00
100 to 1,000	774	11.85	689,799	0.03
1,001 to 10,000	1,177	18.02	6,993,323	0.26
10,001 to 100,000	2,735	41.88	151,736,400	5.67
100,001 and below 5%	1,827	27.97	1,579,528,933	58.98
5% and above	3	0.05	939,280,220	35.07
Total	**6,531**	**100.00**	**2,678,229,306**	**100.00**

THIRTY (30) LARGEST SHAREHOLDERS
(As per Record of Depositors)

	Name of Shareholders	No. of Shares Held	% of Issued Capital
1	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account- AmBank Islamic Berhad for Doh Properties Holdings Sdn Bhd	488,014,976	18.22
2	Doh Properties Holdings Sdn Bhd	234,741,784	8.76
3	Doh Properties Holdings Sdn Bhd	216,523,460	8.08
4	Chew Soon Kui	113,046,013	4.22
5	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Seng Huat	51,514,864	1.92
6	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Chea Jian Kai	38,330,600	1.43
7	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Seng Huat	37,388,510	1.40
8	Cimsec Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB Bank for Doh Jee Ming	36,000,000	1.34
9	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ong Yang Ling	29,300,000	1.09
10	Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Seng Huat	28,000,000	1.05
11	Chieng Hock Lay	18,000,000	0.67
12	Chieng Hock Lay	16,000,000	0.60
13	Amsec Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Seng Huat	14,000,000	0.52
14	Foo Fook Min	12,711,600	0.47
15	Ng Tze Jac	12,000,000	0.45
16	Cimsec Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB For Doh Jee Ming	11,520,000	0.43
17	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Abdul Rashid Bin Hadi Munir @ A Hadi	10,330,000	0.39

THIRTY (30) LARGEST SHAREHOLDERS (Cont'd)
(As per Record of Depositors)

Name of Shareholders	No. of Shares Held	% of Issued Capital
18 Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Chong Mei	10,262,000	0.38
19 Chen Yun Min	10,000,000	0.37
20 Doh Jee Ming	10,000,000	0.37
21 Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Yu Ah Sing @ Yeo Ah Sing	10,000,000	0.37
22 Lee Siew Kin	9,560,600	0.36
23 Eik Chu Yew	9,000,000	0.34
24 Affin Hwang Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Chiew Leng	8,000,000	0.30
25 Goh Khee Teck	8,000,000	0.30
26 Ting Su Yun	7,660,000	0.29
27 Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Seow Hoon Hin	7,500,000	0.28
28 Boey Tze Nin	7,445,900	0.28
29 Tong Fong Realty Sdn Berhad	7,380,300	0.28
30 TA Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Ding Tiong Sew	7,350,000	0.27

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same depositor).

SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2019 (EXCLUDING BARE TRUSTEES)
(As per Register of Substantial Shareholders)

	No. of shares held or beneficially interested in		% of Issued Capital	
Name of Substantial Shareholders	**Direct**	**Indirect**	**Direct**	**Indirect**
Doh Properties Holdings Sdn Bhd	939,280,220	35.07	-	-
Setia Awan Plantation Sdn Bhd	-	-	(2) 939,280,220	35.07
Dato' Doh Jee Ming	(1)57,520,000	2.15	(3) 939,280,220	35.07
Dato' Doh Tee Leong	-	-	(3) 939,280,220	35.07
Dato' Doh Jee Chai	-	-	(3) 939,280,220	35.07

Notes :

(1) *47,520,000 shares held through Cimsec Nominees (Tempatan) Sdn Bhd.*

(2) *Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of its shareholdings in Doh Properties Holdings Sdn Bhd.*

(3) *Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their shareholdings in Setia Awan Plantation Sdn Bhd, which in turn holds 100% equity interest in Doh Properties Holdings Sdn Bhd.*

DIRECTORS' SHAREHOLDING AS AT 1 APRIL 2019
(As per Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**Shareholdings**	**%**	**Shareholdings**	**%**
Dato' Ding Seng Huat	(1)130,903,374	4.89	-	-
Dato' Doh Jee Ming	(2)57,520,000	2.15	(3)939,280,220	35.07
Dato' Doh Tee Leong	-	-	(3)939,280,220	35.07
YM Ungku A Razak Bin Ungku A Rahman	-	-	-	-
Sandeep Singh A/L Gurbachan Singh	-	-	-	-
Foo Kwai Kheng	380	-	-	-

Notes :

(1) 51,388,510 shares held through Amsec Nominees (Tempatan) Sdn Bhd, 28,000,000 shares held through Affin Hwang Nominees (Tempatan) Sdn Bhd and 51,514,864 shares held through Kenanga Nominees (Tempatan) Sdn Bhd.

(2) 47,520,000 shares held through Cimsec Nominees (Tempatan) Sdn Bhd.

(3) Deemed interested pursuant to Section 8(4) of the Companies Act 2016 by virtue of their shareholdings in Setia Awan Plantation Sdn Bhd, which in turn holds 100% equity interest in Doh Properties Holdings Sdn Bhd.

ANALYSIS OF WARRANT HOLDINGS
as at 1 April 2019

Class of Securities	:	Warrants 2017/2022
No. of Warrants Issued	:	580,644,468
Exercise Price of Warrants	:	RM0.05
Exercise Period of Warrants	:	From 23 January 2017 to 22 January 2022
Expiry Date of Warrants	:	22 January 2022
Voting Rights	:	One vote per warrant in respect of a meeting of warrantholders
No. of Warrantholders	:	4,876

DISTRIBUTION SCHEDULE

Warrantholding Category	No. of Warrantholders	% of Warrantholders	No. of Warrants	% of Issued Warrants
Less than 100	85	1.74	3,997	0.00
100 to 1,000	904	18.54	545,795	0.09
1,001 to 10,000	1,307	26.80	6,989,816	1.20
10,001 to 100,000	1,827	37.47	80,796,910	13.92
100,001 and below 5%	753	15.44	492,307,950	84.79
5% and above	0	0.00	0	0.00
Total	**4,876**	**100.00**	**580,644,468**	**100.00**

THIRTY (30) LARGEST WARRANTHOLDERS
(As per Record of Depositors)

	Name of Warrantholders	No. of Warrants Held	% of Issued Warrants
1	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Wong Weng Kung	21,811,100	3.76
2	Sim Mui Khee	14,000,000	2.41
3	Lum Yin Mui	11,600,000	2.00
4	Loong Ding Tong	11,300,100	1.95
5	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Poh Thiam Seong	10,490,900	1.81
6	Ong Kheam Chye	9,729,000	1.68
7	Kan Yoon Keong	9,000,000	1.55
8	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Chea Jian Kai	6,950,000	1.20
9	Pak Liew Mei	6,193,000	1.07
10	Ooi Leng Hwa	5,500,000	0.95
11	Alliancegroup Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Khor Chee Heng	5,000,000	0.86
12	Noorazmin Bin Salleh	5,000,000	0.86
13	Yacob Bin Md Salleh	4,707,000	0.81
14	HSBC Nominees (Asing) Sdn Bhd Beneficiary : Credit Suisse (Hong Kong) Limited	4,500,000	0.78
15	Mohd Solahuddin Bin Mohd Kenali	3,995,400	0.69
16	Cheah Jan Nie	3,800,000	0.65
17	Kenanga Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Seow Hoon Hin	3,750,000	0.65
18	Hee Swee Chin	3,500,000	0.60

ANALYSIS OF WARRANT HOLDINGS
as at 1 April 2019 (Cont'd)

THIRTY (30) LARGEST WARRANTHOLDERS (Cont'd)
(As per Record of Depositors)

	Name of Warrantholders	No. of Warrants Held	% of Issued Warrants
19	Liew Kuan Shiong	3,500,000	0.60
20	Mak Mee Fun	3,500,000	0.60
21	Fow Chen Yin	3,300,000	0.57
22	I De Builder Sdn Bhd	3,075,000	0.53
23	Zen Heritage Capital Sdn Bhd	3,018,600	0.52
24	Abdul Shukor Bin Abu Bakar	3,000,000	0.52
25	Tan Kong Yaw	3,000,000	0.52
26	Khoo Ah Ba	2,500,000	0.43
27	Wong Kon Lim	2,500,000	0.43
28	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account For Tan Seong Peng	2,365,000	0.41
29	Khoo Chin Seong	2,340,000	0.40
30	Teh Cheaw Wah	2,300,000	0.40

The thirty largest warrantholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same depositor).

DIRECTORS' WARRANTHOLDING AS AT 1 APRIL 2019

Name of Directors	Direct Interest		Indirect Interest	
	Warrantholdings	%	Warrantholdings	%
Dato' Doh Tee Leong	-	-	-	-
Dato' Doh Jee Ming	-	-	-	-
Dato' Ding Seng Huat	-	-	-	-
YM Ungku A Razak Bin Ungku A Rahman	-	-	-	-
Sandeep Singh A/L Gurbachan Singh	-	-	-	-
Foo Kwai Kheng	-	-	-	-

No of Shares Held	CDS Account No

PROXY FORM

D.B.E. GURNEY RESOURCES BERHAD
(Company No. 535763-A)

I/We ____
(Full Name In Block Letters)

of ____
(Address)

being a member/members of D.B.E. Gurney Resources Berhad hereby appoint ______________________
(Full Name In Block Letters)

of ____
(Address)

or failing him/her ____
(Full Name In Block Letters)

of ____
(Address)

or failing him/her, the Chairman of the Meeting as my/our proxy, to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held at Intan 1, The Orient Star Resort Lumut, Lot 203 & 366 Jalan Iskandar Shah, 32200 Lumut, Perak Darul Ridzuan on Monday, 27 May 2019 at 10.00 a.m. and at any adjournment thereof.

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast.

	Ordinary Resolutions	**For**	**Against**
1.	To approve the increase in Directors' fees for the financial year ended 31 December 2018		
2.	To approve the payment of Directors' fees for the financial year ending 31 December 2019		
3.	To approve the payment of Directors' benefits to Directors from 28 May 2019 until the conclusion of the next Annual General Meeting of the Company		
4.	To re-elect Dato' Ding Seng Huat		
5.	To re-elect YM Ungku A Razak bin Ungku A Rahman		
6.	To re-elect Ms. Foo Kwai Kheng		
7.	To re-appoint Auditors and to authorize the Directors to fix their remuneration		
8.	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
	Special Resolution		
1.	Proposed Adoption of New Constitution of the Company		

(Please indicate with a cross (x) in the space provided whether you wish your votes to be cast for or against the Ordinary and Special Resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit)

If more than one proxy is appointed, please specify below the proportion of your vote in percentage represented by each proxy:	
First Named Proxy	%
Second Named Proxy	%

....
Signature(s) of Member(s) / Common Seal

Signed this ....day of ...., 2019.

Notes :

1. *Only members whose names appear on the Record of Depositors as at 17 May 2019 shall be entitled to attend, speak and vote at the Annual General Meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy may but need not be a member of the Company.*
3. *A member shall be entitled to appoint not more than two proxies to attend and vote at the Annual General Meeting. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportions of his/her holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized in writing.*
6. *Pursuant to Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions at the forthcoming Annual General Meeting shall be put by way of poll.*
7. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at No.54-4-8, Wisma Sri Mata, Jalan Van Praagh, 11600 Penang not less than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.*

Please fold here

Affix
Stamp
Here

The Company Secretary
D.B.E. GURNEY RESOURCES BERHAD
No. 54-4-8, Wisma Sri Mata
Jalan Van Praagh
11600 Penang
Malaysia

Please fold here

D.B.E. GURNEY RESOURCES BERHAD (COMPANY NO. 535763-A)
Plot 138, KAWASAN PERINDUSTRIAN PELABUHAN LUMUT,
KAMPUNG ACHEH 32000 SITIAWAN, PERAK DARUL RIDZUAN, MALAYSIA

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