



## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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# DIRECTORS' REPORT



The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

## 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 except for the Group has disposed its poultry-related subsidiaries.

## RESULTS

	Group RM	Company RM
Net profit for the financial year	<u>7,691,387</u>	<u>35,320,328</u>

## 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 Directors do not recommend any dividend in respect of 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' Doh Jee Ming	
Dato' Doh Tee Leong	
Looi Sze Shing	Appointed on 28 June 2019
Mohamad Ali Bin Ariffin	Appointed on 28 June 2019
Dato' Doh Jee Chai	Appointed on 11 February 2020
Foo Kwai Kheng	Resigned on 28 June 2019
Dato' Ding Seng Huat, DSAP	Resigned on 1 January 2020
YM Ungku A Razak Bin Ungku A Rahman	Resigned on 14 February 2020
Sandeep Singh A/L Gurbachan Singh	Resigned on 14 February 2020

## 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' Doh Jee Ming  
Dato' Doh Tee Leong

# DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS

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

	Number of ordinary shares			Amount		
	At 1.1.2019 Unit	Bought Unit	Sold Unit	At 31.12.2019 Unit	At 1.1.2019 RM	At 31.12.2019 RM
<b>Name of Directors</b>						
<i>Ordinary shares in the Company</i>						
Direct interest:						
- Dato' Doh Jee Ming	57,520,000	-	-	57,520,000	1,725,600	1,725,600
Indirect interest:						
- Dato' Doh Jee Ming *	939,280,220	-	-	939,280,220	28,178,407	28,178,407
- Dato' Doh Tee Leong *	939,280,220	-	-	939,280,220	28,178,407	28,178,407
- Dato' Doh Jee Chai *	939,280,220	-	-	939,280,220	28,178,407	28,178,407

\* *Indirect interest pursuant to Section 8(4) of the Companies Act, 2016 via Setia Awan Plantation Sdn. Bhd., which in turn holds 100% equity interest in Doh Properties Holdings Sdn. Bhd.*

Dato' Doh Jee Ming, Dato' Doh Tee Leong and Dato' Doh Jee Chai are deemed to have interest in the shares held by the Company in its subsidiaries by virtue of their substantial interest in shares via Setia Awan Plantation Sdn. Bhd., which in turn holds 100% equity interest in Doh Properties Holdings Sdn. Bhd.

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	272,500	-
Salary, allowances and bonus	-	1,221,800
Contributions to defined contribution plan	-	108,000
Others	-	13,952
<b>Total fees and other benefits</b>	<b>272,500</b>	<b>1,343,752</b>

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 28 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.

# DIRECTORS' REPORT (Cont'd)



## 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.
- (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 and its subsidiaries as set out in Note 5 to the financial statements.
- (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) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

# **DIRECTORS' REPORT** (Cont'd)

## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

## **EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR**

Details of significant event subsequent to the end of financial year are disclosed in Note 35 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 26 February 2020.

Dato' Doh Tee Leong

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 63 to 132 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 2019 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 26 February 2020.

Dato' Doh Tee Leong

Dato' Doh Jee Ming

# STATUTORY DECLARATION

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

I, Ngu Ung Ha (MIA No.: 9773), being the Officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on page 63 to 132 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 26 February 2020

Ngu Ung Ha

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 2019 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 63 to 132.

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 2019, 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
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#### Revenue and cost recognition

Revenue from property development activity recognised during the year as disclosed in Note 4 to the financial statements amounted to RM71.82 million.

Property development revenue is recognised over the period of the project by reference to the progress towards complete satisfaction of the 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 (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project).

Judgement is required in determining the progress of property development towards the complete satisfaction of the performance obligation, which include relying on past experience and continuous monitoring of the budgeting process. These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year.

We have performed the following audit procedures to assess the revenue and cost recognition:

- Reviewed the terms and conditions of the major agreements to determine that the revenue recognised conforms with the Group's policies and requirements of MFRS 15 "Revenue from contracts with customers";
- Agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion;
- Tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to date;
- Verified the costs incurred to supporting documentation such as the sub-contractors' claim certificates and invoices from vendors on sample basis;

# INDEPENDENT AUDITORS' REPORT

to the members of D.B.E. GURNEY RESOURCES BERHAD (Cont'd)



## Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
<p><b>Revenue and cost recognition (Cont'd)</b></p> <p>We focused on this area because of the magnitude of the revenue and the costs recognised by the Group from these activities, which are based on significant estimates and judgements.</p>	<ul style="list-style-type: none"><li>• Performed site-visits for individually significant on-going projects to arrive at an overall assessment towards stage of completion;</li><li>• Checked reasonableness of the stage of completion based on actual costs incurred to date over the estimated total property development costs with architect certificates;</li><li>• Performed reasonableness test on accrued contractor costs to be incurred by the Group of which invoice/ progress claim has yet to be received;</li><li>• Performed re-computation of percentage of completion and percentage of sales; and</li><li>• Examined material non-standard journal entries and other adjustments posted to revenue and cost of sales accounts.</li></ul>

## 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. The Annual Report is expected to be made available to us after the date of this auditors' report.

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.



# INDEPENDENT AUDITORS' REPORT

to the members of D.B.E. GURNEY RESOURCES BERHAD (Cont'd)

## 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:

- (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.
- (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 Matter

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.

MOORE STEPHENS ASSOCIATES PLT  
201304000972 (LLP0000963-LCA)  
Chartered Accountants (AF002096)

STEPHEN WAN YENG LEONG  
02963/07/2021 J  
Chartered Accountant

Petaling Jaya, Selangor  
Date: 26 February 2020

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2019



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Continuing operations</b>					
Revenue	4	71,824,689	12,742,411	-	-
Cost of sales		(50,195,200)	(6,920,760)	-	-
<b>Gross profit</b>		<b>21,629,489</b>	<b>5,821,651</b>	<b>-</b>	<b>-</b>
Other income		81,100	120,417	37,800,227	2,728
Administrative expenses		(3,643,551)	(1,550,658)	(2,399,157)	(1,106,040)
Selling and marketing expenses		(3,235,373)	(973,996)	-	-
Other expenses		(880,291)	(1,070,000)	(80,742)	(67,547,137)
<b>Profit/(Loss) from operations</b>		<b>13,951,374</b>	<b>2,347,414</b>	<b>35,320,328</b>	<b>(68,650,449)</b>
Finance costs	5	(243,582)	-	-	-
Share of result of associates	10	-	(80,722)	-	-
<b>Profit/(Loss) before tax</b>	5	<b>13,707,792</b>	<b>2,266,692</b>	<b>35,320,328</b>	<b>(68,650,449)</b>
Income tax expense	6	(3,930,163)	(1,116,922)	-	-
<b>Profit/(Loss) from continuing operations</b>		<b>9,777,629</b>	<b>1,149,770</b>	<b>35,320,328</b>	<b>(68,650,449)</b>
<b>Discontinued operations</b>					
Loss from discontinued operations, net of tax	9	(2,086,242)	(28,999,427)	-	-
<b>Profit/(Loss) for the year</b>		<b>7,691,387</b>	<b>(27,849,657)</b>	<b>35,320,328</b>	<b>(68,650,449)</b>
<b>Other comprehensive income, net of tax</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Revaluation surplus, net of tax		-	223,250	-	-
<b>Total comprehensive income for the financial year</b>		<b>7,691,387</b>	<b>(27,626,407)</b>	<b>35,320,328</b>	<b>(68,650,449)</b>
<b>Basic earnings/(loss) per ordinary share (sen):</b>					
- from continuing operations	7	0.365	0.043		
- from discontinued operations		(0.078)	(1.083)		
		<b>0.287</b>	<b>(1.040)</b>		

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 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	4	68,366,565	4	4
Investment in subsidiaries	9	-	-	250,001	250,001
Investment in associates	10	9,800,000	-	9,800,000	-
Investment in unquoted shares	11	-	-	-	-
Amount due from an associate	12	17,598,217	-	17,598,217	-
		<b>27,398,221</b>	68,366,565	<b>27,648,222</b>	250,005
<b>Current assets</b>					
Biological assets	13	-	8,132,542	-	-
Inventories	14	40,007,764	14,316,960	-	-
Trade receivables	15	10,406,787	12,622,377	-	-
Other receivables	16	10,223,485	3,099,875	9,200,000	-
Contract assets	17	31,473,897	4,957,375	-	-
Amounts due from subsidiaries	18	-	-	10,532,784	11,723,361
Tax recoverable		-	8,064	-	-
Fixed deposits with a licensed bank	19	8,013,217	5,367,189	-	-
Cash and bank balances	20	1,843,391	3,136,200	329	382
		<b>101,968,541</b>	51,640,582	<b>19,733,113</b>	11,723,743
<b>TOTAL ASSETS</b>		<b>129,366,762</b>	120,007,147	<b>47,381,335</b>	11,973,748

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019 (Cont'd)



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	21	56,842,332	56,842,332	56,842,332	56,842,332
Reserves	22	6,034,682	585,374	(9,626,647)	(44,946,975)
<b>Total equity</b>		<b>62,877,014</b>	57,427,706	<b>47,215,685</b>	11,895,357
<b>Non-current liabilities</b>					
Trade payables	23	-	3,081,152	-	-
Borrowings - secured	24	-	6,177,807	-	-
Deferred tax liabilities	25	-	5,354,509	-	-
		-	14,613,468	-	-
<b>Current liabilities</b>					
Trade payables	23	32,283,952	15,811,689	-	-
Other payables	26	32,037,304	13,595,732	165,650	78,391
Amount due to Directors	27	-	12,255,225	-	-
Borrowings - secured	24	-	5,162,092	-	-
Provision for tax		2,168,492	1,141,235	-	-
		66,489,748	47,965,973	165,650	78,391
<b>TOTAL LIABILITIES</b>		<b>66,489,748</b>	62,579,441	<b>165,650</b>	78,391
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>129,366,762</b>	120,007,147	<b>47,381,335</b>	11,973,748

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 2019

Group	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM	Non-Distributable Asset Revaluation Reserve RM	Other Reserve RM	Distributable Retained Earnings/ Losses RM		
<b>At 1 January 2018</b>	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)
<b>Other comprehensive income</b>						
Asset revaluation reserve, net of tax	-	223,250	-	-		223,250
Realisation of asset revaluation reserve	-	(539,862)	-	539,862		-
	-	(316,612)	-	539,862		223,250
	-	(316,612)	-	(27,309,795)		(27,626,407)
<b>Total comprehensive income for the financial year</b>	-	-	(38,578,011)	38,578,011		-
Capital reduction	56,842,332	19,530,327	-	(18,944,953)		57,427,706
<b>At 31 December 2018</b>	<b>56,842,332</b>	<b>19,530,327</b>	<b>-</b>	<b>(18,944,953)</b>		<b>57,427,706</b>
	-	-	-	(2,242,079)		(2,242,079)
<b>At 1 January 2019, as previously reported</b>	<b>56,842,332</b>	<b>19,530,327</b>	<b>-</b>	<b>(21,187,032)</b>		<b>55,185,627</b>
Effect on adoption of MFRS 16	-	-	-	7,691,387		7,691,387
<b>At 1 January 2019, as restated</b>	<b>56,842,332</b>	<b>19,530,327</b>	<b>-</b>	<b>(19,02,514)</b>		<b>55,185,627</b>
Profit for the year	-	-	-	17,627,813		17,627,813
<b>Other comprehensive income</b>						
Realisation of asset revaluation reserve	-	(1,902,514)	-	1,902,514		-
Discontinued operations	-	(17,627,813)	-	17,627,813		-
<b>At 31 December 2019</b>	<b>56,842,332</b>	<b>-</b>	<b>-</b>	<b>6,034,682</b>		<b>62,877,014</b>

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2019 (Cont'd)



	Note	Attributable to Owners of the Company			Total Equity RM
		Share Capital RM	Other Reserve RM	Accumulated Losses RM	
<b>Company</b>					
<b>At 1 January 2018</b>		56,842,332	38,578,011	(14,874,537)	80,545,806
Loss for the year		-	-	(68,650,449)	(68,650,449)
Capital reduction	22(b)	-	(38,578,011)	38,578,011	-
<b>At 31 December 2018</b>		56,842,332	-	(44,946,975)	11,895,357
<b>At 1 January 2019</b>		56,842,332	-	(44,946,975)	11,895,357
Profit for the year		-	-	35,320,328	35,320,328
<b>At 31 December 2019</b>		56,842,332	-	(9,626,647)	47,215,685

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 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash Flows from operating</b>					
Profit/(Loss) before tax from:					
- continuing operations		<b>13,707,792</b>	2,266,692	<b>35,320,328</b>	(68,650,449)
- discontinued operations	9(a)	<b>740,455</b>	(29,169,910)	-	-
		<b>14,448,247</b>	(26,903,218)	<b>35,320,328</b>	(68,650,449)
Adjustments for:-					
Adjustment on property, plant and equipment		<b>2,056,536</b>	-	-	-
Depreciation of right-of-use assets		<b>2,592,122</b>	-	-	-
Changes in fair value on unquoted shares		-	1,070,000	-	1,070,000
Depreciation of property, plant and equipment		<b>3,866,280</b>	6,393,003	-	-
(Gain)/Loss on disposal of property, plant and equipment		<b>(180,312)</b>	13,710	-	-
Gain on disposal of investment in unquoted shares		<b>(1)</b>	-	<b>(1)</b>	-
Gain on disposal of subsidiaries	9(c)	<b>(1,357,216)</b>	-	<b>(10,200,000)</b>	-
Loss on fair value adjustment on amount due from an associate		<b>4,785,391</b>	-	<b>4,785,391</b>	-
Impairment loss on:					
- amounts due from an associate		<b>205,675</b>	-	-	-
- amounts due from subsidiaries		-	-	-	22,585,617
- investment in associates		<b>52,500</b>	268,251	-	-
- investment in subsidiaries		-	-	-	44,362,928
- property, plant and equipment		-	16,489,175	-	-
- trade receivables		<b>672,316</b>	701,833	-	-
Interest expense		<b>2,439,801</b>	1,128,447	-	-
Interest income		<b>(81,009)</b>	(329,730)	-	(2,728)
Attributable to gain on retained interest as associate		-	-	<b>(9,800,000)</b>	-
Loss on remeasurement of non-current financial liability		<b>799,549</b>	-	-	-
Balance carried forward		<b>30,299,879</b>	(1,168,529)	<b>20,105,718</b>	(634,632)

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)



	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash flows from Operating Activities (Cont'd)</b>					
Balance brought forward		30,299,879	(1,168,529)	20,105,718	(634,632)
Adjustments for:-					
Reversal of impairment loss					
- amounts due from subsidiaries		-	-	(22,585,617)	(471,408)
- trade receivables		(701,833)	(3,361,925)	-	-
- other receivables		(3,069,572)	(2,834,819)	-	-
Share of result of associates		-	80,722	-	-
Written off on:					
- amount due from an associate		80,742	-	80,742	-
- deposit		-	8,990	-	-
- property, plant and equipment		1	419,984	-	-
- trade receivables		110,543	-	-	-
- other receivables		216,000	-	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<b>26,935,760</b>	<b>(6,855,577)</b>	<b>(2,399,157)</b>	<b>(1,106,040)</b>
Biological assets		(457,394)	974,940	-	-
Inventories		(34,265,499)	(9,208,284)	-	-
Contract assets		(26,652,986)	(4,957,375)	-	-
Receivables		(6,109,783)	11,349,047	1	-
Payables		58,329,926	8,356,936	87,259	(73,075)
<b>Cash generated from/ (used in) operations</b>		<b>17,780,024</b>	<b>(340,313)</b>	<b>(2,311,897)</b>	<b>(1,179,115)</b>
Interest received		81,009	329,730	-	2,728
Interest paid		(2,196,219)	(1,128,447)	-	-
Income tax refunded		8,064	-	-	-
Income tax paid		(2,878,593)	(1,101)	-	-
<b>Net cash from/(used in) operating activities</b>		<b>12,794,285</b>	<b>(1,140,131)</b>	<b>(2,311,897)</b>	<b>(1,176,387)</b>



# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash Flows from Investing Activities</b>					
Advances to associates		(205,675)	-	-	-
Acquisition of associate		(52,500)	(137,926)	-	-
Acquisition of subsidiaries		-	-	-	(250,001)
Acquisition of unquoted shares		-	(1,070,000)	-	(1,070,000)
Purchase of property, plant and equipment	8(c)	(2,048,913)	(10,976,645)	-	-
Proceeds from disposal property, plant and equipment		330,193	7,800	-	-
Proceeds from disposal of subsidiaries		-	-	1,000,000	-
Discontinued operations, net of cash and cash equivalents disposed off	9(c)	(882,754)	-	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(2,859,649)</b>	<b>(12,176,771)</b>	<b>1,000,000</b>	<b>(1,320,001)</b>
<b>Cash Flows from Financing Activities</b>					
Repayment from former subsidiary		-	-	121,267	-
Repayment from subsidiaries		-	-	1,190,577	536,579
Payment for the principal portion of lease liabilities		(2,673,269)	-	-	-
Uplift of fixed deposits pledged		-	1,334,366	-	-
(Repayment to)/Advances from Directors		(2,298,646)	12,147,782	-	-
Repayment of borrowings		(611,030)	(6,892,743)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(5,582,945)</b>	<b>6,589,405</b>	<b>1,311,844</b>	<b>536,579</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,351,691</b>	<b>(6,727,497)</b>	<b>(53)</b>	<b>(1,959,809)</b>
Cash and cash equivalents at beginning of the year		5,504,917	12,232,414	382	1,960,191
<b>Cash and cash equivalents at end of the year</b>	(i)	<b>9,856,608</b>	<b>5,504,917</b>	<b>329</b>	<b>382</b>

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2019 (Cont'd)



(i) Cash and cash equivalents comprise the following:

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances		<b>1,843,391</b>	3,136,200	<b>329</b>	382
Fixed deposits with licensed banks	19	<b>8,013,217</b>	5,367,189	-	-
		<b>9,856,608</b>	8,503,389	<b>329</b>	382
Less: Cashline-i	24	-	(2,998,467)	-	-
Bank overdraft	24	-	(5)	-	-
		<b>9,856,608</b>	5,504,917	<b>329</b>	382

(ii) Cash outflows for leases as a lease are as follow:

		Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Included in net cash from operating activities:</b>					
Interest paid in relation to lease liabilities		<b>1,331,131</b>	-	-	-
<b>Included in net cash from financing activities:</b>					
Payment for the principal portion of lease liabilities		<b>2,673,269</b>	-	-	-
		<b>4,004,400</b>	-	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

## 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 138 Kawasan Perindustrian Pelabuhan Lumut, Kampung Aceh, 32000 Sitiawan, Perak Darul Ridzuan.

The Company is principally engaged in investment holdings. The principal activity of the subsidiaries is disclosed in Note 9. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year except for the Group has disposed its poultry-related subsidiaries.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 February 2020.

## 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.

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

#### (i) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int

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	

The adoption of the Amendments/Improvements to MFRSs and IC Int did not have any significant effect on the financial statements of the Group and of the Company except as described below:

#### **MFRS 16 Leases**

The Group has applied MFRS 16 Leases for the first time for the financial year beginning on 1 January 2019.

MFRS 16 replaced MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under MFRS 117. The Group has a number of operating leases for assets which includes properties and other equipment.

The Group applied the modified retrospective transition approach which measures the lease liabilities based on the present value of future lease payments calculated using incremental borrowing rate at date of transition. Lease payments would be split into principal and interest payments, using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019



## 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) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int (Cont'd)

##### MFRS 16 Leases (Cont'd)

Correspondingly, the right-of-use ("ROU") assets will be the present value of the liability at the commencement date of the lease, adding any directly attributable costs. The ROU asset will be depreciated on a straight-line basis over the shorter of the lease term and useful life of the leased asset.

The following practical expedients as permitted by the standards have been adopted:

- leases of less than 12 months duration and leases for low value items are excluded. Rental payments associated with these leases will be recognised in the statement of comprehensive income on a straight-line basis over the life of the lease;
- initial direct costs incurred on leases are excluded from the measurement of the ROU assets at the date of initial application; and
- applying a single discount rate (5.35%) to a portfolio of leases with reasonably similar characteristics.

The adoption of MFRS 16 required the Group to make judgment on the discount rates used on transition to discount future lease payments (i.e. the Group's incremental borrowing rates). These rates have been calculated to reflect the underlying lease terms and observable inputs. The risk-free rate component has been based on Base Lending Rate over the same term as the lease and has been adjusted for credit risk.

The Group applied the modified retrospective approach which requires the impact of the adoption to be included in the opening retained earnings on 1 January 2019. As such, comparative information was not restated and continues to be reported under MFRS 117 and related interpretations.

The effects arising from initial application of MFRS 16 is as follows:

	1.1.2019 RM
<b>Asset</b>	
Right-of-use assets	8,080,149
<b>Liabilities</b>	
Lease liabilities	(9,888,277)
Deferred tax liabilities	(433,951)
Net impact on retained earnings	<u>(2,242,079)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 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) Adoption of New MFRS and Amendments/Improvements to MFRSs and IC Int (Cont'd)

##### MFRS 16 Leases (Cont'd)

As disclosed in Note 9(c), the right-of-use assets and lease liabilities have been derecognised and the movement during the year are as follows:

	1.1.2019 RM
<b>Right-of-use assets</b>	
<b>Cost</b>	
At 1 January, previously stated	-
Effect of adoption on MFRS 16	8,080,149
Additions	4,123,785
Disposal of discontinued operations	<u>(12,203,934)</u>
At 31 December	<u>-</u>
<b>Accumulated depreciation</b>	
At 1 January	-
Charge for the year	2,592,122
Disposal of discontinued operations	<u>(2,592,122)</u>
At 31 December	<u>-</u>
<b>Net carrying amount</b>	
At 31 December	<u>-</u>

The expenses charged to profit or loss during the financial year as per below:

	RM
Interest expenses on lease liabilities	<u>1,331,131</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 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)**

#### **(ii) 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:

#### ***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
Amendments to MFRS 9 and MFRS 7	Interest Rate Benchmark Reform
Amendments to IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets-Web Site Costs

#### ***Effective for financial periods beginning on or after 1 January 2021***

MFRS17	Insurance Contracts
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#### ***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
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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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 2. BASIS OF PREPARATION (Cont'd)

### (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.

### (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) Biological assets

The fair value of biological assets was 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 13.

#### (ii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 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

#### (i) Revenue from contracts with customers

##### Continuing operations

The Group is in the business of property development.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of indirect taxes.

##### Property development revenue

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).

##### Incremental costs of obtaining a contract with a customer

The Group pays sales commissions to external sales agent and employees as an incentive for sales of each unit of on-going property development to the customers. Sales commissions have been determined to be an incremental cost of obtaining a contract and are capitalised as contract costs when the Group expects these costs to be recovered over a period of more than one year.

Contract costs are amortised over the revenue recognition by reference to the progress towards complete satisfaction of the performance obligation. For contract costs with an amortisation period of less than one year, the Group has elected to apply the practical expedient to recognise as an expense when incurred. Amortisation of contract costs are included as part of selling and distribution expenses in the profit or loss, based on the nature of commission costs, and not under amortisation expenses.

##### Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customers. The Group's contract asset is the excess of cumulative revenue earned over the billings to-date.

When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

#### (i) Revenue from contracts with customers (Cont'd)

##### Continuing operations (Cont'd)

##### Contract assets and contract liabilities (Cont'd)

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group performs its obligation under the contract.

##### Discontinued operations

The discontinued operations is in the business of trading of live broiler and other farm related products, processed chicken and operator of restaurants.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the discontinued operations expects to be entitled in exchange for those goods or services, net of indirect taxes.

##### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery and acceptance of the goods.

#### (ii) Interest income

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

#### (iii) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 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.

Interest incurred on borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset related to property development activities or construction of assets are capitalised as part of the cost of the asset during the period of time require to complete and prepare the asset for its intended use. Capitalisation of borrowing costs ceased when the assets are ready for their intended use or sale whereby the assets are no longer qualifying asset.

### (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.

### (f) Leases

#### *Current financial year*

#### **As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets and lease liabilities are presented as a separate line in the statement of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Leases (Cont'd)

#### *Current financial year (Cont'd)*

##### **As a lessee (Cont'd)**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment as follows:

Farm premises	6 to 10 years, or over the lease term, if shorter
Hostel premises	2 to 10 years, or over the lease term, if shorter

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(n)(ii).

The lease liability is initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

#### *Previous financial year*

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Leases (Cont'd)

#### *Previous financial year (Cont'd)*

#### (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) Discontinued operation

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, whichever is earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

### (h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

### (i) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (i) Property, plant and equipment (Cont'd)

#### (i) Recognition and measurement (Cont'd)

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 equipment	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.

### (j) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (k) 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 defect 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.

### (l) 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.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (m) Financial instruments

#### (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.

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.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### **Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their 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.

##### *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.

All financial assets, are subject to impairment assessment under Note 3(n)(i).

##### **Financial liabilities**

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

##### *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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (m) Financial instruments (Cont'd)

#### (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 and the Company currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (iv) 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 marketplace 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
- (b) 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.

#### (v) 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.

### (n) Impairment of assets

#### (i) Financial assets

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

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

- (a) 12-month ECLs - 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
- (b) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Impairment of assets (Cont'd)

#### (i) Financial assets (Cont'd)

##### Simplified approach - trade receivables and contract assets

The Group and the Company apply the simplified approach to provide ECLs for all trade 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 and the Company'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

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, 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 and the Company assess 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 and the Company consider 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 and the Company'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 increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider 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 and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are 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.

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 otherwise consider (e.g the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Impairment of assets (Cont'd)

#### (i) Financial assets (Cont'd)

##### 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 and Company determine 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 and the Company's procedure for recovery amounts due. Any recoveries made are recognised in profit or loss.

#### (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.

### (o) 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.

##### Ordinary shares

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.

### (p) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (q) Operating segments

Operating segments are defined as components of the Group that:

- (a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) for which discrete financial information is available.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments.
- (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount of:
  - (i) the combined reported profit of all operating segments that did not report a loss; and
  - (ii) the combined reported loss of all operating segments that reported a loss.
- (c) Its assets are 10% or more of the combined segments that reported a loss.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least 75% of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 4. REVENUE

	Group	
	2019 RM	2018 RM
<b>Continuing operations</b>		
<i>Revenue with contract customers</i>		
Property development revenue, net	<u>71,824,689</u>	<u>12,742,411</u>
<b>Discontinued operations</b>		
Sale of poultry-related goods	<u>102,582,935</u>	<u>95,489,919</u>
<b>Timing of revenue recognition:</b>		
Point in time	<u>102,582,935</u>	95,489,919
Over time	<u>71,824,689</u>	<u>12,742,411</u>
	<u><b>174,407,624</b></u>	<u>108,232,330</u>

### Unsatisfied long-term contracts

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

	Group	
	2019 RM	2018 RM
Total contract revenue, net	131,435,417	21,872,000
Less: Cumulative property development revenue recognised, net	<u>(84,567,100)</u>	<u>(12,742,411)</u>
Aggregate amount of the transaction price allocated to property development revenue that are partially or fully unsatisfied as at 31 December	<u>46,868,317</u>	<u>9,129,589</u>

The remaining unsatisfied performance obligations are expected to be recognised as below:

	Group	
	2019 RM	2018 RM
Within 1 year	28,880,772	8,775,770
Between 1 to 2 years	<u>17,987,545</u>	<u>353,819</u>
	<u><b>46,868,317</b></u>	<u>9,129,589</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 5. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Auditors' remuneration				
- Statutory audit	169,000	125,000	60,000	40,000
- Other services	59,000	5,000	59,000	5,000
Adjustment on property, plant and equipment (Note 8(i))	2,056,536	-	-	-
Depreciation of right-of-use assets	2,592,122	-	-	-
Changes in fair value on unquoted shares	-	1,070,000	-	1,070,000
Depreciation of property, plant and equipment	3,866,280	6,393,003	-	-
Directors' remuneration (Note a)	1,616,252	1,596,889	272,500	258,000
Employee benefits expense (Note b)	14,517,159	14,290,761	-	-
Loss on fair value adjustment on amount due from an associate	4,785,391	-	4,785,391	-
(Gain)/Loss on disposal of property, plant and equipment	(180,312)	13,710	-	-
Gain on disposal of investment in unquoted shares	(1)	-	(1)	-
Gain on disposal of subsidiaries	(1,357,216)	-	(10,200,000)	-
Impairment loss on:				
- amounts due from an associate	205,675	-	-	-
- amounts due from subsidiaries	-	-	-	22,585,617
- investment in associates	52,500	268,251	-	-
- investment in subsidiaries	-	-	-	44,362,928
- property, plant and equipment	-	16,489,175	-	-
- trade receivables	672,316	701,833	-	-
Interest expense:				
- accretion of interest	243,582	-	-	-
- banker's acceptance	137,092	7,333	-	-
- bank overdraft	-	977	-	-
- Bai' Bithman Ajil Facility	453,448	736,725	-	-
- Finance lease	58,460	366,852	-	-
- Cashline-i	216,088	16,560	-	-
- Lease liabilities	1,331,131	-	-	-
Interest income	(81,009)	(329,730)	-	(2,728)
Gain on retained interest as associate	-	-	(9,800,000)	-
Loss on remeasurement of non- current financial liability	799,549	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 5. PROFIT/(LOSS) BEFORE TAX (Cont'd)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Reversal of impairment loss on:				
- amounts due from subsidiaries	-	-	(22,585,617)	(471,408)
- trade receivables	(701,833)	(3,361,925)	-	-
- other receivables	(3,069,572)	(2,834,819)	-	-
Rental of:				
- coldroom	1,065	207,680	-	-
- crane and forklift	39,060	22,730	-	-
- equipment	60,136	59,247	-	-
- farm	-	3,987,000	-	-
- hostel	323,593	713,223	-	-
- motor vehicle	720,000	652,500	-	-
Rental income	(430,328)	(119,846)	-	-
Realised loss on foreign exchange	916	3,911	-	-
Written of on:				
- amount due from an associate	80,742	-	80,742	-
- deposit	-	8,990	-	-
- property, plant and equipment	1	419,984	-	-
- trade receivables	110,543	-	-	-
- other receivables	216,000	-	-	-

### (a) Directors' remuneration:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fee	272,500	90,000	272,500	90,000
Salary, allowances and bonus	1,221,800	1,392,465	-	168,000
Contributions to defined contribution plan	108,000	108,000	-	-
Others	13,952	6,424	-	-
	<b>1,616,252</b>	<b>1,596,889</b>	<b>272,500</b>	<b>258,000</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 5. PROFIT/(LOSS) BEFORE TAX (Cont'd)

### (a) Directors' remuneration (Cont'd):

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	
	2019	No. of Directors 2018	2019	2018
<b>Executive Directors:</b>				
RM100,001 - RM150,000	1	1	1	1
RM600,001 - RM650,000	2	2	-	-
<b>Non-Executive Directors:</b>				
Below RM50,000	<u>6</u>	<u>4</u>	<u>6</u>	<u>6</u>

### (b) Employee benefits expense:

	Group	
	2019 RM	2018 RM
Salary, allowances and bonus	12,815,410	12,133,118
Contributions to defined contribution plan	60,334	631,226
Others	<u>1,641,415</u>	<u>1,526,417</u>
	<u>14,517,159</u>	<u>14,290,761</u>

## 6. INCOME TAX EXPENSE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Current tax:</b>				
<i>Continuing operation</i>				
- Current year provision	3,922,800	1,116,922	-	-
- Underprovision in prior year	<u>7,363</u>	-	-	-
	<u>3,930,163</u>	1,116,922	-	-
<i>Discontinued operations</i>				
- Overprovision in prior year	<u>(24,313)</u>	-	-	-
	<u>3,905,850</u>	<u>1,116,922</u>	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 6. INCOME TAX EXPENSE (Cont'd)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Deferred tax (Note 25):</b>				
<i>Discontinued operation</i>				
- Current year	23,629	-	-	-
- Realisation of deferred tax liability arising from depreciable revaluation reserve	(600,794)	(170,483)	-	-
	<u>(577,165)</u>	<u>(170,483)</u>	<u>-</u>	<u>-</u>
<b>Income tax expense for the financial year:</b>				
- continuing operations	3,930,163	1,116,922	-	-
- discontinued operations	(601,478)	(170,483)	-	-
	<u>3,328,685</u>	<u>946,439</u>	<u>-</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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 are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(Loss) before tax:				
- continuing operations	13,707,792	2,266,692	35,320,328	(68,650,449)
- discontinued operations	740,455	(29,169,910)	-	-
	<u>14,448,247</u>	<u>(26,903,218)</u>	<u>35,320,328</u>	<u>(68,650,449)</u>
Tax at the Malaysian statutory income tax rate of 24%	3,467,580	(6,456,773)	8,476,879	(16,476,108)
Income not subject to tax	(2,008,441)	(1,487,220)	(9,072,054)	(113,138)
Tax effect on non-deductible expenses	2,487,290	936,768	595,175	16,589,246
Tax effect on share of result of associates	-	19,373	-	-
Deferred tax assets not recognised	-	8,104,774	-	-
Realisation of deferred tax liability arising from depreciable revaluation reserve	(600,794)	(170,483)	-	-
Overprovision of income tax in prior year	(16,950)	-	-	-
	<u>3,328,685</u>	<u>946,439</u>	<u>-</u>	<u>-</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 6. INCOME TAX EXPENSE (Cont'd)

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

	Group	
	2019 RM	2018 RM
Unutilised tax losses	-	57,337,430
Unabsorbed capital allowances	-	59,870,969
Unutilised reinvestment allowances	-	47,428,883
	<u>-</u>	<u>164,637,282</u>

The availability of tax losses, capital allowances and reinvestment allowances 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 tax losses 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. EARNINGS/(LOSS) PER ORDINARY SHARE

### Basic earnings/(loss) per ordinary share

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

	Group	
	2019	2018
Profit/(loss) after tax attributable to the Owners of the Company (RM):		
- from continuing operations	<b>9,777,629</b>	1,149,770
- from discontinued operations	<b>(2,086,242)</b>	(28,999,427)
	<u><b>7,691,387</b></u>	<u>(27,849,657)</u>
Number of ordinary shares at beginning/end of the year	<u><b>2,678,229,306</b></u>	<u>2,678,229,306</u>
Basic earnings/(loss) per ordinary share (sen):		
- from continuing operations	<b>0.365</b>	0.043
- from discontinued operations	<b>(0.078)</b>	(1.083)
	<u><b>0.287</b></u>	<u>(1.040)</u>

The Group has no dilution in its earnings/(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 warrants do not have any dilution effect on the weighted average number of ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 8. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation				At cost			Total RM
	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		
<b>2019</b>								
<b>Cost/Valuation</b>								
At 1 January	5,760,000	14,600,000	49,966,013	56,875,475	10,110,179	5,110,388	142,422,055	
Additions	-	-	-	1,263,259	1,252,546	227,258	2,743,063	
Adjustment	-	-	(2,056,536)	-	-	-	(2,056,536)	
Disposals	-	-	-	(38,000)	(1,249,758)	(26,730)	(1,314,488)	
Written off	-	-	-	(18,500)	-	-	(18,500)	
Discontinued operations	(5,760,000)	(14,600,000)	(47,909,477)	(58,082,234)	(10,112,967)	(5,268,759)	(141,733,437)	
At 31 December	-	-	-	-	-	42,157	42,157	
<b>Accumulated depreciation</b>								
At 1 January	-	250,266	4,330,796	43,549,055	7,354,799	1,957,627	57,442,543	
Charge for the financial year	-	165,596	2,970,254	103,454	602,682	24,294	3,866,280	
Disposals	-	-	-	(29,133)	(1,126,149)	(9,325)	(1,164,607)	
Written off	-	-	-	(18,499)	-	-	(18,499)	
Discontinued operations	-	(415,862)	(7,301,050)	(43,604,877)	(6,831,332)	(1,930,443)	(60,083,564)	
At 31 December	-	-	-	-	-	42,153	42,153	

Note:

(i) Adjustment relates to credit note received from supplier during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

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

	At valuation		At cost			Total RM
	Freehold lands RM	Long leasehold lands RM	Buildings RM	Cold room, installation, plant and machineries RM	Motor vehicles RM	
<b>Group (Cont'd)</b>						
<b>2019</b>						
<b>Accumulated impairment loss</b>						
At 1 January	10,000	-	123,772	13,326,419	-	16,612,947
Discontinued operations	(10,000)	-	(123,772)	(13,326,419)	-	(16,612,947)
At 31 December	-	-	-	-	-	-
<b>Net carrying amount</b>	-	-	-	-	-	4
At 31 December	-	-	-	-	-	4

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



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

Group	At valuation				At cost			Total RM
	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	RM	
<b>2018</b>								
<b>Cost/Valuation</b>								
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	
<b>Accumulated depreciation</b>								
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	

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



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

	Office equipment, furniture and fittings and renovation RM
<b>Company</b>	
<b>2019</b>	
<b>Cost</b>	
As at 1 January/31 December	42,157
<b>Accumulated depreciation</b>	
As at 1 January/31 December	42,153
<b>Net carrying amount - At 31 December</b>	<b>4</b>
<b>2018</b>	
<b>Cost</b>	
As at 1 January/31 December	42,157
<b>Accumulated depreciation</b>	
As at 1 January/31 December	42,153
<b>Net carrying amount - At 31 December</b>	<b>4</b>

(a) Assets held under finance lease arrangements

	Group	
	2019	2018
<b>Net carrying amount</b>		
Motor vehicles	-	1,856,522

(b) Assets pledged as security

In addition to assets held under finance lease arrangements, the freehold land, leasehold land and buildings with a total carrying amount of RM Nil (2018: RM17,072,807) have been pledged to licensed bank as securities for credit facilities granted to the Group as disclosed in Note 24.

(c) Acquisitions of property, plant and equipment

	Group	
	2019	2018
Cash purchase	2,048,913	10,976,645
Financed through finance lease arrangement	694,150	515,144
<b>Total acquisition of property, plant and equipment</b>	<b>2,743,063</b>	<b>11,491,789</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

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

### (d) Assets held in trust

Included property, plant and equipment of the Group is a motor vehicle with net carrying amount of RM Nil (2018: RM48,004) held in trust by a Director of the Group.

### (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	
	2019	2018
<b>At historical cost:</b>		
Freehold lands	-	2,508,152
Long leasehold lands	-	3,090,243
Buildings	-	36,128,896
	-	41,727,291

### (f) Impairment of plant and equipment

In prior year, 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 RM16,489,175 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 9.8%.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 9. INVESTMENT IN SUBSIDIARIES

	Group	
	2019	2018
<b>Unquoted shares</b>		
<b>At cost</b>		
At beginning of the year	111,832,277	111,582,276
Additions	-	250,001
Disposal of discontinued operations	<b>(111,582,276)</b>	-
At end of the year	<b>250,001</b>	111,832,277
<b>Less: Accumulated impairment loss</b>		
At beginning of the year	<b>(111,582,276)</b>	(67,219,348)
Additions	-	(44,362,928)
Disposal of discontinued operations	<b>111,582,276</b>	-
At end of the year	-	(111,582,276)
<b>At end of the year</b>	<b>250,001</b>	250,001

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Principal Activities	Effective Equity Interest	
			2019	2018
			%	%
DBE Development Sdn. Bhd.	Malaysia	Property development	100	100
D Construction Sdn. Bhd.	Malaysia	Dormant	100	100
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
D.B.E. Breeding Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Hatchery Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Marketing Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Food Processing Industries Sdn. Bhd. *^	Malaysia	Dormant	-	100
D.B.E. Gurney Chicken Sdn. Bhd. *^	Malaysia	Dormant	-	100

^ Poultry-related companies

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries

On 31 December 2019, the Group disposed 51% of poultry-related companies ("Disposed Subsidiaries" or "Discontinued Operations") which represented its entire Poultry operating segment as disclosed in Note 34(iv). The Disposed Subsidiaries were not a discontinued operation or classified as held for sale as at 31 December 2018 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operations separately from continuing operations. The Management decided to dispose the Disposed Subsidiaries due to the decision to focus on property development segment during the financial year. Upon completion of the disposal, the Disposed Subsidiaries became associates of the Group.

(a) Profit/(Loss) attributable to the discontinued operations was as follows:

		Group	
	Note	2019 RM	2018 RM
Revenue	4	102,582,935	95,489,919
Expenses		<u>(101,842,480)</u>	<u>(124,659,829)</u>
<b>Results from operating activities</b>		<b>740,455</b>	<b>(29,169,910)</b>
Tax credit	6	<u>601,478</u>	<u>170,483</u>
<b>Results from operating activities, net of tax</b>		<b>1,341,933</b>	<b>(28,999,427)</b>
Gain on sale of discontinued operations		<b>1,357,216</b>	-
Loss on fair value adjustment on amount due from an associate		<u>(4,785,391)</u>	<u>-</u>
<b>Loss for the year</b>		<b><u>(2,086,242)</u></b>	<b><u>(28,999,427)</u></b>

The loss from discontinued operations of RM2,086,242 (2018: RM28,999,427) is attributable entirely to the Owners of the Company.

(b) The net cash flows incurred by the discontinued operations was as follows:

		Group	
		2019 RM	2018 RM
<b>Cash flows from/(used in) discontinued operations</b>			
Net cash from operating activities		<b>6,148,613</b>	6,437,970
Net cash used in investing activities		<b>(1,976,895)</b>	(11,106,771)
Net cash used in financing activities		<u>(3,670,706)</u>	<u>(5,962,536)</u>
		<b><u>501,012</u></b>	<b><u>(10,631,337)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries (Cont'd)

(c) The summary of the effect of the disposal of subsidiaries on the financial position of the Group was as follows:

	Group 2019 RM
Property, plant and equipment	65,036,926
Right-of-use assets	9,611,812
Biological assets	8,589,936
Inventories	8,711,159
Trade receivables	9,920,681
Other receivables	3,307,813
Cash and cash equivalents	1,882,754
Lease liabilities	(8,793,245)
Borrowings	(11,906,255)
Amount due to corporate shareholder	(22,464,349)
Deferred tax liabilities	(5,211,295)
Trade payables	(15,403,630)
Other payables	(12,136,744)
Lease liability	(2,545,548)
Amount due to Directors	(9,955,579)
Amounts due to associates	(1,652)
<b>Net assets of disposed subsidiaries</b>	<b>18,642,784</b>
Attributable to gain on retained interest as associate	(9,800,000)
Gain on disposal of subsidiaries	1,357,216
Total sales proceeds	10,200,000
Less: Consideration receivable through deferred payment within 1 year	(9,200,000)
<b>Consideration received, satisfied in cash</b>	<b>1,000,000</b>
Cash and cash equivalent disposed	(1,882,754)
<b>Net cash outflow</b>	<b>(882,754)</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 9. INVESTMENT IN SUBSIDIARIES (Cont'd)

### Disposal of subsidiaries (Cont'd)

(d) The disposal of subsidiaries had the following effect on the financial position of the Company:

	Company 2019 RM
Total sales proceeds	10,200,000
Less: Cost of investment of Disposed Subsidiaries, net of impairment	-
Gain on disposal of subsidiaries	10,200,000
Add: Attributable to gain on retained interest as associate	9,800,000
	<u>20,000,000</u>

(e) At the reporting date, the fair value of the put option granted to dispose the remaining 49% shareholding in the Disposed Companies as disclosed in Note 34(iv) is Nil.

Fair value of the put option is derived using option pricing model together with the inputs, which include underlying asset value, dividend yield, volatility of underlying asset and remaining period of the option.

The fair values of the put option is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.

### Impairment loss

#### *# D.B.E. Poultry Sdn. Bhd.*

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. The investment in DBEP was fully impaired in prior year and an additional impairment loss of RM36,937,409 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%.

#### *\* Poultry-related dormant companies*

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 28. The investment in poultry-related dormant companies was fully impaired in prior year and an additional impairment loss of RM7,425,519 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Unquoted shares, at cost</b>				
At beginning of the year	377,926	240,000	-	-
Additions	52,500	137,926	-	-
Fair value on retained interest as associates (Note 9(c))	9,800,000	-	9,800,000	-
Discontinued operations	(430,426)	-	-	-
At end of the year	9,800,000	377,926	9,800,000	-
<b>Less: Share of post result</b>				
At beginning of the year	(109,675)	(28,953)	-	-
Additions	-	(80,722)	-	-
Discontinued operations	109,675	-	-	-
At end of the year	-	(109,675)	-	-
<b>Less: Accumulated impairment loss</b>				
At beginning of the year	(268,251)	-	-	-
Additions	(52,500)	(268,251)	-	-
Discontinued operations	320,751	-	-	-
	-	(268,251)	-	-
<b>At end of the year</b>	<b>9,800,000</b>	<b>-</b>	<b>9,800,000</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 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	
			2019 %	2018 %
D.B.E. Poultry Sdn. Bhd. ("DBEP")	Malaysia	Operating broiler farms, feeds processing activities and trading in related farm products and materials and operator of restaurants	49	-
D.B.E. Breeding Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Hatchery Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Marketing Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Food Processing Industries Sdn. Bhd.	Malaysia	Dormant	49	-
D.B.E. Gurney Chicken Sdn. Bhd.	Malaysia	Dormant	49	-
<b><u>Held through</u></b>				
<b><u>D.B.E. Poultry Sdn. Bhd</u></b>				
Super Harumi Sdn. Bhd. *#^	Malaysia	Investment holding company, restaurants and wholesaler of variety of goods without any particular specialisation	19.6	40
Super Harumi (Thailand) Co., Ltd. *#^	Thailand	Quick service restaurant	14.7	30
GW Seasoning (M) Sdn. Bhd. *#^	Malaysia	Seasoning powder manufacturer, wholesaler and distributor	14.7	30
Farmmesh Foods (M) Sdn. Bhd.*#^	Malaysia	Quick service restaurant	34.3	-

\* Not audited by Moore Stephens Associates PLT

# The audited financial statements and auditors' report for the financial year end 31 December 2019 and 2018 were not made available.

^ Effective equity interest for the financial year end 31 December 2019 in respective associates is derived via 49% shareholding in DBEP.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 10. INVESTMENT IN ASSOCIATES (Cont'd)

(a) Details of the associates are as follows (Cont'd):

### **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.

### **2019**

On 22 January 2019, the Group had invested additional RM150,000 to maintain 30% of the equity interest in GWSM of which RM97,500 has yet to be settled as at 31 December 2019.

On 26 February 2019, the Group had invested in Farmmesh Foods (M) Sdn. Bhd. ("FMFM") by subscribing 70% of the equity interest, a total cash consideration of RM7,000 has yet to be settled as at 31 December 2019. FMFM 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:

	2019 RM	2018 RM
<b>Assets and liabilities</b>		
Total assets	1,539,402	532,597
Total liabilities	<u>1,559,977</u>	<u>72,493</u>
<b>Results</b>		
Revenue	164,149	254,534
Loss for the financial year	(102,660)	(317,311)
Total comprehensive income	<u>102,660</u>	<u>(317,311)</u>

(c) Impairment on investment in associates

As at 31 December 2019, 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 RM52,500 (2018: RM268,251) 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 2019.

The recoverable amount of the investment in associates was estimated based on fair value less cost of disposal method. The fair value of the investments is categorised at Level 3 of the fair value hierarchy and was estimated using observable inputs for the assets.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 11. INVESTMENT IN UNQUOTED SHARES

	Group and Company	
	2019 RM	2018 RM
<b>At fair value:</b>		
Unquoted shares	1,070,000	1,070,000
Less: Disposal	(1,070,000)	-
	-	1,070,000
Changes in fair value	-	(1,070,000)
	-	-

Changes in fair value are as follows:

	Group and Company	
	2019 RM	2018 RM
At beginning of the year	(1,070,000)	-
Changes in fair value	-	(1,070,000)
Disposal	1,070,000	-
At end of the year	-	(1,070,000)

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.

As disclosed in Note 34, the Group had entered into an agreement to dispose the investment for a total consideration of RM1.

## 12. AMOUNT DUE FROM AN ASSOCIATE

This is in respect of receivable from an associate under deferred payment term pursuant to SSA agreement as disclosed in Note 34(iv). This deferred receivable is measured at amortised cost at imputed interest rate of 8.35% per annum.

	Group and Company	
	2019 RM	2018 RM
<b>Future minimum repayments:</b>		
- Repayment within one to three years	22,383,608	-
Less: Fair value adjustment	(4,785,391)	-
<b>Total present value</b>	<b>17,598,217</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 13. BIOLOGICAL ASSETS

	Group	
	2019 RM	2018 RM
<b>At fair value:</b>		
Breeders	-	3,159,290
Broilers	-	4,973,252
	<u>-</u>	<u>8,132,542</u>

Movement of breeders and broilers at fair value can be analysed as follows:

	Group	
	2019 RM	2018 RM
At 1 January	8,132,542	9,107,482
Increase due to purchases	72,397,502	88,057,135
Depopulation	(10,082,271)	(8,807,999)
Change in fair value	838,995	24,450
Sale of biological assets	(62,696,832)	(80,248,526)
Discontinued operations	(8,589,936)	-
At 31 December	<u>-</u>	<u>8,132,542</u>

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 14. INVENTORIES

	Note	2019 RM	Group 2018 RM
<b>At cost:</b>			
Breeder eggs		-	528,663
Chicken feeds		-	450,430
Chilled and frozen chicken		-	2,264,032
Packing materials		-	254,134
Raw materials		-	1,082,546
Consumables		-	2,571,531
Property development costs	(a)	<u>40,007,764</u>	<u>7,165,624</u>
		<u>40,007,764</u>	<u>14,316,960</u>

The Group recognised inventories as cost of sales from continuing operations amounted to RM50,195,200 (2018: RM6,920,760).

(a) Property development costs

	2019 RM	Group 2018 RM
<b>Cumulative property development costs</b>		
At 1 January		
Land costs	6,476,359	-
Development costs	<u>7,610,024</u>	<u>-</u>
	<b>14,086,383</b>	<b>-</b>
<b>Cost incurred during the financial year</b>		
Land costs	<u>27,184,377</u>	6,476,359
Development costs	<u>55,852,963</u>	7,610,024
	<u>83,037,340</u>	<u>14,086,383</u>
At 31 December	<u>97,123,723</u>	<u>14,086,383</u>
<b>Cummulative cost recognised in statements of comprehensive income</b>		
At 1 January	(6,920,759)	-
Land costs	(7,099,431)	(822,053)
Development costs	<u>(43,095,769)</u>	<u>(6,098,706)</u>
At 31 December	<u>(57,115,959)</u>	<u>(6,920,759)</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 14. INVENTORIES (Cont'd)

(a) Property development costs (Cont'd)

	Group	
	2019 RM	2018 RM
<b>Property development costs at 31 December</b>		
- Land costs	25,739,252	5,654,306
- Development costs	14,268,512	1,511,318
	<u>40,007,764</u>	<u>7,165,624</u>

The title to certain lands under development are in the name of third party with the development right and power of attorney obtained by the Group via business arrangements. The titles to the development lands will be transferred from landowners to the property purchasers.

## 15. TRADE RECEIVABLES

	Group	
	2019 RM	2018 RM
Trade receivables, gross	10,406,787	13,324,210
Less: Allowance for impairment loss	-	(701,833)
Trade receivables, net	<u>10,406,787</u>	<u>12,622,377</u>

The normal credit terms of trade receivables range from 30 to 90 days (2018: 30 to 90 days).

The movement in the impairment losses during the financial year were:

	Group	
	2019 RM	2018 RM
At 1 January	701,833	3,361,925
Additions	672,316	701,833
Reversal	(701,833)	(3,361,925)
Discontinued operations	(672,316)	-
At 31 December	<u>-</u>	<u>701,833</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 16. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables, gross	<b>9,298,074</b>	5,023,177	<b>9,200,000</b>	-
Less: Allowance for impairment loss (Note 16(a))	-	(3,876,140)	-	-
Other receivables, net (Note 16(c))	<b>9,298,074</b>	1,147,037	<b>9,200,000</b>	-
Deposits	<b>11,911</b>	1,094,271	-	-
Contract costs (Note 16(b))	<b>745,500</b>	685,174	-	-
Prepayments	<b>168,000</b>	173,393	-	-
	<b>10,223,485</b>	3,099,875	<b>9,200,000</b>	-

(a) The movement in the impairment losses on other receivables during the financial year were:

	Group	
	2019 RM	2018 RM
At beginning of the year	<b>3,876,140</b>	6,710,959
Reversal	<b>(3,069,572)</b>	(2,834,819)
Discontinued operations	<b>(806,568)</b>	-
At end of the year	<b>-</b>	<b>3,876,140</b>

(b) Contract costs represent costs to obtain contracts relate to incremental sales person and agent commission for obtaining property sales contracts which are expected to be recovered through revenue recognition by reference to the progress towards complete satisfaction of the performance obligation with contract customers. These costs are subsequently expensed off as selling and marketing expenses by reference to the performance completed to date, consistent with the revenue recognition pattern.

During the financial year, the total costs to obtain contracts recognised by the Group as selling and marketing expenses in profit or loss amounting to RM2,926,173 (2018: RM970,826).

(c) Included in other receivables of the Group and of the Company is an amount of RM9,200,000 which represents deferred consideration to be collectible within next 12 months arising from the disposal of subsidiaries as disclosed in Notes 9(c) and 34(iv).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 17. CONTRACT ASSETS

Consideration paid/payable to customers are recognised to profit or loss when performance obligations are satisfied for the respective financial years.

	Group	
	2019 RM	2018 RM
At beginning of the year	4,957,375	-
Consideration paid/payable to customers	44,984,773	136,464
Revenue recognised during the year (Note 4)	71,824,689	12,742,411
Progress billing during the year	<u>(90,292,940)</u>	<u>(7,921,500)</u>
At end of the year	<u>31,473,897</u>	<u>4,957,375</u>

## 18. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2019 RM	2018 RM
Amounts due from subsidiaries, gross	10,532,784	34,308,978
Less: Allowance for impairment loss	<u>-</u>	<u>(22,585,617)</u>
Amounts due from subsidiaries, net	<u>10,532,784</u>	<u>11,723,361</u>

The amounts due from subsidiaries are non-trade in nature, unsecured, interest free advances which are collectible on demand.

The movement in the impairment losses during the financial year were:

	Company	
	2019 RM	2018 RM
At beginning of the year	22,585,617	471,408
Addition	-	22,585,617
Reversal to amount due from an associate	<u>(22,585,617)</u>	<u>(471,408)</u>
At end of the year	<u>-</u>	<u>22,585,617</u>

## 19. FIXED DEPOSITS WITH A LICENSED BANK

The deposit with a licensed bank is 3.95% (2018: 3.83%) per annum. The short-term deposit has maturity period of 1 month (2018: 1 month).

## 20. CASH AND BANK BALANCES

Included in the bank balances is an amount of RM427,333 (2018: RM Nil) placed in Housing Development Accounts ("HDA") in accordance with Section 7(A) of the Housing Development (Control and Licensing) Act, 1966 (Amended 2002). These HDA accounts, which consist of monies received from purchasers, are for the payment of property development costs incurred. The surplus monies in these accounts, if any, will be released to the Group in accordance with the provisions of the Act.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 21. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2019 Unit	2018 Unit	2019 RM	2018 RM

### Issued and fully paid:

At 1 January/31 December	<u>2,678,229,306</u>	<u>2,678,229,306</u>	<u>56,842,332</u>	<u>56,842,332</u>
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The holder of ordinary shares is entitled to receive dividends as and when declared by the Group. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's residual assets.

### Warrants

On 27 January 2017, the Group 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 Group 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 Group, 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 2019, the total number of warrants that remain unexercised were 580,644,468 (2018: 580,644,468).

## 22. RESERVES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM

### Distributable:

Retained earnings/ (Accumulated losses)	<b>6,034,682</b>	(18,944,953)	<b>(9,626,647)</b>	(44,946,975)
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### Non-distributable:

Asset revaluation reserve	-	19,530,327	-	-
	<u>6,034,682</u>	<u>585,374</u>	<u>(9,626,647)</u>	<u>(44,946,975)</u>

#### (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. As at 31 December 2019, the asset revaluation reserve was crystallised upon disposal of subsidiaries.

#### (b) In prior year, the Company has transferred the other reserve of RM38,578,011 to accumulated losses to set-off against losses incurred.

These represents excess credit offset the accumulated losses of the Company and credited to other reserve of the Company which shall be applied towards setting off future losses of the Company as permitted by the High Court of Malaya arising from previous capital reduction exercise undertaken by the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 23. TRADE PAYABLES

		Group	
	Note	2019 RM	2018 RM
<b>Non-current</b>			
Third parties	(a)	-	3,081,152
<b>Current</b>			
Directors' related companies	(b)	7,523,677	-
Third parties	(a)	24,760,275	15,811,689
		<b>32,283,952</b>	<b>15,811,689</b>

The normal credit terms granted to the Group range from 30 to 90 days (2018: 30 to 90 days).

- (a) In prior year, the non-current trade payable of the Group represents 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. As at 31 December 2019, the Group has remeasured the liability arising from changes in contractual cash flows over the remaining term of the liability from 4 years to 1 year. As such, the remaining outstanding sum of RM2,633,301 has been reclassified from non-current trade payable to current trade payable along with recognition of loss on remeasurement of liability of RM799,549 as "other expenses" line item of the statements of comprehensive income for the financial year ended 31 December 2019.

	Group	
	2019 RM	2018 RM
<b>Present value of trade payables:</b>		
- Repayable within one year	24,760,275	15,811,689
- Repayable later than one year and not later than five years	-	3,081,152
	<b>24,760,275</b>	<b>18,892,841</b>
<b>Minimum payments:</b>		
- Repayable within one year	24,760,275	15,842,671
- Repayable later than one year and not later than five years	-	4,093,300
	<b>24,760,275</b>	<b>19,935,971</b>
Less: Future accretion interest	-	(1,043,130)
Present value of trade payables	<b>24,760,275</b>	<b>18,892,841</b>

- (b) These amounts are trade in nature, unsecured, interest free and are subject to normal credit term.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 24. BORROWINGS (SECURED)

		2019 RM	Group 2018 RM
<b>Non-current liabilities</b>			
Bai' Bithaman Ajil Facility	(a)	-	4,720,068
Finance lease payables	(b)	-	1,457,739
		<u>-</u>	<u>6,177,807</u>
<b>Current liabilities</b>			
Bai' Bithaman Ajil Facility	(a)	-	1,153,769
Bank overdraft	(c)	-	5
Finance lease payables	(b)	-	1,009,851
Cashline-i	(a)	-	2,998,467
		<u>-</u>	<u>5,162,092</u>
<b>Total borrowings</b>			
Bai' Bithaman Ajil Facility	(a)	-	5,873,837
Bank overdraft	(c)	-	5
Finance lease payables	(b)	-	2,467,590
Cashline-i	(a)	-	2,998,467
		<u>-</u>	<u>11,339,899</u>

In prior year, the effective interest/profit rates per annum on the borrowings of the Group were as follows:-

	2019 %	Group 2018 %
Bai' Bithaman Ajil Facility	-	8.90 - 10.85
Bank overdraft	-	9.10
Cashline-i	-	BFR* + 4%
Finance lease payables	<u>-</u>	<u>4.64 - 7.38</u>

\*BFR – Bank Financing Rate

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 24. BORROWINGS (SECURED) (Cont'd)

### (a) Bai' Bithaman Ajil Facility ("BBA")

	Group	
	2019 RM	2018 RM
BBA	-	5,873,837
<b>Representing:</b>		
Repayable within one year (current)	-	1,153,769
Repayable between one and two years	-	1,217,031
Repayable between two and five years	-	2,637,917
Repayable more than five years	-	865,120
Repayable after one year (non-current)	-	4,720,068
	-	5,873,837

In prior year, 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 Group;
- (iii) Jointly and severally guaranteed by two former Directors of the Group; and
- (iv) Assignment of sale proceeds of 5% into a Designated Escrow account in respect of Supply of Poultry Products Agreement between the Group and Approved Buyers.

### (b) Finance lease payables

	Group	
	2019 RM	2018 RM
<b>Minimum finance lease payments:</b>		
Within 1 year	-	1,132,842
More than 1 year and less than 5 years	-	1,555,690
More than 5 years	-	30,181
	-	2,718,713
Less: Future finance charges	-	(251,123)
Present value of finance lease payables	-	2,467,590
<b>Present value of finance lease payables:</b>		
Within 1 year	-	1,009,851
More than 1 year and less than 5 years	-	1,428,251
More than 5 years	-	29,488
	-	2,467,590

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 24. BORROWINGS (SECURED) (Cont'd)

(c) Bank overdraft

In prior year, the bank overdraft of a former subsidiary is secured jointly and severally by two former Directors of the Group.

## 25. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	2018 RM
At beginning of the year	5,354,509	5,513,242
Effect on adoption of MFRS 16 [Note 2(a)(i)]	433,951	-
Recognised in profit or loss (Note 6)	(577,165)	(170,483)
Recognised in equity	-	11,750
Discontinued operations [Note 9(c)]	(5,211,295)	-
At end of the year	<u>-</u>	<u>5,354,509</u>

The recognised deferred tax (assets)/liabilities before offsetting are as follows:-

	Unabsorbed capital allowances RM	Property, plant and equipment RM	Asset revaluation reserve RM	Right-of-use assets RM	Total RM
<b>Deferred tax (assets)/ liabilities</b>					
1 January 2019	(12,329,622)	12,329,622	5,354,509	-	5,354,509
Effect on adoption of MFRS 16	-	-	-	433,951	433,951
Recognised in profit or loss	-	-	(600,794)	23,629	(577,165)
Discontinued operations	<u>12,329,622</u>	<u>(12,329,622)</u>	<u>(4,753,715)</u>	<u>(457,580)</u>	<u>(5,211,295)</u>
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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	<u>(12,329,622)</u>	<u>12,329,622</u>	<u>5,354,509</u>	<u>-</u>	<u>5,354,509</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 25. DEFERRED TAX LIABILITIES (Cont'd)

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follow:

	2019 RM	Group Restated 2018 RM
Unutilised tax losses	-	1,060,800
Unabsorbed capital allowances	-	59,725,846
Unutilised reinvestment allowances	-	47,428,883
	<u>-</u>	<u>108,215,529</u>

The comparative figures have been restated to reflect the actual tax losses carrying forward, capital allowances and reinvestment allowances to the subsidiaries of the Group.

## 26. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables				
- Directors' related companies (Note 26(a))	868,471	-	-	-
- third parties	31,015	11,054,670	87,552	7,191
Accruals (Note 26(b))	20,968,586	2,283,829	78,098	71,200
Accrued costs to completion of projects	4,098,749	-	-	-
Refundable deposits	-	257,233	-	-
Sales rebates (Note 26(c))	6,070,483	-	-	-
	<u>32,037,304</u>	<u>13,595,732</u>	<u>165,650</u>	<u>78,391</u>

- (a) Amounts due to Directors' related companies are non-trade in nature, unsecured, interest free advances which are repayable on demand.
- (b) Included in the accruals of RM17,674,669 (2018: RM Nil) represents accrued landowner's entitlement yet to be due and payable.
- (c) Sales rebate represents cash rebate offered to the buyers of the units on the property development project which is to be released upon the issuance of Certification of Completion and Compliance.

## 27. AMOUNT DUE TO DIRECTORS

Amount due to Directors is non-trade in nature, unsecured, interest free advances which is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 28. 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, former subsidiary, Directors, Directors' related companies and key management personnel. Directors' related companies refer to companies in which certain Directors of the Company have substantial financial interests and/or are also Directors of the companies. The fellow subsidiary is subsidiary of its holding company.

### 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:

	2019 RM	2018 RM
<b>Group</b>		
<b>Directors</b>		
(Repayment to)/Advances from Directors	(291,000)	12,147,782
<b>Directors' related companies</b>		
Construction works	-	6,582,310
Advances from	2,414,815	100,505
Repayments	-	(6,682,815)
Landowner's entitlement	9,669,582	-
Other services	8,380	-
<b>Transactions with parties connected to the former Directors</b>		
Hostel rental	-	12,000
Salaries, allowance and bonus	-	1,079,381

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 28. RELATED PARTY DISCLOSURES (Cont'd)

### Significant related party transactions (Cont'd)

	2019 RM	2018 RM
<b>Company</b>		
<b>Debt rationalisation exercise with former subsidiaries in poultry segment</b>		
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)
<b>Subsidiaries</b>		
Repayment from	<u>1,190,577</u>	<u>536,579</u>
<b>Former subsidiary</b>		
Repayment from	<u>121,267</u>	<u>-</u>

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in Notes 12, 18, 23, 26 and 27 respectively.

### 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Short-term employee benefits	1,716,609	1,556,000	272,500	258,000
Post-employment benefits	<u>149,553</u>	<u>119,760</u>	<u>-</u>	<u>-</u>
	<u>1,866,162</u>	<u>1,675,760</u>	<u>272,500</u>	<u>258,000</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 29. SEGMENT INFORMATION

In prior year, the Group consists of poultry segment and property development segment. During the year, the Group has disposed of its entire poultry segment as disclosed in Note 9. Upon disposal of Disposed Subsidiaries, the Group consists of property development segment only as at 31 December 2019.

Segment revenue and results, assets and liabilities are disclosed in Note 9(a) and 9(c) as discontinued operations.

### (a) Geographical information

All of the segments are operated within Malaysia.

### (b) Major customer information

The Group does not have any major customers during the year. In prior year, the Group has 3 major customers which contributed 30% amounting to RM32,947,328 of the Group's revenue solely from the poultry segment.

## 30. 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 was 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 and liquidity 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 associates and 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### *Concentration of credit risk*

The Group determines concentration of credit risk by monitoring the profiles of its receivables on an ongoing basis.

The Group has no major concentration of credit risk of its trade receivables as at the end of the reporting date.

In prior year, the Group has significant concentration of credit risk arising from amount owing by 1 customer constituting 24% of the Group's gross trade receivables.

##### *Recognition and measurement of impairment loss*

##### *Continuing operation*

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 and contract assets are 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 rights 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.

##### *Discontinued operations*

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.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

#### Trade receivables and contract assets (Cont'd)

#### Recognition and measurement of impairment loss (Cont'd)

#### Impairment losses

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at the reporting date which are grouped together as they are expected to have similar risk nature.

	Gross RM	Group Loss Allowance RM	Net RM
<b>2019</b>			
<b>Collateralised trade receivables</b>			
Not past due	1,146,228	-	1,146,228
Past due but not impaired:			
1 day to 30 days	3,227,806	-	3,227,806
31 days to 120 days	4,735,908	-	4,735,908
More than 120 days	1,296,845	-	1,296,845
	<b>9,260,559</b>	-	<b>9,260,559</b>
	<b>10,406,787</b>	-	<b>10,406,787</b>
Contract assets	31,473,897	-	31,473,897
Total	<b>41,880,684</b>	-	<b>41,880,684</b>
<b>2018</b>			
<b>Non-collateralised trade receivables</b>			
<i>Discontinued operations</i>			
Not past due	6,125,808	(13,619)	6,112,189
Past due but not impaired:			
Less than 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
	<b>4,642,274</b>	<b>(688,214)</b>	<b>3,954,060</b>
	<b>10,768,082</b>	<b>(701,833)</b>	<b>10,066,249</b>
<b>Collateralised trade receivables</b>			
<i>Continuing operations</i>			
Trade receivables	2,556,128	-	2,556,128
Contract assets	4,957,375	-	4,957,375
	<b>7,513,503</b>	-	<b>7,513,503</b>
Total	<b>18,281,585</b>	<b>(701,833)</b>	<b>17,579,752</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (a) Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### *Recognition and measurement of impairment loss (Cont'd)*

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired comprise property purchasers mostly with end financing facilities from reputable end-financiers whilst the others are creditworthy debtors with good payment records.

##### Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are secured in nature. The Directors are of the opinion that these debts should be realisable in full without material losses in the ordinary course of business.

##### 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 16.

##### Amounts due from subsidiaries and associates

##### Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiaries and associates. The Company monitors the ability of the subsidiaries and associates 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 subsidiaries and associates is represented by the carrying amount in the statements of financial position. Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

##### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries and associates have low credit risk. The Company assumes that there is a significant increase in credit risk when their financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' and associates' loans and advances when it is payable, the Company considers the subsidiaries' and associates' loan or advance to be credit impaired when they are unlikely to repay the 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 the associates financial position has deteriorated significantly which may lead to high probability of default for the advances to the associates. An impairment loss of RM205,675 has been recognised in profit or loss as disclosed in Note 5.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (b) Interest rate risk

	Group	
	2019 RM	2018 RM
<b>Floating rate interest</b>		
Financial assets	8,013,217	5,367,189
Financial liabilities	-	(8,872,309)
	<u>8,013,217</u>	<u>(3,505,120)</u>

The Group is 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 Note 19 and Note 24. The changes in interest rates would not have material impact on the profit or loss of the Group.

#### (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.

When 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, when appropriate. The changes in commodity price would not have material impact on profit or loss of the Group.

#### (d) 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 use of standby credit facilities.

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.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 30. FINANCIAL INSTRUMENTS (Cont'd)

### Financial Risk Management Objectives and Policies (Cont'd)

#### (d) Liquidity risk (cont'd)

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:

Group	Carrying amount RM	Contractual cash flows RM	Contractual cash flows			
			Within one year RM	Between 1 and 2 years RM	Between 2 and 5 years RM	More than 5 years RM
<b>2019</b>						
Trade payables	32,283,952	32,283,952	32,283,952	-	-	-
Other payables	32,037,304	32,037,304	32,037,304	-	-	-
	<b>64,321,256</b>	<b>64,321,256</b>	<b>64,321,256</b>	-	-	-
<b>2018</b>						
Trade payables	18,892,841	19,935,971	15,842,671	480,000	3,613,300	-
Other payables	13,595,732	13,595,732	13,595,732	-	-	-
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 a Director	12,255,225	12,255,225	12,255,225	-	-	-
	<b>56,083,697</b>	<b>58,984,600</b>	<b>47,486,594</b>	<b>2,884,561</b>	<b>8,583,264</b>	<b>30,181</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 31. 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, 9, 10, 11, 12 and 13.

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 amount of long-term receivable approximates its fair value as the market interest rate on initial recognition is approximately the same as the current market interest rate.

The carrying amounts of long-term floating rate loans approximate their fair values as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of finance lease liability was determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period. At the reporting date, the carrying value as compared to fair value of the finance lease liability is not materially different.

## 32. 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 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	
	2019 RM	2018 RM
Borrowings	-	11,339,899
Less: Cash and cash equivalents	<u>(9,856,608)</u>	<u>(8,503,389)</u>
Total net debts	<b>(9,856,608)</b>	2,836,510
Total equity	<u><b>62,877,014</b></u>	<u>57,427,706</u>
Debt-to-equity ratio (%)	*	5%

\*Not meaningful

The Group is in compliance with all externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)



## 33. COMPARATIVE FIGURES

The comparative figures are reclassified to conform with the current year's presentation.

	Group	
	As previously reported RM	As restated RM
<b>Statement of financial position:</b>		
<b>Current assets</b>		
Inventories	15,138,598	14,316,960
Trade receivables	17,443,288	12,622,377
Other receivables	2,414,701	3,099,875
Contract assets	-	4,957,375
<b>Current liabilities</b>		
Other payables	13,620,045	13,595,732
Provision for tax	1,116,922	1,141,235
<b>Statement of cash flows:</b>		
<b>Operating profit/(loss) before changes in working capital:</b>		
Inventories	(8,659,574)	(9,208,284)
Receivables	5,842,962	11,349,047
Contract assets	-	(4,957,375)

## 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) 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 and the said DRA has become unconditional on 28 May 2019.
- (ii) On 26 February 2019, the Group has set up a joint venture Group, 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.
- (iii) On 31 May 2019, the Group entered into a Joint Development Agreement ("JDA") with third party to jointly develop a mixed affordable housing development project on 499 pieces of leasehold land, measuring 17.23 acres located in Mukim Sungai Terap, Daerah Kinta, Perak for a consideration of 25% of Net Gross Development Value as landowner's entitlement. The JDA has become unconditional on 12 September 2019.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Cont'd)

## 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- (iv) On 2 October 2019, the Company has entered into Share Sale Agreement (“SSA”) with one of its former Director, Dato’ Ding Seng Huat (“Purchaser”) to dispose 51% shareholdings in the following subsidiaries (“Disposed Companies”):

D.B.E. Poultry Sdn Bhd (“DBEP”)  
D.B.E. Breeding Sdn Bhd (“DBEB”)  
D.B.E. Hatchery Sdn Bhd (“DBEH”)  
D.B.E. Marketing Sdn Bhd (“DBEM”)  
D.B.E. Food Processing Industries Sdn Bhd (“DBEFPI”)  
D.B.E. Gurney Chicken Sdn Bhd (“DBEGC”)

The SSA became unconditional on 18 December 2019 and the disposal has completed on 31 December 2019.

The consideration for the 51% shareholdings of the Disposed Companies is RM10,200,000 (“Purchase Consideration”). A sum of RM1,000,000 has been paid upon signing of SSA as deposit and part payment of the Purchase Consideration (“Initial Payment”). The balance of the Purchase Consideration, being RM9,200,000 (“Balance”), shall be paid by the Purchaser to DBE within a period of 1 year from the unconditional date (“Balance Settlement Period”).

The SSA included the following matters:

- (a) The Purchaser undertakes and covenants to procure that D.B.E. Poultry Sdn. Bhd. Shall fully settle all loans and advances of RM22,383,608 owing by D.B.E. Poultry Sdn. Bhd. to the Company within three years from the Unconditional Date.
- (b) The Company was granted a put option and the Purchaser was granted a call option to dispose the remaining 49% shareholding in the Disposed Companies anytime within five years at a total consideration of RM9,800,000.
- (v) On 31 December 2019, the Company entered into a Share Sale Agreement (“SSA 2”) with one of its former Director, Dato’ Ding Seng Huat to dispose the investment in unquoted shares of Harumi International Holdings Limited for a total consideration of RM1.

## 35. EVENT SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 18 February 2020, Bursa Malaysia Securities Berhad approved the Company’s private placement of up to 159,000,000 new ordinary shares at an issue price of 2.70 sen per share. In pursuance thereof, the Company’s issued ordinary share capital was increased from RM56,842,332 to RM61,135,332.