FINANCIAL STATEMENTS

47 DIRECTORS' REPORT
50 STATEMENT BY DIRECTORS
51 STATUTORY DECLARATION
52 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
56 STATEMENTS OF FINANCIAL POSITION
57 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
58 STATEMENTS OF CHANGES IN EQUITY
60 STATEMENTS OF CASH FLOWS
62 NOTES TO THE FINANCIAL STATEMENTS

Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 6 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year attributable to owners of the Company	30,926,147	11,275,308

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
A first interim single-tier dividend of RM0.13 per ordinary share in respect of the financial year ended 31 December 2017 on 5 April 2018.	29,744,000
A first interim single-tier dividend of RM0.06 per ordinary share in respect of the financial year ended 31 December 2018 on 31 December 2018.	13,728,000
	43,472,000

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 31 December 2018.

DIRECTORS

The Directors in office during the financial year until the date of this report are as follows:

Dato' Azman Bin Mahmood
Tan Sri Dato' Sri Koh Kin Lip
Liew Fook Meng *
Lau Kee Von *
Lau Pak Lam *
Tai Chun Wah *
Chow Kee Kan @ Chow Tuck Kwan
Lim Yew Hoe
Soh Swee Hock @ Soh Say Hock
Lau Cheng Yew (Alternate Director to Lim Yew Hoe)
Lau Kim Chew *

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report:

Lau Kwai Choon
Lew Foo Chay @ Lau Foo Chay
Liew Yoon Kee

** Director of the Company and its subsidiary companies*

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2018	Bought	Sold	At 31.12.2018
Interests in the Company				
Direct interests:				
Dato' Azman Bin Mahmood	524,444	-	-	524,444
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	-	-	3,318,332
Lau Kee Von	777,366	-	-	777,366
Tai Chun Wah	23,466	-	-	23,466
Indirect interests:				
Tan Sri Dato' Sri Koh Kin Lip [(a)]	3,333,333	-	-	3,333,333
Liew Fook Meng [(b)]	87,046,628	-	-	87,046,628
Lau Kee Von [(b)]	87,046,628	-	-	87,046,628
Lau Pak Lam [(b)]	87,046,628	-	-	87,046,628

(a) Deemed interest by virtue of Section 8(4) of the Companies Act, 2016 held through Rickoh Corporation Sdn. Bhd.
(b) Deemed interest by virtue of Section 8(4) of the Companies Act, 2016 held through Leverage Success Sdn. Bhd.

By virtue of their interests in the shares of the Company, Messrs Liew Fook Meng, Lau Kee Von, and Lau Pak Lam are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 23(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 23(b) to the financial statements.

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

INDEMNITY AND INSURANCE COSTS

There was no indemnity given to or insurance effected for any Directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:
   - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
   - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
   - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
   - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:
   - (i) any charge on the assets of the Group 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 or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:
   - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
   - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
   - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 6 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 19 to the financial statements.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 April 2019.

....

LIEW FOOK MENG **TAI CHUN WAH**

Kuala Lumpur

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 financial statements set out on pages 56 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 9 April 2019.

…………………………..
LIEW FOOK MENG

…………………………..
TAI CHUN WAH

Kuala Lumpur

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

I, Tai Chun Wah, (MIA Membership No: 11945), being the Director primarily responsible for the financial management of Cocoaland Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 107 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)

the abovenamed at Kuala Lumpur in the)

Federal Territory on 9 April 2019)

....

TAI CHUN WAH

Before me,

No. W710
MOHAN A.S. MANIAM

....

Commissioner for Oaths

Independent Auditors' Report
to the members of Cocoaland Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Cocoaland Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 107.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 matter	How our audit addressed the key audit matter
Inventory valuation and provision The carrying amount of packing materials inventory of the Group as at 31 December 2018 is RM9,513,737. As described in the Accounting Policies in Note 3(g) to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of packing materials inventory is an area of significant judgement as there is a risk in estimating the net realisable value of the inventory, as well as assessing which items may be slow-moving or obsolete.	Our audit procedures included, amongst others: • Checked the effectiveness of controls associated with the existence and condition of inventory by attending inventory counts at year end in all locations; • Identified and assessed a sample of aged and obsolete inventory; • Analysed the level of slow-moving inventory and the associated provision; • Tested the expected volume and price of future sales of inventory by reviewing the price of a sample of inventory sold after the reporting date;

Key audit matter	How our audit addressed the key audit matter
Due to the significance of packing materials inventory and the corresponding uncertainty inherent in such an estimate, we considered this as a key audit matter. Refer to significant accounting estimates and judgment in Note 2(c) and the disclosures of inventories in Note 7 to the financial statements.	• Reviewed the historical accuracy of inventory provisioning and the level of inventory write-offs during the financial year; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we did not note any significant exceptions.
Impairment of trade and other receivables Refer to Note 3(i) (Impairment of asset), Note 2(c) (Significant accounting judgements, estimates and assumptions), Note 8 (Trade receivables) and Note 9 (Other receivables) and Note 27 (Financial instruments). The Group has material credit exposures in its trade and other receivables. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.	The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade and other receivables that were either in default or significantly overdue as at 31 December 2018. Our procedures performed in relation to managements' impairment assessment and testing included the following: • Obtained and evaluated the Group's credit risk policy, and tested the associated processes used by management to assess credit exposures, assign internal credit ratings, and report on these to the appropriate level of governance to ensure they worked as designed; • Developed our understanding of significant credit exposures which were significantly overdue, deemed to be in default, or were on watch through review of credit reports produced by accounts department and analysis of aged receivables; • Reviewed the adequacy of the impairment loss and enquired management regarding the recoverability of the selected receivables that are pass due but not impaired, and reviewed the customers' correspondence, settlement agreement and obtained evidence of cash receipts where these has been recovered; and • Assessed the adequacy and reasonableness of the disclosures in the financial statements. Based on the above procedures performed, we did not note any significant exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

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

UHY
Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG
Approved Number: 03307/06/2019 J
Chartered Accountant

KUALA LUMPUR

9 April 2019

Statements Of Financial Position
as at 31 December 2018

	NOTE	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	**103,677,524**	114,607,453	**-**	-
Investment properties	5	**1,740,045**	-	**-**	-
Investments in subsidiary companies	6	**-**	-	**34,332,168**	41,473,332
		105,417,569	114,607,453	**34,332,168**	41,473,332
Current Assets					
Inventories	7	**36,157,687**	37,182,462	**-**	-
Trade receivables	8	**43,696,703**	50,860,663	**-**	-
Other receivables	9	**8,164,821**	3,126,577	**1,000**	1,000
Amounts due from subsidiary companies	10	**-**	-	**107,023,080**	132,151,707
Tax recoverable		**1,364,886**	501,949	**62,814**	40,150
Deposits, cash and bank balances	11	**87,416,845**	87,616,731	**2**	2
		176,800,942	179,288,382	**107,086,896**	132,192,859
Total Assets		**282,218,511**	293,895,835	**141,419,064**	173,666,191
EQUITY					
Share capital	12	**130,154,539**	130,154,539	**130,154,539**	130,154,539
Reserves	13	**106,043,380**	119,937,807	**10,801,322**	42,998,014
Total equity attribute to owners of the Company		**236,197,919**	250,092,346	**140,955,861**	173,152,553
LIABILITIES					
Non-Current Liability					
Deferred tax liabilities	14	**7,452,228**	8,314,000	**-**	-
		7,452,228	8,314,000	**-**	-
Current Liabilities					
Trade payables	15	**27,765,771**	22,445,722	**-**	-
Other payables	16	**10,273,789**	11,165,692	**463,203**	513,638
Tax payable		**528,804**	1,878,075	**-**	-
		38,568,364	35,489,489	**463,203**	513,638
Total Liabilities		**46,020,592**	43,803,489	**463,203**	513,638
Total Equity and Liabilities		**282,218,511**	293,895,835	**141,419,064**	173,666,191

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

Statements Of Profit Or Loss And Other Comprehensive Income

for the financial year ended 31 December 2018

	NOTE	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Revenue	17	**253,819,040**	265,904,666	**20,000,000**	55,000,000
Cost of sales		**(186,026,026)**	(190,036,718)	**-**	-
Gross profit		**67,793,014**	75,867,948	**20,000,000**	55,000,000
Other income	18	**8,001,580**	6,558,965	**-**	-
Distribution costs		**(12,334,754)**	(14,641,088)	**-**	-
Administrative expenses		**(23,696,446)**	(22,054,940)	**(8,724,692)**	(927,099)
Profit before tax	19	**39,763,394**	45,730,885	**11,275,308**	54,072,901
Taxation	20	**(8,837,247)**	(12,204,462)	**-**	-
Profit for the financial year		**30,926,147**	33,526,423	**11,275,308**	54,072,901
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		**(3,294)**	(57,387)	**-**	-
Other comprehensive loss for the financial year		**(3,294)**	(57,387)	**-**	-
Total comprehensive income for the financial year		**30,922,853**	33,469,036	**11,275,308**	54,072,901
Profit for the financial year attributable to:					
Owners of the Company		**30,926,147**	33,526,423	**11,275,308**	54,072,901
Total comprehensive income attributable to:					
Owners of the Company		**30,922,853**	33,469,036	**11,275,308**	54,072,901
Earnings per share					
Basic and diluted earnings per ordinary share (sen)	22	**13.52**	14.65		

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

Statements Of Changes In Equity
for the financial year ended 31 December 2018

	NOTE	Attributable to Owners of the Company — Non-Distributable: Share Capital RM	Non-Distributable: Share Premium RM	Non-Distributable: Exchange Translation Reserve RM	Distributable: Retained Earnings RM	Total Equity RM
Group						
At 1 January 2017		114,400,000	15,754,539	248,591	109,100,180	239,503,310
Profit for the financial year		-	-	-	33,526,423	33,526,423
Exchange translation differences for foreign operations		-	-	(57,387)	-	(57,387)
Total comprehensive (loss)/ income for the financial year		-	-	(57,387)	33,526,423	33,469,036
Transactions with owners:						
Dividends to owners of the Company:						
- Single tier dividend of RM0.10 each	25	-	-	-	(22,880,000)	(22,880,000)
Total transactions with owners of the Company		-	-	-	(22,880,000)	(22,880,000)
Transaction to no-par value regime, on 31 January 2017	12,13	15,754,539	(15,754,539)	-	-	-
At 31 December 2017		130,154,539	-	191,204	119,746,603	250,092,346

	NOTE	Attributable to Owners of the Company — Non-Distributable: Share Capital RM	Non-Distributable: Exchange Translation Reserve RM	Distributable: Retained Earnings RM	Total Equity RM
Group					
At 1 January 2018, as previously stated		130,154,539	191,204	119,746,603	250,092,346
Opening balance adjustment from adoption of MFRS 9		-	-	(1,345,280)	(1,345,280)
At 1 January 2018, as restated		130,154,539	191,204	118,401,323	248,747,066
Profit for the financial year		-	-	30,926,147	30,926,147
Exchange translation differences for foreign operations		-	(3,294)	-	(3,294)
Total comprehensive (loss)/ income for the financial year		-	(3,294)	30,926,147	30,922,853
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend of RM0.13 each	25	-	-	(29,744,000)	(29,744,000)
- Single tier dividend of RM0.06 each	25	-	-	(13,728,000)	(13,728,000)
Total transaction with owners of the Company		-	-	(43,472,000)	(43,472,000)
At 31 December 2018		130,154,539	187,910	105,855,470	236,197,919

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

	NOTE	← Non-Distributable →		← Distributable →	
		Share Capital RM	Share Premium RM	Retained Earnings RM	Total Equity RM
Company					
At 1 January 2017		114,400,000	15,754,539	11,805,113	141,959,652
Profit for the financial year, representing total comprehensive income for the financial year		-	-	54,072,901	54,072,901
Transactions with owners:					
Dividends to owners of the Company:					
- Single tier dividend of RM0.10 each	25	-	-	(22,880,000)	(22,880,000)
Total transactions with owners of the Company		-	-	(22,880,000)	(22,880,000)
Transaction to no-par value regime, on 31 January 2017	12,13	15,754,539	(15,754,539)	-	-
At 31 December 2017		130,154,539	-	42,998,014	173,152,553

	NOTE	← Non-Distributable →	← Distributable →	
		Share Capital RM	Retained Earnings RM	Total Equity RM
Company				
At 1 January 2018		130,154,539	42,998,014	173,152,553
Profit for the financial year, representing total comprehensive income for the financial year		-	11,275,308	11,275,308
Transactions with owners:				
Dividends to owners of the Company:				
- Single tier dividend of RM0.13 each	25	-	(29,744,000)	(29,744,000)
- Single tier dividend of RM0.06 each	25	-	(13,728,000)	(13,728,000)
Total transactions with owners of the Company		-	(43,472,000)	(43,472,000)
At 31 December 2018		130,154,539	10,801,322	140,955,861

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

Statements Of Cash Flows

for the financial year ended 31 December 2018

		Group		Company	
	NOTE	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**39,763,394**	45,730,885	**11,275,308**	54,072,901
Adjustments for:					
Bad debts written off:					
- trade receivables		**43,581**	112,034	**-**	-
- former subsidiary company		**-**	-	**173,341**	-
Depreciation of property, plant and equipment		**11,151,200**	11,244,526	**-**	-
Dividend income		**-**	(630)	**(20,000,000)**	(55,000,000)
Gain on disposal of property, plant and equipment		**(259,852)**	(190,068)	**-**	-
Gain on disposal of other investment		**-**	(500)	**-**	-
Inventories written off		**300,330**	175,522	**-**	-
Inventories written down		**1,301,100**	594,512	**-**	-
Impairment loss on investment in a subsidiary company		**-**	-	**-**	149,693
Impairment loss on amount due from a subsidiary company		**-**	-	**-**	5,822
Interest income		**(2,751,765)**	(2,404,051)	**-**	-
Loss on disposal of a subsidiary company		**52,379**	-	**7,819,164**	-
Over provision of commision expenses		**415,177**	-	**-**	-
Property, plant and equipment written off		**18,864**	9,719	**-**	-
Reversal of impairment loss on trade receivables		**(1,023,405)**	(308,872)	**-**	-
Reversal of inventory written down		**(955,172)**	-	**-**	-
Unrealised gain on foreign exchange		**(462,851)**	-	**-**	-
Unrealised loss on foreign exchange		**504,076**	107,673	**-**	-
Waiver of debts on trade payables		**(35,708)**	(32,998)	**-**	-
Waiver of debts on other payables		**(8,115)**	(2,553)	**-**	-
Operating profit/(loss) before working capital changes		**48,053,233**	55,035,199	**(732,187)**	(771,584)
Changes in working capital:					
Inventories		**(1,184,882)**	6,604,855	**-**	-
Subsidiary companies		**-**	-	**22,785,649**	(31,531,354)
Receivables		**1,326,479**	5,480,999	**-**	5,000
Payables		**6,570,223**	(4,446,254)	**(50,434)**	102,938
		6,711,820	7,639,600	**22,735,215**	(31,423,416)
Cash generated from /(used in) operations		**54,765,053**	62,674,799	**22,003,028**	(32,195,000)

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

	NOTE	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Dividend received		-	630	20,000,000	55,000,000
Dividend paid		(43,472,000)	(22,880,000)	(43,472,000)	(22,880,000)
Interest received		2,751,765	2,404,051	-	-
Tax refund		42,135	174,673	-	120,000
Tax paid		(11,986,770)	(14,104,712)	(22,664)	(45,000)
		(52,664,870)	(34,405,358)	(23,494,664)	32,195,000
Net cash from/(used in) operating activities		2,100,183	28,269,441	(1,491,636)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceed from disposal of property, plant and equipment		332,393	212,011	-	-
Purchase of property, plant and equipment		(3,795,455)	(6,307,372)	-	-
Proceed from disposal of a subsidiary company		-	-	1,492,000	-
Net cash inflow on disposal of a subsidiary company	6(c)	1,088,961	-	-	-
Proceed from disposal of other investment		-	1,500	-	-
Investment in subsidiary company		-	-	(364)	-
Increase in fixed deposits with maturity more than three months		(20,243,828)	(8,063,060)	-	-
Net cash (used in)/from investing activities		(22,617,929)	(14,156,921)	1,491,636	-
Net (decrease)/increase in cash and cash equivalents		(20,517,746)	14,112,520	-	-
Effect of exchange translation differences on cash and cash equivalents		74,032	(3,035)	-	-
Cash and cash equivalents at beginning of the financial year		79,553,671	65,444,186	2	2
Cash and cash equivalents at end of the financial year		59,109,957	79,553,671	2	2
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		17,973,066	14,782,735	2	2
Fixed deposits with licensed banks		69,443,779	72,333,996	-	-
Short term deposits with licensed banks		-	500,000	-	-
		87,416,845	87,616,731	2	2
Less: Fixed deposits with maturity more than three months		(28,306,888)	(8,063,060)	-	-
		59,109,957	79,553,671	2	2

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

1. CORPORATE INFORMATION

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

The principal place of business of the Company is at Lot 100, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan.

The registered office of the Company is at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.

The Company's principal activity is that of investment holding. The principal activities of the subsidiary companies are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

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.

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

Adoption of new and amended standards

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
Amendments to MFRS 4	Applying MFRS 9 *Financial Instrument with* MFRS 4 *Insurance Contracts*
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfer of Investment Property
Annual Improvements to MFRs 2014-2016 Cycle:	• Amendments to MFRS 1 • Amendments to MFRS 128

The adoption of the new and amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company, except for:

(i) <u>MFRS 9 *Financial instruments* (IFRS 9 issued by IASB in July 2014)</u>

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and the Company.

The Group and the Company generally applied MFRS 9 retrospectively. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 January 2018.

(a) Classification of financial assets

MFRS 9 contains three principal classification categories for financial assets: measured at amortised cost ("AC"), fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL") and replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-tomaturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

(b) Classification of financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurements of financial liabilities to the Group and the Company.

(c) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group has accounted for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

(d) Effect of changes in classification of financial assets on 1 January 2018

Group	As at 1.1.2018 RM	Remeasurement RM	Reclassification to MFRS 9 AC RM
Financial assets			
Loans and receivables			
Trade receivables	50,860,663	(1,345,280)	49,515,383
Other receivables	1,319,076	-	1,319,076
Deposit, bank and cash balances	87,616,731	-	87,616,731
	139,796,470	(1,345,280)	138,451,190

Company	As at 1.1.2018 RM	Remeasurement RM	Reclassification to MFRS 9 AC RM
Financial assets			
Loans and receivables			
Other receivables	1,000	-	1,000
Amount due from subsidiary companies	132,151,707	-	132,151,707
Deposit, bank and cash balances	2	-	2
	132,152,709	-	132,152,709

(e) **Effect on impairment allowances on 1 January 2018**

	Group RM
Impairment of trade receivables	
At 1 January 2018, as previously stated	1,243,428
Opening balance adjustments from adoption of MFRS 9	1,345,280
At 1 January 2018, as restated	2,588,708

There is no financial impact on the Company's financial statements.

(ii) **MFRS 15 *Revenue from Contract with Customers***

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than reclassification of consideration paid to customers previously presented in distribution costs to revenue.

Accounting for consideration payable to customer

The Group offers promotions to its customers, including incentive and commision and recognised these as promotion costs in profit or loss as occurred. Under MFRS 15, consideration payable to a customer, which includes incentive and commision are accounted for as a reduction of the transaction price and therefore, of revenue.

Impact arising from the adoption of MFRS 9 and MFRS 15 on the Group's financial statements:

Statements of Financial Position

	As at 1.1.2018, as previously stated RM	MFRS 9 adjustments RM	As at 1.1.2018, as restated RM
Trade receivables	50,860,663	(1,345,280)	49,515,383
Retained earnings	119,746,603	(1,345,280)	118,401,323

Statements of Profit or Loss and Other Comprehensive Income

	As at 31.12.2017 as previously stated RM	MFRS 15 reclassification RM	As at 31.12.2017 as restated RM
Revenue	2 67,153,468	(1,248,802)	265,904,666
Distribution costs	(15,889,890)	1 ,248,802	(14,641,088)

There is no financial impact on the Company's financial statements.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term interests in Associates and Joint Venture	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
	• Amendments to MFRS 3	1 January 2019
	• Amendments to MFRS 11	1 January 2019
	• Amendments to MFRS 112	1 January 2019
	• Amendments to MFRS 123	1 January 2019

Amendments to Reference to the Conceptual Framework in MFRS Standards:		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor audits Associate or Joint Venture	Deferred until further notice

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2019 for those accounting standards, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019.

The Group and the Company do not plan to apply MFRS 17 *Insurance Contracts* that is effective for annual periods beginning or after 1 January 2021 as it is not applicable to the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of MFRS 16 is currently being assessed by management.

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgement

<u>Classification between investment properties and property, plant and equipment</u>

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Key sources of estimation uncertainty

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

<u>Useful lives of property, plant and equipment and investment properties</u>

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount of the property, plant and equipment and investment properties are disclosed in Notes 4 and 5 respectively to the financial statements.

<u>Impairment of investments in subsidiary companies</u>

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognized deferred tax assets are disclosed in Note 14 to the financial statements.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 7 to the financial statements.

Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value or most-likely amount method, whereby the transaction price is determined by reference to the sum of probability-weighted amounts or single most likely amount in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2018, the Group and the Company have tax recoverable of RM1,364,886 (2017: RM501,949) and RM62,814 (2017: RM40,150) respectively and tax payable of RM528,804 (2017: RM1,878,075) and RM Nil (2017: RM Nil) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary companies

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

Subsidiary companies are consolidated using the acquisition method except for those subsidiary companies acquired under common control which were accounted for using merger method of accounting.

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combinations occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than Ringgit Malaysia "RM", including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange translation reserve ("ETR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the ETR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Property, plant and equipment

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

(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.

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

Buildings	Over the remaining useful lives of between 26 to 45 years
Leasehold land and buildings	Over the remaining lease period
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Furniture and fittings	10%
Warehouse equipment	10%
Electrical fittings	10%
Renovation	10%
Science lab equipment	10%
Factory equipment	10%
Computer software	10%

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

(d) Leases

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

<u>As lessee</u>

Operating Lease

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

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

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

<u>As lessor</u>

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

(e) Investment properties

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

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

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land and building	Over the remaining period of the lease

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

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

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

(f) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9 *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(i) Recognition and initial measurement

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

Policy applicable from 1 January 2018

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.

Policy applicable before 1 January 2018

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Policy applicable from 1 January 2018

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 its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 3(i)(ii)) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see note 3(i)(ii)).

Policy applicable before 1 January 2018

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

Loans and receivables

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

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

Financial Liabilities

Policy applicable from 1 January 2018

The financial liabilities at initial recognition at amortised cost.

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.

Policy applicable before 1 January 2018

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

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group and the Company, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company apply settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) 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. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

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

(g) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

Cost of raw material comprises cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(i) Impairment of assets

(i) Non-financial assets

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

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

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

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

(ii) Financial assets

Policy applicable from 1 January 2018

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for other receivables that are determined to have low credit risk at the reporting date, and cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, 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 and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are 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.

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 the 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 procedures for recovery amounts due.

Policy applicable before 1 January 2018

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

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

(j) Share capital

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

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

(k) Provisions

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

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

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

(l) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(m) Revenue recognition

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

(i) Sale of goods

Revenue is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue is recognised net of sales or goods and service tax and service tax and discount, where applicable.

(ii) Rental income

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

(iii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iv) Interest income

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

(n) Income tax

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

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

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

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

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

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

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

(o) Operating segments

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

(p) Contingencies

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

(q) Goods and Services Tax ("GST")

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

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

(ii) receivables and payables are recognised inclusive of GST.

The net amount of GST being the difference between output and input of GST, payable to or receivables from the authority at the reporting date, is included in other payables or other receivables in the statements of financial position.

4. PROPERTY, PLANT AND EQUIPMENT

Group 2017 Cost	Freehold land RM	Freehold buildings RM	Short term leasehold land and building RM	Long term leasehold land and building RM	Plant and machinery in progress RM	Motor vehicle RM	Plant and machinery RM	Office equipment RM
At 1 January	25,729,948	49,194,094	2,729,680	6,940,057	305,701	3,643,190	93,437,135	2,056,339
Additions	-	-	-	-	1,290,066	1,275,737	1,284,096	253,749
Disposals	-	-	-	-	-	(466,967)	(10,000)	(6,250)
Written off	-	-	-	-	-	-	(2,620)	(4,829)
Reclassification	-	-	-	-	(407,700)	-	407,700	-
Exchange difference	-	-	-	-	-	(19,092)	(78)	(6,118)
At 31 December	25,729,948	49,194,094	2,729,680	6,940,057	1,188,067	4,432,868	95,116,233	2,292,891
Accumulated depreciation								
At 1 January	-	7,371,016	853,151	1,246,662	-	3,006,994	68,351,887	1,156,965
Charge for the financial year	-	1,013,274	68,242	109,939	-	523,493	5,496,829	176,390
Disposals	-	-	-	-	-	(459,765)	(4,750)	(6,249)
Written off	-	-	-	-	-	-	(2,620)	(3,244)
Exchange difference	-	-	-	-	-	(17,322)	(3)	(4,523)
At 31 December	-	8,384,290	921,393	1,356,601	-	3,053,400	73,841,343	1,319,339
Carrying amount								
At 31 December	25,729,948	40,809,804	1,808,287	5,583,456	1,188,067	1,379,468	21,274,890	973,552

Group 2017 Cost	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
At 1 January	589,714	1,001,205	1,191,975	8,297,169	1,335,137	38,530,662	30,903	235,012,909
Additions	30,470	-	12,499	318,151	48,996	1,793,608	-	6,307,372
Disposals	-	(94,900)	-	-	-	-	-	(578,117)
Written off	(890)	-	-	-	-	(24,070)	-	(32,409)
Reclassification	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	(395)	(371)	(26,054)
At 31 December	619,294	906,305	1,204,474	8,615,320	1,384,133	40,299,805	30,532	240,683,701
Accumulated depreciation								
At 1 January	402,339	810,530	898,563	6,817,529	775,692	23,719,932	21,465	115,432,725
Charge for the financial year	39,820	71,282	39,912	291,911	118,811	3,291,394	3,229	11,244,526
Disposals	-	(85,410)	-	-	-	-	-	(556,174)
Written off	(790)	-	-	-	-	(16,036)	-	(22,690)
Exchange difference	-	-	-	-	-	-	(291)	(22,139)
At 31 December	441,369	796,402	938,475	7,109,440	894,503	26,995,290	24,403	126,076,248
Carrying amount								
At 31 December	177,925	109,903	265,999	1,505,880	489,630	13,304,515	6,129	114,607,453

Group 2018 Cost	Freehold land RM	Freehold buildings RM	Short term leasehold land and building RM	Long term leasehold land and building RM	Buiding in Progress RM	Plant and machinery in progress RM	Motor vehicle RM	Plant and machinery RM	Office equipment RM
At 1 January	25,729,948	49,194,094	2,729,680	6,940,057	-	1,188,067	4,432,868	95,116,233	2,292,891
Additions	-	-	-	-	109,926	25,600	731,629	690,532	152,989
Disposals	-	-	-	-	-	-	(386,795)	(587,510)	(11,408)
Written off	-	-	-	-	-	-	-	(25,300)	(29,814)
Reclassification	-	-	-	-	-	(1,213,667)	-	1,213,667	-
Transfer to investment property	-	-	(2,729,680)	-	-	-	-	-	-
Disposals of a subsidiary company	-	-	-	(448,801)	-	-	(13,000)	(11,602,206)	(145,760)
Exchange difference	-	-	-	-	-	-	15,502	(36)	(8,539)
At 31 December	25,729,948	49,194,094	-	6,491,256	109,926	-	4,780,204	84,805,380	2,250,359
Accumulated depreciation									
At 1 January	-	8,384,290	921,393	1,356,601	-	-	3,053,400	73,841,343	1,319,339
Charge for the financial year	-	1,013,273	68,242	258,215	-	-	425,948	5,459,790	128,248
Disposals	-	-	-	-	-	-	(370,594)	(587,508)	(1,579)
Written off	-	-	-	-	-	-	-	(18,308)	(24,205)
Transfer to investment property	-	-	(989,635)	-	-	-	-	-	-
Disposals of a subsidiary company	-	-	-	(360,529)	-	-	(7,366)	(10,376,501)	(115,578)
Exchange difference	-	-	-	-	-	-	(5,230)	(10)	(1,542)
At 31 December	-	9,397,563	-	1,254,287	-	-	3,096,158	68,318,806	1,304,683
Carrying amount									
At 31 December	25,729,948	39,796,531	-	5,236,969	109,926	-	1,684,046	16,486,574	945,676

Group 2018 Cost	Furniture and fittings RM	Warehouse equipment RM	Electrical fittings RM	Renovation RM	Science lab equipment RM	Factory equipment RM	Computer software RM	Total RM
At 1 January	619,294	906,305	1,204,474	8,615,320	1,384,133	40,299,805	30,532	240,683,701
Additions	10,976	4,146	38,335	11,230	145,521	1,874,571	-	3,795,455
Disposals	-	(91,135)	-	-	-	(23,000)	-	(1,099,848)
Written off	(1,010)	-	-	-	(2,120)	(8,808)	(1,349)	(68,401)
Reclassification	-	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	-	(2,729,680)
Disposals of a subsidiary company	(14,892)	-	(229,085)	(1,082,221)	-	(1,666,509)	-	(15,202,474)
Exchange difference	(223)	-	-	-	-	-	2,482	9,186
At 31 December	614,145	819,316	1,013,724	7,544,329	1,527,534	40,476,059	31,665	225,387,939
Accumulated depreciation								
At 1 January	441,369	796,402	938,475	7,109,440	894,503	26,995,290	24,403	126,076,248
Charge for the financial year	40,628	20,920	42,775	261,570	131,567	3,298,513	1,511	11,151,200
Disposals	-	(44,627)	-	-	-	(22,999)	-	(1,027,307)
Written off	(725)	-	-	-	(586)	(4,364)	(1,349)	(49,537)
Transfer to investment property	-	-	-	-	-	-	-	(989,635)
Disposals of a subsidiary company	(12,336)	-	(218,867)	(815,766)	-	(1,536,698)	-	(13,443,641)
Exchange difference	(33)	-	-	-	-	-	(98)	(6,913)
At 31 December	468,903	772,695	762,383	6,555,244	1,025,484	28,729,742	24,467	121,710,415
Carrying amount								
At 31 December	145,242	46,621	251,341	989,085	502,050	11,746,317	7,198	103,677,524

The title to certain freehold land and buildings and a leasehold land of certain subsidiary companies have not been issued by the relevant authorities and have been alienated to the subsidiary company by way of sales and purchase agreements.

There is no provision for depreciation for building in progress and plant and machinery in progress as there are not ready to use.

During the financial year, a short-term leasehold land and building were transferred from property, plant and equipment to investment property because the property was leased to a third party and was no longer used by the Group.

5. INVESTMENT PROPERTIES

	Group	
	2018 RM	2017 RM
At cost		
At 1 January	-	-
Transfer from property, plant and equipment (Note 4)	2,729,680	-
At 31 December	2,729,680	-
Accumulated depreciation		
At 1 January	-	-
Transfer from property, plant and equipment (Note 4)	989,635	-
At 31 December	989,635	-
Carrying amount		
At 31 December	1,740,045	-
Fair value of investment properties		
At 31 December	2,743,700	-

(a) Investment properties under leases

Investment property comprise a short-term leasehold land and building that are leased to a third party. The lease contains a cancellable period of three years. Subsequent renewals are negotiated with the lessee and on renewal periods are three years.

During the financial year, a short-term leasehold land and building had been transferred from property, plant and equipment to investment properties, since the short term leasehold land and building were no longer used by the Group and leased to a third party.

(b) Income and expenses recognised in profit and loss

The following are recognised in profit or loss in respect of the investment property:

	Group	
	2018 RM	2017 RM
Rental income	(25,000)	-
Direct operating expenses	22,570	-

(c) **Fair value basis of investment properties**

Fair value of investment property was estimated by the Directors based on internal appraisal of market values of comparable properties. The fair values are within Level 3 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

(d) The remaining lease period of the leasehold land and building of the Group is 28 years (2017: Nil), which is expired on year 2046.

6. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2018 RM	2017 RM
In Malaysia:		
At cost		
Unquoted shares	**33,858,836**	41,000,000
Outside Malaysia:		
At cost		
Unquoted shares	**623,027**	623,027
	34,481,863	41,623,027
Less: Accumulated impairment loss		
At 1 January	**(149,695)**	(2)
Impairment loss recognised	**-**	(149,693)
At 31 December	**(149,695)**	(149,695)
	34,332,168	41,473,332

Details of the subsidiary companies are as follows:

Name of company	Place of business / Country of incorporation	Effective interest 2018 %	Effective interest 2017 %	Principal Activities
DIRECT HOLDING:				
Cocoaland Industry Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
L.B. Food Sdn. Bhd.	Malaysia	**100**	100	Wholesaling and retailing processed and preserved foods
B Plus Q Sdn. Bhd.#	Malaysia	**-**	100	Manufacturing fruit juice and food stuffs
Cocoaland Retail Sdn. Bhd.	Malaysia	**100**	100	Dormant
CCL Food & Beverage Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and trading all kinds of processed and preserved foods and fruits
Lot 100 Food Co. Ltd. *	China	**100**	100	Wholesaling, importing and exporting gummy products and other products
PT Cocoaland Indonesia *	Indonesia	**90**	90	Dormant
HELD THROUGH B PLUS Q SDN. BHD.				
M.I.T.E. Food Enterprise Sdn. Bhd. ^	Malaysia	**-**	100	Dormant
HELD THROUGH L.B. FOOD SDN. BHD.				
PT Cocoaland Indonesia *	Indonesia	**10**	10	Dormant

* Subsidiary companies not audited by UHY
# Disposed off on 31 October 2018
^ In the progress of winding up

Previous financial year

In previous financial year, PT Cocoaland Indonesia., continued to record operating loss, which is an impairment indicator. An impairment assessment was performed by management. The recoverable amount of the investment estimated based on value-in-use method was Nil. An additional impairment loss amounting to RM149,693 was recognised in "administrative expenses" in statements of profit or loss and other comprehensive income and as a result, the investment is fully impaired as at 30 September 2017. In determining value-in-use for PT Cocoaland Indonesia., the cash flows were discounted at a rate of 10% on a pre-tax basis.

Current financial year

(a) Members' voluntary winding up

On 27 February 2018, the Company had filed an application to Companies Commission of Malaysia ("CCM") to winding up a wholly-owned subsidiary company, M.I.T.E. Food Enterprise Sdn. Bhd. ("MFESB") from the register of CCM under Section 439(1)(b) of the Companies Act, 2016.

MFESB has ceased business its business operation since year 2015. MFESB is in process of winding up as at the date of this report.

(b) Increase in investment in a subsidiary company

During the financial year, the Company had subscribed for additional 2,170,000 ordinary shares in B Plus Q Sdn. Bhd. ("B Plus Q"), a wholly-owned subsidiary company of the Company, at an issue prices of RM1.00 each for total consideration of RM2,170,000 satisfied via a combination of cash payment of RM364 and capitalisation of amount due from a subsidiary company of RM2,169,636.

(c) Disposal of a subsidiary company

The Company disposed of its 100% equity interest in B Plus Q on 31 October 2018 for a total cash consideration of RM1,492,000. The subsidiary company was previously reported as part of the manufacturing segment.

The disposal had the following effects on the financial position of the Group as at the end of the financial year:

	2018 RM
Property, plant and equipment	1,758,833
Inventories	1,563,399
Trade receivables	612,305
Other receivables	126,520
Tax recoverable	33,408
Cash and bank balances	403,039
Trade payables	(2,015,801)
Other payables	(726,998)
Amount owing to Directors	(210,326)
Total net assets disposed	1,544,379
Proceeds from disposal	(1,492,000)
Loss on disposal to the Group	52,379
Disposal proceeds settled by:	
Cash	1,492,000
Cash inflow arising on disposals:	
Cash consideration	1,492,000
Cash and cash equivalents of a subsidiary company disposed	(403,039)
Net cash inflow on disposals	1,088,961

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

7. INVENTORIES

	Group	
	2018 RM	2017 RM
Work-in-progress	**1,465,000**	1,590,839
Packing materials	**9,513,737**	9,717,832
Raw materials	**8,692,274**	14,091,891
Finished goods	**16,486,676**	11,781,900
	36,157,687	37,182,462
Recognised in profit or loss:		
Inventories recognised as cost of sales	**186,601,007**	189,266,684
Inventories written off	**300,330**	175,522
Inventories written down	**1,301,100**	594,512
Reversal of inventories written down	**(955,172)**	-

The reversal of inventories written down was made in current financial year when the related inventories were in-used.

8. TRADE RECEIVABLES

	Group	
	2018 RM	2017 RM
Trade receivables	**44,989,703**	52,104,091
Less: Accumulated impairment losses	**(1,293,000)**	(1,243,428)
At 31 December	**43,696,703**	50,860,663

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2017: 30 to 60 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	**933,561**	640,626	**-**	-
Deposits	**566,839**	678,450	**1,000**	1,000
GST receivables	**1,224,249**	1,272,143	**-**	-
Prepayments	**5,440,172**	535,358	**-**	-
	8,164,821	3,126,577	**1,000**	1,000

10. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

The amounts due from subsidiary companies are unsecured, interest free advances and repayable on demand.

11. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	**17,973,066**	14,782,735	**2**	2
Fixed deposits with licensed banks				
- maturity less than 3 months	**41,136,891**	64,270,936	**-**	-
- maturity more than 3 months	**28,306,888**	8,063,060	**-**	-
Short term deposits with licensed banks	**-**	500,000	**-**	-
	87,416,845	87,616,731	**2**	2

The maturity period and interest rates per annum are as follows:

	Group	
	2018 RM	2017 RM
<u>**Fixed deposits with licensed bank**</u>		
Interest rates per annum	**3.70% - 4.05%**	2.95% - 3.82%
Maturity periods	**1 to 6 months**	1 to 12 months
<u>**Short-term deposits**</u>		
Interest rates per annum	**-**	2.15%
Maturity periods	**-**	1 - 5 days

12. SHARE CAPITAL

	Group and Company			
	Number Of Shares		Amount	
	2018 Units	2017 Units	2018 RM	2017 RM
Issued and fully paid:				
<u>Ordinary shares</u>				
At beginning of the financial year	**228,800,000**	228,800,000	**130,154,539**	114,400,000
Transation to no-par value regime on 31 January 2017	**-**	-	**-**	15,754,539
At the end of financial year	**228,800,000**	228,800,000	**130,154,539**	130,154,539

In accordance with the transitional provisions set out in Section 618(2) of Companies Act 2016 (the "Act"), on 31 January 2017, the amounts standing to the credit of the share premium account and capital redemption reserves become part of the Company's share capital. The Company had 24 months from the commencement of the Act, to utilise the amount standing to the credit of its share premium account of RM15,754,539 for purposes as set out in Sections 618(3). As at the date of issuance of the financial statements, the Company did not utilise the share premium account.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. RESERVES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-distributable reserves				
Exchange translation reserve	**187,910**	191,204	**-**	-
	187,910	191,204	**-**	-
Distributable reserves				
Retained earnings	**105,855,470**	119,746,603	**10,801,322**	42,998,014
	106,043,380	119,937,807	**10,801,322**	42,998,014

The nature of reserves of the Group and of the Company is as follows:

(a) Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value. Pursuant to Section 618(2) of the Act, the sum of RM15,754,539 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 12 to the financial statements.

(b) Exchange translation reserve

The exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Retained earnings

The entire retained earnings of the Company is available for distribution as single-tier dividends.

14. DEFERRED TAXATION

	Group	
	2018 RM	2017 RM
At 1 January	**8,314,000**	8,540,000
Recognised in profit or loss	**(812,136)**	(239,858)
(Over)/under provision in prior year	**(49,636)**	13,858
At 31 December	**7,452,228**	8,314,000

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2018 RM	2017 RM
Deferred tax liabilities	**7,452,228**	8,433,814
Deferred tax assets	**-**	(119,814)
	7,452,228	8,314,000

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

Deferred tax liabilities of the Group

	Accelerated Capital Allowances RM
At 1 January 2018	8,433,814
Recognised in profit or loss	(734,974)
Disposal of a subsidiary company	(196,976)
Over provision in prior years	(49,636)
At 31 December 2018	7,452,228
At 1 January 2017	8,684,085
Recognised in profit or loss	(264,129)
Under provision in prior years	13,858
At 31 December 2017	8,433,814

Deferred tax assets of the Group

	Unutilised Capital Allowance RM	Unutilised Reinvestment Allowance RM	Unutilised Tax Losses RM	Total RM
At 1 January 2018	(54,255)	(65,559)	-	(119,814)
Recognised in profit or loss	(46,149)	(31,013)	-	(77,162)
Disposal of a subsidiary company	100,404	96,572	-	196,976
At 31 December 2018	-	-	-	-
At 1 January 2017	-	-	(144,085)	(144,085)
Recognised in profit or loss	(54,255)	(65,559)	144,085	24,271
At 31 December 2017	(54,255)	(65,559)	-	(119,814)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018 RM	2017 RM
Unutilised tax losses	-	2,698,877
Unabsorbed capital allowance	-	65,846
	-	2,764,723

Deferred tax assets of certain subsidiary company have not been recognised in respect of these items as it is not probable that they would have sufficient taxable profits to be used to offset.

15. TRADE PAYABLES

Included in trade payables of the Group is RM394,174 (2017: RM1,137,063) due from entities with significant influence over the Group. The amount is unsecured.

Credit terms of trade payables of the Group ranged from 30 to 90 days (2017: 30 to 120 days) from date of invoice.

16. OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables	**4,113,391**	4,773,353	**18,203**	54,038
Deposits	**74,670**	214,000	**-**	-
Accruals	**5,020,172**	6,104,705	**445,000**	459,600
Sales tax payable	**1,065,556**	-	**-**	-
GST Payable	**-**	73,634	**-**	-
	10,273,789	11,165,692	**463,203**	513,638

17. REVENUE

	Group		Company	
Revenue from contract with customers:	2018 RM	2017 RM	2018 RM	2017 RM
Sales of goods				
- Manufacturing	**76,754,148**	85,729,671	**-**	-
- Trading	**177,064,892**	180,174,995	**-**	-
	253,819,040	265,904,666	**-**	-
Revenue from other source:				
Dividend income				
- Subsidiary company	**-**	-	**20,000,000**	55,000,000
	-	-	**20,000,000**	55,000,000
	253,819,040	265,904,666	**20,000,000**	55,000,000

The timing of revenue recognition is at a point in time.

18. OTHER INCOME

	Group	
	2018 RM	2017 RM
Dividend income	**-**	630
Freight charge received	**197,688**	-
Foreign exchange gain:		
- realised	**1,941,495**	2,030,698
- unrealised	**462,851**	-
Gain on disposal of property, plant and equipment	**259,852**	190,068
Gain on disposal of other investment	**-**	500
Interest income	**2,751,765**	2,404,051
Insurance claim	**79,690**	128,941
Rental income	**118,283**	576,000
Reversal of impairment loss on trade receivables	**1,023,405**	308,872
Over provision of commission expenses	**415,177**	-
Others	**707,551**	883,654
Waiver of debts:		
- trade payables	**35,708**	32,998
- other payables	**8,115**	2,553
	8,001,580	6,558,965

19. PROFIT BEFORE TAXATION

Profit before taxation is determined after charging/(crediting):

	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Auditors' remuneration:				
- statutory audits:				
- current year	**131,715**	125,273	**20,000**	17,000
- under provision in prior years	**20,000**	-	**-**	-
- non-audit services:				
- current year	**5,000**	5,000	**5,000**	5,000
Bad debts written off:				
- trade receivables	**43,581**	112,034	**-**	-
- former subsidiary companies	**-**	-	**173,341**	-
Depreciation of property, plant and equipment	**11,151,200**	11,244,526	**-**	-
Impairment loss on:				
- investment in subsidiary company	**-**	-	**-**	149,693
- amount due from a subsidiary company	**-**	-	**-**	5,822
Loss on foreign exchange:				
- unrealised	**504,076**	107,673	**-**	-
Loss on disposal of a subsidiary company	**52,379**	-	**7,819,164**	-
Inventories written off	**300,330**	175,522	**-**	-
Inventories written down	**1,301,100**	594,512	**-**	-
Reversal of inventories written down	**(955,172)**	-	**-**	-
Non-Executive Directors:				
- fees	**234,000**	234,000	**234,000**	234,000
- other emoluments	**19,200**	18,600	**19,200**	18,600
Property, plant and equipment written off	**18,864**	9,719	**-**	-
Rental of premises	**72,028**	2,648,028	**-**	-
Staff costs (Note 21)	**44,768,689**	43,232,456	**195,000**	196,800

20. TAXATION

Tax expenses recognised in profit or loss	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
Malaysia statutory tax:				
Current year tax provision	**9,854,741**	12,237,486	**-**	-
(Over)/Under provision in prior years	**(155,722)**	192,976	**-**	-
	9,699,019	12,430,462	**-**	-
Deferred tax (Note 14):				
- Origination and reversal of temporary differences	**(812,136)**	(239,858)	**-**	-
(Over)/Under provision in prior years	**(49,636)**	13,858	**-**	-
	(861,772)	(226,000)	**-**	-
	8,837,247	12,204,462	**-**	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	**39,763,394**	45,730,885	**11,275,308**	54,072,901
At Malaysian statutory tax rate of 24% (2017: 24%)	**9,543,215**	10,975,412	**2,706,074**	12,977,496
Effect of change in tax on increase in chargeable income	**-**	(32,819)	**-**	-
Expenses not deductible for tax purposes	**1,372,170**	1,670,773	**2,093,926**	222,504
Tax exempt income	**-**	-	**(4,800,000)**	(13,200,000)
Income not subject to tax	**(1,015,105)**	(582,152)	**-**	-
Utilisation of current year's reinvestment allowances	**(194,141)**	(81,091)	**-**	-
Expenses eligible for double deduction	**-**	(238,352)	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(663,533)**	-	**-**	-
Deferred tax assets not recognised on business loss and capital allowance	**-**	285,857	**-**	-
(Over)/Under provision of taxation of prior years	**(155,722)**	192,976	**-**	-
(Over)/Under provision of deferred taxation of prior years	**(49,637)**	13,858	**-**	-
	8,837,247	12,204,462	**-**	-

21. STAFF COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Labour cost				
(included in cost of sales):				
Salaries, wages and others	**28,935,644**	27,098,599	**-**	-
Defined contribution plans	**1,588,565**	1,552,572	**-**	-
	30,524,209	28,651,171	**-**	-
Staff cost				
Salaries, wages and others	**12,323,691**	12,534,781	**195,000**	196,800
Defined contribution plans	**1,920,789**	2,046,504	**-**	-
	14,244,480	14,581,285	**195,000**	196,800
Total staff costs	**44,768,689**	43,232,456	**195,000**	196,800

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	**4,466,700**	3,201,425	**15,000**	16,800
Fees	**180,000**	180,000	**180,000**	180,000
Defined contribution plans	**886,289**	620,965	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**3,802**	3,857	**-**	-
	5,536,791	4,006,247	**195,000**	196,800

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries and other emoluments	**2,193,200**	2,252,500	**-**	-
Defined contribution plans	**391,532**	422,537	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**3,443**	4,028	**-**	-
	2,588,175	2,679,065	**-**	-

22. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

	Group	
	2018 RM	2017 RM
Profit attributable to owners of the Company	**30,926,147**	33,526,423
Weighted average number of ordinary shares in issue	**228,800,000**	228,800,000
Basic earnings per ordinary share (sen)	**13.52**	14.65

Diluted earnings per ordinary share

The diluted earnings per ordinary share is the same as the basic earnings per ordinary share of the Group, as the Group has no dilutive potential ordinary shares during the current and prior financial years.

23. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

(b) Significant related party transactions

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

	Group	
	2018 RM	**2017 RM**
Group		
Sales of trading goods to entities with significant influence over the company	**(9,407,462)**	(15,685,914)
Purchase of trading goods from entities with significant influence over the company	**6,202,108**	8,616,547
Transactions with persons connected to Directors of the Company:		
- salaries paid	**127,200**	122,177
- rental paid	**315,400**	319,200
Company		
Gross dividend income received/receivable from subsidiary company:		
- tax exempt	**(20,000,000)**	(55,000,000)

(c) Compensation of key management personnel

The key management personnel compensation is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Executive:				
Fees	**180,000**	180,000	**180,000**	180,000
Salaries and other emoluments	**4,466,700**	3,201,425	**15,000**	16,800
Total short-term employee benefits	**4,646,700**	3,381,425	**195,000**	196,800
Defined contribution plan	**886,289**	620,965	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**3,802**	3,857	**-**	-
	5,536,791	4,006,247	**195,000**	196,800
Non-Executive:				
Fees	**234,000**	234,000	**234,000**	234,000
Other emoluments	**19,200**	18,600	**19,200**	18,600
Total short-term employee benefits	**253,200**	252,600	**253,200**	252,600
Other Directors (on board of subsidiary companies)				
Executive:				
Salaries and other emoluments	**2,193,200**	2,252,500	**-**	-
Defined contribution plan	**391,532**	422,537	**-**	-
SOCSO contribution and employment insurance scheme (EIS)	**3,443**	4,028	**-**	-
	2,588,175	2,679,065	**-**	-

24. CAPITAL COMMITMENT

	Group	
	2018 RM	2017 RM
Authorised and contracted for:		
- Property, plant and equipment	**12,850,167**	831,185
Authorised but not contracted for:		
- Property, plant and equipment	**20,000,000**	-

25. DIVIDENDS

	Group and Company	
	2018 RM	**2017 RM**
Interim dividends paid in respect of the financial year ended:-		
- 31 December 2016 (single tier dividend of RM0.10 per ordinary share)	**-**	22,880,000
- 31 December 2017 (single tier dividend of RM0.13 per ordinary share)	**29,744,000**	-
- 31 December 2018 (single tier dividend of RM0.06 per ordinary share)	**13,728,000**	-
	43,472,000	22,880,000

On 27 February 2018, the Directors declared a first interim single-tier dividend of RM0.13 per ordinary share amounting to RM29,744,000 in respect of the financial year ended 31 December 2017, which will be paid on 5 April 2018.

On 26 November 2018, the Directors declared a first interim single-tier dividend of RM0.06 per ordinary share amounting to RM13,728,000 in respect of the financial year ended 31 December 2018, which will be paid on 31 December 2018.

The Directors do not recommend a final dividend to be paid in respect of the financial year ended 31 December 2018.

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business unit, the senior management of the Group reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segment:

Manufacturing	Manufacturing and trading all kinds of processed and preserved foods and fruits
Trading	Wholesaling and retailing processed and preserved foods

Other non-reportable segment comprises of investment holding activities.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the senior management of the Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the senior management of the Group.

Group 2018	Manufacturing RM	Trading RM	Investment holding RM	Elimination / adjustments* RM	Total RM
Revenue					
External customers	76,754,148	177,064,892	-	-	253,819,040
Inter-segment	130,499,154	9,826,316	20,000,000	(160,325,470)	-
Total revenue	207,253,302	186,891,208	20,000,000	(160,325,470)	253,819,040
Results					
Segment profit before tax	12,176,853	31,088,008	11,275,308	(14,776,775)	39,763,394
Segment assets	147,660,833	207,988,709	141,419,064	(214,850,095)	282,218,511
Segment liabilities	108,858,535	116,158,338	463,203	(179,459,484)	46,020,592
Other non-cash items					
Bad debts written off:					
- trade receivables	-	43,581	-	-	43,581
- former subsidiary companies	-	-	173,341	(173,341)	-
Depreciation of property, plant and equipment	10,564,461	586,739	-	-	11,151,200
Inventory written off	279,786	20,544	-	-	300,330
Inventory written down	1,301,100	-	-	-	1,301,100
Over provision of commission expenses	-	(415,177)	-	-	(415,177)
Property, plant and equipment written off	16,669	2,195	-	-	18,864
Reversal of impairment loss on trade receivable	(228,448)	(794,957)	-	-	(1,023,405)
Reversal of inventories written down	(955,172)	-	-	-	(955,172)
Unrealised gain on foreign exchange	(1,262)	(461,589)	-	-	(462,851)
Unrealised loss on foreign exchange	504,076	-	-	-	504,076
Waiver of debts:					
- trade payables	(35,708)	-	-	-	(35,708)
- other payables	(8,115)	-	-	-	(8,115)

Group 2017	Manufacturing RM	Trading RM	Investment holding RM	Elimination / adjustments* RM	Total RM
Revenue					
External customers	85,729,671	180,174,995	-	-	265,904,666
Inter-segment	113,007,291	2,571,828	55,000,000	(170,579,119)	-
Total revenue	198,736,962	182,746,823	55,000,000	(170,579,119)	265,904,666
Results					
Segment profit before tax	6,462,567	41,862,372	54,072,901	(56,666,955)	45,730,885
Segment assets	166,041,497	231,442,515	173,666,191	(277,254,368)	293,895,835
Segment liabilities	137,715,499	142,720,424	513,638	(237,146,072)	43,803,489
Other non-cash items					
Bad debts written off on trade receivables	112,034	-	-	-	112,034
Depreciation of property, plant and equipment	10,731,610	512,916	-	-	11,244,526
Inventory written off	175,522	-	-	-	175,522
Inventory written down	594,512	-	-	-	594,512
Property, plant and equipment written off	9,719	-	-	-	9,719
Reversal of impairment loss on trade receivable	(281,822)	(27,050)	-	-	(308,872)
Unrealised loss on foreign exchange	(414,665)	522,338	-	-	107,673
Waiver of debts:					
- trade payables	(7,678)	(25,320)	-	-	(32,998)
- other payables	(2,553)	-	-	-	(2,553)

* Inter-segment revenue, profit and transactions are eliminated on consolidation.

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on geographical location of the assets. The amount of non-current assets do not include financial instruments (i.e. other investments):

	Revenue		Non-current assets	
	2018 RM	2017 RM	2018 RM	2017 RM
Malaysia	**112,996,098**	118,629,366	**105,388,188**	114,571,481
Eastern Asia	**70,381,470**	72,781,307	**25,590**	29,712
South East Asia	**39,084,207**	40,340,788	**3,791**	6,260
Middle East	**24,946,419**	27,065,435	**-**	-
Others	**6,410,846**	7,087,770	**-**	-
	253,819,040	265,904,666	**105,417,569**	114,607,453

Major customers

The following is the major customer with revenue 10% equal or more than ten percent of Group's revenue:

	2018 RM	2017 RM
Customer A	**-**	27,728,102

27. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2018 categorised as follows:

Group	At AC RM
2018	
Financial Assets	
Trade receivables	43,696,703
Other receivables	1,500,400
Deposits, cash and bank balances	87,416,845
Total financial assets	132,613,948
Financial Liabilities	
Trade payables	27,765,771
Other payables	9,208,233
Total financial liabilities	36,974,004

Company	At AC RM
2018	
Financial Assets	
Other receivables	1,000
Amounts due from subsidiary companies	107,023,080
Deposits, cash and bank balances	2
	107,024,082
Financial liability	
Other payables	463,203
	463,203

The table below provides an analysis of financial instruments of the Group and of the Company as at 31 December 2017 categorised as follows:

Group	At Loans and Receivables RM	At AC RM	Total RM
2017			
Financial Assets			
Trade receivables	50,860,663	-	50,860,663
Other receivables	1,319,076	-	1,319,076
Deposits, cash and bank balances	87,616,731	-	87,616,731
	139,796,470	-	139,796,470
Financial Liabilities			
Trade payables	-	22,445,722	22,445,722
Other payables	-	11,092,058	11,092,058
	-	33,537,780	33,537,780

Company	At Loans and Receivables RM	At AC RM	Total RM
2017			
Financial Assets			
Other receivables	1,000	-	1,000
Amounts due from subsidiary companies	132,151,707	-	132,151,707
Deposits, cash and bank balances	2	-	2
	132,152,709	-	132,152,709
Financial Liability			
Other payables	-	513,638	513,638
	-	513,638	513,638

(b) Financial risk management

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

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Group's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to prior periods.

Trade receivables

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 via Group's management reporting procedures and action will be taken for long overdue debts. Majority of the trade receivables are from sales of goods from manufacturing and trading activities.

At each reporting date, Group assesses whether any of the trade receivables are credit impaired.

The gross amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

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 arising from trade receivables are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk
The Group's major concentration of credit risk relates to the amounts owing by 2 customers (2017: Nil) which constituted approximately 23% (2017: Nil) of its trade receivables at the end of the reporting period.

Recognition and measurement of impairment loss
The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables at the end of financial year are as follows:

	Group	
	2018 RM	2017 RM
Malaysia	**20,744,057**	22,576,460
China	**2,995,943**	8,249,645
Other countries	**19,956,703**	20,034,558
	43,696,703	50,860,663

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. Generally, trade receivables will pay within credit terms. The Group's debt recovery process is that when invoices which are exceeded credit terms, the Group will start to initiate a structured debt recovery process which is monitored by sales team.

The Group uses an allowance matrix to measure ECLs for trade receivables. Consistent with the debt recovery process, invoices which are exceeded credit terms will be considered as credit impaired.

Loss rates are based on actual credit loss experience over the past three years. Nevertheless, the Group believes that the forward-looking factors are immaterial for the purpose of calculation impairment for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018.

	Gross amount RM	Loss allowance RM	Net amount RM
2018			
Current	22,179,433	-	22,179,433
Past due not impaired			
- Less than 30 days	11,296,434	-	11,296,434
- 31 to 60 days	6,589,971	-	6,589,971
- 61 to 90 days	2,189,176	781,291	1,407,885
- More than 90 days	2,734,689	511,709	2,222,980
	22,810,270	1,293,000	21,517,270
Trade receivables	44,989,703	1,293,000	43,696,703

The movement in the allowance for impairment losses in respect of trade receivables during the financial year are as follows:

	Lifetime ECL RM	Credit Impaired RM	Total RM
At 1 January 2018, as previously stated	-	1,243,428	1,243,428
Opening balance adjustment from adoption of MFRS 9	1,345,280	-	1,345,280
At 1 January 2018, as restated	1,345,280	1,243,428	2,588,708
Impairment loss reversed	(52,280)	(971,126)	(1,023,406)
Written off	-	(146,684)	(146,684)
Disposal of a subsidiary company	-	(125,618)	(125,618)
At 31 December 2018	1,293,000	-	1,293,000

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement
The aging of trade receivables as at 31 December 2017 was as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
2017			
Current	39,193,097	-	39,193,097
Past due not impaired			
- Less than 30 days	11,304,097	-	11,304,097
- 31 to 60 days	303,719	-	303,719
- More than 90 days	1,303,178	1,243,428	59,750
	12,910,994	1,243,428	11,667,566
Trade receivables	52,104,091	1,243,428	50,860,663

The movement in the allowance for impairment losses in respect of trade receivables in previous financial year are as follows:

	RM
At 1 January 2017	1,552,300
Impairment loss reversed	(308,872)
At 31 December 2017	1,243,428

Cash and cash equivalent

Risk management objectives, policies and processes for managing the risk
The cash and cash equivalents are held with banks and financial institutions. The Group and the Company have a credit policy in place to control credit risk by deposit with banks and financial institutions with good credit rating.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss
These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk
Credit risks on other receivables are mainly arising from receivables from third parties. The Group and the Company manage the credit risk on an ongoing basis via Group's management reporting procedures and action will be taken for long outstanding debts.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss
As there are only a few debtors, these other receivables have low credit risks. Consequently, the Group and the Company is of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk
The Company provides unsecured loans and advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss
Generally, the Company considers loans and advances to subsidiary companies has low credit risk because there is no indicates that any going concern from subsidiary companies. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's exposure to liquidity risk arises primarily from its various payables.

The Group and the Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements and prudently balances its portfolio of short term and long term funding requirements.

The Group's and the Company financial liabilities at the end of the reporting period either mature within one year or are repayable on demand.

(iii) Market risks

(a) Foreign currency exchange risk

The Group is exposed to foreign currency risk through normal trading activities on sales transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar (SGD), Australian Dollar (AUD), Euro (EUR), United States Dollar (USD), Brunei Dollar (BND), Hong Kong Dollar (HKD), Indonesia Rupiah (IDR) and China Renminbi (RMB).

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated In								
Group	SGD RM	AUD RM	EUR RM	USD RM	BND RM	HKD RM	RMB RM	IDR RM	Total RM
2018									
Trade receivables	152,909	181	84,893	18,018,467	74,271	1,229,797	3,030,049	-	22,590,567
Deposits, cash and bank balances	-	-	-	2,447,269	-	-	1,205,926	155,230	3,808,425
Net exposure	152,909	181	84,893	20,465,736	74,271	1,229,797	4,235,975	155,230	26,398,992
2017									
Trade receivables	96,898	-	-	14,535,126	38,475	1,177,948	8,249,645	-	24,098,092
Deposits, cash and bank balances	-	-	-	2,750,646	-	-	1,039,705	190,281	3,980,632
Net exposure	96,898	-	-	17,285,772	38,475	1,177,948	9,289,350	190,281	28,078,724

Foreign currency sensitivity analysis

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

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

		Effect on profit before tax	
Group	**Change in currency rate**	**2018 RM**	**2017 RM**
SGD	Strengthened 5%	**7,645**	4,845
	Weakened 5%	**(7,645)**	(4,845)
AUD	Strengthened 5%	**9**	-
	Weakened 5%	**(9)**	-
EUR	Strengthened 5%	**4,245**	-
	Weakened 5%	**(4,245)**	-
USD	Strengthened 5%	**1,023,287**	864,289
	Weakened 5%	**(1,023,287)**	(864,289)
BND	Strengthened 5%	**3,714**	1,924
	Weakened 5%	**(3,714)**	(1,924)
HKD	Strengthened 5%	**61,490**	58,897
	Weakened 5%	**(61,490)**	(58,897)
IDR	Strengthened 5%	**7,762**	9,514
	Weakened 5%	**(7,762)**	(9,514)
RMB	Strengthened 5%	**211,799**	464,468
	Weakened 5%	**(211,799)**	(464,468)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates.

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

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

	2018 RM	2017 RM
Fixed rate instruments		
Financial Assets		
- Fixed deposits with licensed banks with maturity less than 3 months	**41,136,891**	64,270,936
- Fixed deposits with licensed banks with maturity more than 3 months	**28,306,888**	8,063,060
- Short term deposits with licensed banks	**-**	500,000

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(c) Fair value of financial instruments

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

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

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

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

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

<u>Derivatives</u>
The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bond).

<u>Non-derivatives financial instruments</u>
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of Redeemable Convertible Preference Shares (RCPS), the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

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

28. CAPITAL MANAGEMENT

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

The Group monitors capital using debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with regulatory requirements. The debt-to-equity ratios at end of the reporting period are as follows:

	2018 RM	2017 RM
Debt		
Trade and other payables	**38,039,560**	33,611,414
Capital		
Total equity	**236,197,919**	250,092,346
Debt-to-equity ratio	**0.16**	0.13

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

29. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 April 2019.

LIST OF **PROPERTIES**

AS AT 31 December 2018

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
L.B. Food Sdn. Bhd. *No. 41, Jalan E1/4, Kawasan Perusahaan Taman Ehsan 52100 Kepong Selangor Darul Ehsan.*	A double-storey warehouse with a 3-storey office annexe.	2,415 sq. meter	Leasehold 99 years *expiring on 09.07.2078*	38	2,020	1.12.2003 / Year 1991
L.B. Food Sdn. Bhd. *Lot 883, Off Jalan Degong Mambang Diawan 31950 Kampar Perak Darul Ridzuan*	A detached industrial factory complex comprising a main factory building with an annexe, 2 other factory buildings and a host of other support buildings/ structures.	12,138 sq. meter.	Leasehold 60 years *expiring on 15.04.2046*	28 to 32	1,774	1.12.2003/ Year 1988
Cocoaland Industry Sdn. Bhd. *Lot 100, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	A block of single storey factory with a 2-storey factory with annexe, 3 blocks of single storey factory/ warehouses and a 2-storey canteen.	17,710 sq. meter	Freehold	23 to 26	8,198	1.12.2003/ Year 1993
Cocoaland Industry Sdn. Bhd. *Lot 5, Rawang Integrated Industrial Park, 48000 Rawang Selangor Darul Ehsan*	A single storey factory/ warehouse with a 2-storey office annexe.	8,303 sq. meter	Freehold	17	4,933	1.12.2003/ Year 2001
Cocoaland Industry Sdn. Bhd. *H.S. (D) 81124, PT9010 Seksyen 20, Bandar Rawang Daerah Gombak Selangor Darul Ehsan*	A single warehouse, a block of double-storey factory and a block of 4 storey factory building	30,326 sq. meter	Leasehold 99 years *expiring on 07.01.2114*	10	36,070	8.12.2005/ Year 2009

Owner / Location	Description of Asset / Existing Use	Area	Tenure	Approx Age of Building (Years)	Net Book Value / Carrying Value RM'000	Date of Valuation/ Acquisition
CCL Food & Beverage Sdn. Bhd. *Geran 212309 for Lot 21225, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	10,257 sq. meter	Freehold	-	7,863	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 205539 for Lot 19004, Seksyen 20, Mukim Rawang, District of Gombak, State of Selangor*	Vacant	306 sq. meter	Freehold	-	235	14.03.2011
CCL Food & Beverage Sdn. Bhd. *Geran 212310 for Lot 21226, Mukim Rawang, Selangor*	Single storey warehouse and 2 storey office annexed	9,163 sq. meter	Freehold	21	11,410	23.08.2013

Analysis Of **Shareholdings**

AS AT 25 March 2019

Share Capital

Number of Issued Shares	228,800,000 Ordinary Shares
Class of Shares	Ordinary Shares
Voting Rights	One vote per ordinary share held

Distribution of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	435	18.41	18,159	0.01
100 – 1,000	383	16.21	252,097	0.11
1,001 - 10,000	1,105	46.76	4,726,330	2.07
10,001 - 100,000	361	15.28	10,215,646	4.46
100,001 to less than 5% of issued shares	77	3.26	73,741,140	32.23
5% and above of issued shares	2	0.08	139,846,628	61.12
Total	2,363	100.00	228,800,000	100.00

List of Thirty Largest Shareholders

	Name of Shareholders	No. of Shares	% of Shares
1.	Leverage Success Sdn. Bhd.	87,046,628	38.04
2.	Fraser & Neave Holdings Bhd.	52,800,000	23.08
3.	Fraser & Neave Holdings Bhd.	9,411,466	4.11
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *[Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund]*	5,121,400	2.24
5.	Amanahraya Trustees Berhad *[Public Islamic Optimal Growth Fund]*	4,862,533	2.13
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board]*	4,413,000	1.93
7.	Tan Booi Charn	3,890,000	1.70
8.	Kumpulan Wang Persaraan *(Diperbadankan)*	3,881,800	1.70
9.	Maybank Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account For Rickoh Corporation Sdn. Bhd.]*	3,333,333	1.46
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *[Pledged Securities Account for Koh Kin Lip (8058900)]*	2,651,666	1.16
11.	Amanahraya Trustees Berhad *[Public Islamic Emerging Opportunities Fund]*	2,582,400	1.13

	Name of Shareholders	No. of Shares	% of Shares
12.	Amanahraya Trustees Berhad *[PB Islamic Smallcap Fund]*	1,822,600	0.80
13.	Amanahraya Trustees Berhad *[Public Islamic Treasures Growth Fund]*	1,755,200	0.77
14.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For RHB Small Cap Opportunity Unit Trust]*	1,645,733	0.72
15.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *[Deutsche Trustees Malaysia Berhad For Eastspring Investments Islamic Small-Cap Fund]*	1,643,800	0.72
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)]*	1,557,900	0.68
17.	Ho Sek Kee Sdn. Bhd.	1,346,666	0.59
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. *[Employees Provident Fund Board (AM Inv)]*	1,337,200	0.58
19.	Chew Pui Ming	1,256,397	0.55
20.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *[CIMB Commerce Trustee Berhad-Maybank Smallcap Trust Fund]*	1,188,000	0.52
21.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *[CIMB Bank For Mak Tian Meng (MY3136)]*	1,058,300	0.46
22.	Leong Meei Keing	999,666	0.44
23.	HSBC Nominees (Tempatan) Sdn. Bhd. *[HSBC (M) Trustee Bhd For Pertubuhan Keselamatan Sosial (UOBAMM6939-406)*	986,400	0.43
24.	Wong Yoke Chou	912,000	0.40
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. *(Pledged Securities Account For Mak Tian Meng)*	830,666	0.36
26.	Lau Kee Von	777,333	0.34
27.	HSBC Nominees (Asing) Sdn. Bhd. *[TNTC For APS Fund]*	737,800	0.32
28.	Amanahraya Trustees Berhad *[Public Ehsan Mixed Asset Growth Fund]*	715,700	0.31
29.	CIMSEC Nominees (Tempatan) Sdn. Bhd. *[CIMB Bank For Koh Kin Lip (MY0502)]*	666,666	0.29
30.	Koh Geok Lian	660,000	0.29

List of Substantial Shareholders

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Leverage Success Sdn. Bhd.	87,046,628	38.04	0	0.00
Fraser & Neave Holdings Bhd.	62,211,466	27.19	0	0.00
Liew Fook Meng	0	0	87,046,628 (a)	38.04
Lau Kee Von	777,366	0.34	87,046,628 (a)	38.04
Liew Yoon Kee	97,777	0.04	87,046,628 (a)	38.04
Lau Pak Lam	0	0	87,046,628 (a)	38.04
Lew Foo Chay @ Lau Foo Chay	0	0	87,046,628 (a)	38.04
Lau Kwai Choon	26,666	0.01	87,046,628 (a)	38.04
Fraser and Neave Limited	0	0	62,211,466 (b)	27.19
InterBev Investment Limited	0	0	62,211,466 (c)	27.19
TCC Assets Limited	0	0	62,211,466 (c)	27.19
Thai Beverage Public Company Limited	0	0	62,211,466 (c)	27.19
International Beverage Holdings Limited	0	0	62,211,466 (c)	27.19
Siriwana Company Limited	0	0	62,211,466 (c)	27.19
Maxtop Management Corp.	0	0	62,211,466 (c)	27.19
Shiny Treasure Holdings Limited	0	0	62,211,466 (c)	27.19
MM Group Limited	0	0	62,211,466 (c)	27.19
Khunying Wanna Sirivadhanabhakdi	0	0	62,211,466 (c)	27.19
Charoen Sirivadhanabhakdi	0	0	62,211,466 (c)	27.19

(a) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 2016 ("the Act").
(b) Deemed interested by virtue of its shareholding in Fraser & Neave Holdings Bhd. pursuant to Section 8(4)(b) of the Act.
(c) Deemed interested pursuant to Section 8(4)(c) of the Act.

Directors' Shareholdings

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Dato' Azman Bin Mahmood	524,444	0.23	0	0.00
Tan Sri Dato' Sri Koh Kin Lip	3,318,332	1.45	3,333,333 (a)	1.46
Liew Fook Meng	0	0	87,046,628 (b)	38.04
Lau Kee Von	777,366	0.34	87,046,628 (b)	38.04
Lau Pak Lam	0	0	87,046,628 (b)	38.04
Lau Kim Chew	0	0	0	0
Chow Kee Kan @ Chow Tuck Kwan	0	0	0	0
Lim Yew Hoe	0	0	0	0
Soh Swee Hock @ Soh Say Hock	0	0	0	0
Tai Chun Wah	23,466	0.01	0	0
Lau Cheng Yew (alternate to Lim Yew Hoe)	0	0	0	0

(a) Deemed interested by virtue of his shareholding in Rickoh Corporation Sdn. Bhd. pursuant to Section 8(4) of the Act.
(b) Deemed interested by virtue of his shareholding in Leverage Success Sdn. Bhd pursuant to Section 8(4) of the Act.

cocoaland®
Cocoaland Holdings Berhad
(Company No. 516019-H)
(Incorporated in Malaysia)

Form Of Proxy

Number of Shares held	

I/We ____

of____

being a member / members of **Cocoaland Holdings Berhad** hereby appoint the Chairman of the Meeting*

or ______________________________________ (Passport / NRIC NO : _______________________)

of____

or failing him/her,___________________________ (Passport / NRIC NO : _______________________)

of____

**Delete the words "the Chairman of the Meeting" if you wish to appoint another person to be your proxy.*

as my/our proxy to vote for me/us on my/our behalf at the Nineteenth (19th) Annual General Meeting ("AGM") of the Company to be held at **Crystal 1, Level 1, Crystal Crown Hotel Kuala Lumpur, 3, Jalan Jambu Mawar, Off Jalan Kepong, 52000 Kuala Lumpur** on **Wednesday, 29 May 2019** at **10.00 a.m.** and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Mr. Lau Kee Von as Director		
2.	Re-election of Mr. Lau Pak Lam as Director		
3.	Re-election of Mr. Chow Kee Kan @ Chow Tuck Kwan as Director		
4.	Re-election of Mr. Lim Yew Hoe as Director		
5.	Payment of Directors' fees and benefits from this AGM until the next AGM		
6.	Re-Appointment of Messrs. UHY as Auditors		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
8.	Proposed Renewal of Share Buy-Back Authority		
9.	Proposed Retention of Dato' Azman Bin Mahmood as Independent Non-Executive Director		
10.	Proposed Retention of Mr. Chow Kee Kan @ Chow Tuck Kwan as Independent Non-Executive Director		
11.	Proposed Retention of Tan Sri Dato' Sri Koh Kin Lip as Independent Non-Executive Director		
12.	Proposed Adoption of the New Constitution of the Company		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).

Dated this _______day of____________________2019

Signature: ____________________________________

NOTES:-

(i) Only members whose names appear in the Record of Depositors as at 22 May 2019 will be entitled to attend and vote at the Meeting.

(ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

(iii) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

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

(v) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 6.08, 6th Floor, Plaza First Nationwide, No. 161, Jalan Tun H.S. Lee, 50000 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or at any adjournment thereof.

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

Please Fold Along This Line

STAMP

THE COMPANY SECRETARY
COCOALAND HOLDINGS BERHAD (516019-H)
LOT 6.08, 6TH FLOOR
PLAZA FIRST NATIONWIDE
NO. 161, JALAN TUN H.S. LEE
50000 KUALA LUMPUR

Please Fold Along This Line

www.cocoaland.com