HALEX GROUP

HALEX HOLDINGS BERHAD

ANNUAL REPORT 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

General Tan Sri Dato' Sri Abdul Rahman
Bin Abdul Hamid (Rtd)
Independent Non-Executive Chairman

Leftenant General Dato' Wira Hj Masood
Bin Hj Zainal Abidin (Rtd)
Non-Independent Non-Executive Deputy Chairman

Chan Yee Keen
Executive Director, Group Chief Executive Officer

Foong Tuck Fai
Executive Director, Group Chief Financial Officer

Philip A/L S. Anthonysamy
Senior Independent Non-Executive Director

Leong Kah Mun
Independent Non-Executive Director

Sr. Teh Teik Bin
Independent Non-Executive Director

SENIOR INDEPENDENT DIRECTOR

Philip A/L S. Anthonysamy

AUDIT COMMITTEE

Leong Kah Mun (Chairman)

General Tan Sri Dato' Sri Abdul Rahman
Bin Abdul Hamid (Rtd)

Sr. Teh Teik Bin

NOMINATION COMMITTEE

Philip A/L S. Anthonysamy (Chairman)

Leong Kah Mun

Sr. Teh Teik Bin

REMUNERATION COMMITTEE

Leftenant General Dato' Wira Hj Masood
Bin Hj Zainal Abidin (Rtd) (Chairman)

Philip A/L S. Anthonysamy

Leong Kah Mun

JOINT COMPANY SECRETARIES

Lim Hooi Mooi (MAISCA 0799764)

Ong Wai Leng (MAISCA 7065544)

Lau Yen Hoon (MAISCA 7061368)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)

INVESTMENT COMMITTEE

Leong Kah Mun (Chairman)

Chan Yee Keen

Foong Tuck Fai

General Tan Sri Dato' Sri Abdul Rahman
Bin Abdul Hamid (Rtd)

Sr. Teh Teik Bin

Leftenant General Dato' Wira Hj Masood
Bin Hj Zainal Abidin (Rtd)

RISK MANAGEMENT COMMITTEE

Sr. Teh Teik Bin (Chairman)

Philip A/L S. Anthonysamy

General Tan Sri Dato' Sri Abdul Rahman
Bin Abdul Hamid (Rtd)

AUDITORS

STYL Associates (AF:1929)
Chartered Accountants
No.107-B Jalan Aminuddin Baki,
Taman Tun Dr Ismail, 60000 Kuala Lumpur.

Robert Yam & Co (00612)
No.190 Middle Road, #16-01 & #16-03,
Fortune Centre, Singapore 188979.

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Bank Muamalat Malaysia Berhad

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8 Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.
Tel: (03) 2783 9299 Fax: (03) 2783 9222

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium, Avenue 3,
Bangsar South, No.8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia.

PRINCIPAL PLACE OF BUSINESS

K-08-02, Level 8, Block K, No. 02,
Jalan Solaris, Solaris Mont Kiara,
50480 Kuala Lumpur.
Tel: 03-6203 4848/ 6207 9339/ 6205 3060
Fax: 03-6201 1628
Email: halexm@halex-group.com

WEBSITE

www.halex-group.com

DIRECTORS' PROFILE


1 2 3 4 5 6 7

1. **Philip A/L S. Anthonysamy**
   Senior Independent Non-Executive Director
2. **Foong Tuck Fai**
   Executive Director, Group Chief Financial Officer
3. **Chan Yee Keen**
   Executive Director, Group Chief Executive Officer
4. **General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd)**
   Independent Non-Executive Chairman
5. **Leftenant General Dato' Wira Hj Masood Bin Hj Zainal Abidin (Rtd)**
   Non-Independent Non-Executive Deputy Chairman
6. **Sr. Teh Teik Bin**
   Independent Non-Executive Director
7. **Leong Kah Mun**
   Independent Non-Executive Director

DIRECTORS' PROFILE CONT'D

General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd)

A Malaysian aged 77, is our Independent Non-Executive Chairman, and was appointed to the Board on 28 January 2015.

He is a graduate of the Royal Military College, Malaysia and Army Staff College, Camberley, United Kingdom.

Tan Sri was the Chief of the Malaysian Army and Defence Force between 1992 and 1994, and was Acting Governor of Penang in 1994. From 1958 to 1994, he served in various capacities and appointments in the Malaysian Armed Forces.

Presently, he is the Chairman of Jaya Tiasa Holdings Berhad, Key Alliance Group Berhad (formerly known as DVM Technology Bhd), and AXA Affin Life Insurance Berhad, a joint-venture company of Lembaga Tabung Angkatan Tentera. He is also the Chairman and Director of a few other multinational and private companies incorporated in Malaysia.

Tan Sri has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

Leftenant General Dato' Wira Hj Masood Bin Hj Zainal Abidin (Rtd)

A Malaysian aged 63, is our Non-Independent Non-Executive Deputy Chairman, and was appointed to the Board on 28 January 2015. He is also our Remuneration Committee Chairman.

Dato' Wira joined the Royal Military College in 1972 and thereafter was commissioned in the Royal Malay Regiment, and has served with distinction in the Malaysian Armed Forces for 38 years until his retirement in 2008. His vast experience and contributions to the nation saw him accorded six (6) Datukships from various state governments and the Federal Government.

Academically, he has attended various military and civilian courses locally and overseas. He is a graduate of the Royal Military College of Science Shrivenham (Cranfeld) UK and the Army Command and Staff College Camberley, UK. He attended Joint Service Staff College Australia and holds a Graduate Diploma in Defence Strategy from the University of New South Wales, Australia. He also attended Conflict Management Course in Harvard University, Boston USA. He was conferred with a Master of Science from the US Army War College, Carlisle USA.

Currently he is the Executive Chairman of Wisestar Security Sendirian Berhad and holds many director positions in private companies. Currently, he is the Vice President of the Malaysian Body Building Federation (MBBF).

Dato' Wira has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

Chan Yee Keen

A Malaysian aged 45, was appointed as Executive Director and Group Chief Executive Officer for Halex Holdings on 1 October 2015.

Mr Chan was educated in the international schools of The Hague, Stockholm, Hong Kong, Jakarta, and Kuala Lumpur. He holds a Masters in Business Administration from the University of the Sunshine Coast, Australia.

Mr Chan has over 25 years of experience predominantly in management role in sales and operations with various MNCs and PLCs. These includes TNT, OMRON, DMI and TLV. Mr Chan assumed his leadership role as the General Manager in Commercial Sales in Dexion Asia in 2008. As the General Manager of Asian Business Solutions, a business improvement consulting firm which he served for seven years, he has assisted in more than 30 renowned firms in their business improvement program.

Mr Chan has no conflict of interest with the company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

DIRECTORS' PROFILE CONT'D

Foong Tuck Fai

A Malaysian aged 57 was appointed to the Board on 7 April 2016 and is currently our Executive Director. He is also our Group Chief Financial Officer.

Mr Foong has 34 years of experience predominantly in financial management roles across a myriad of industries and is a specialist in implementing cost control measures, increasing operational efficiency and business streamlining exercises. He is a Chartered Secretary and is an associate member of The Institute of Chartered Secretaries & Administrators, UK, associate member of MAICSA, a member of the Federation of Malaysian Unit Trust Managers.

Mr Foong began his career in an audit firm and subsequently moved into various senior positions such as Group Financial Controller & General Manager in both private and public listed companies in Malaysia. Over the course of his career, Mr Foong has garnered extensive experience working in a myriad of industries ranging from external audit, plantation, property investment & management, property development, agro-chemical manufacturing & trading, and construction.

Mr. Foong has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholders of the Company.

Philip A/L S. Anthonysamy

A Malaysian aged 47, currently our Senior Independent Non-Executive Director was appointed to the Board on 17 December 2014. He was appointed to the Board on 18 April 2014 as an Independent Non-Executive Director. He is now our Senior Independent Non-Executive Director and the Nomination Committee Chairman.

Mr Philip started his career in 1998 as an Advocate and Solicitor of The High Court of Malaya. He started as a Legal Assistant for two reputable legal firms in the Klang Valley from 1998 to 2001. He then became a Partner in Messrs Siva Kiru Philip & Assoc. until its dissolution in 2004. Mr Philip then became a Sole Proprietor of Messrs Philip Anthony & Co. since 7 May 2004. Mr Philip has more than 16 years of practice in the legal fraternity.

Mr Philip has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholder of the Company.

Leong Kah Mun

A Malaysian aged 47 was appointed to the Board on 16 October 2014 and is currently our Independent Non-Executive Director. He also our Audit Committee Chairman and the Investment Committee Chairman.

Mr Leong is currently the managing director of a boutique management consultancy firm, specializing in corporate restructuring, internal auditing and risk management. He is a Chartered Accountant and a Council Member of the Malaysian Institute of Accountants (MIA) for the year 2012/15. He is also an Associate Member of the Institute of Internal Auditors, Malaysia (IIAM).

Mr Leong began his career in an audit firm and subsequently moved into a few senior positions in private and public listed companies in Malaysia, with businesses ranging from property development, main contractor, manufacturing, trading and quarrying.

He is a member of the Finance & Marketing Committee of the Olympic Council of Malaysia (OCM). Mr Leong was also the honorary treasurer and founding member of the MSA ICT Resource Centre (MIRC) for 2005/2009.

Mr. Leong has no conflict of interest with the Company and has no conviction for offences within the past 10 years. He has no family relationship with any directors or substantial shareholders of the Company.

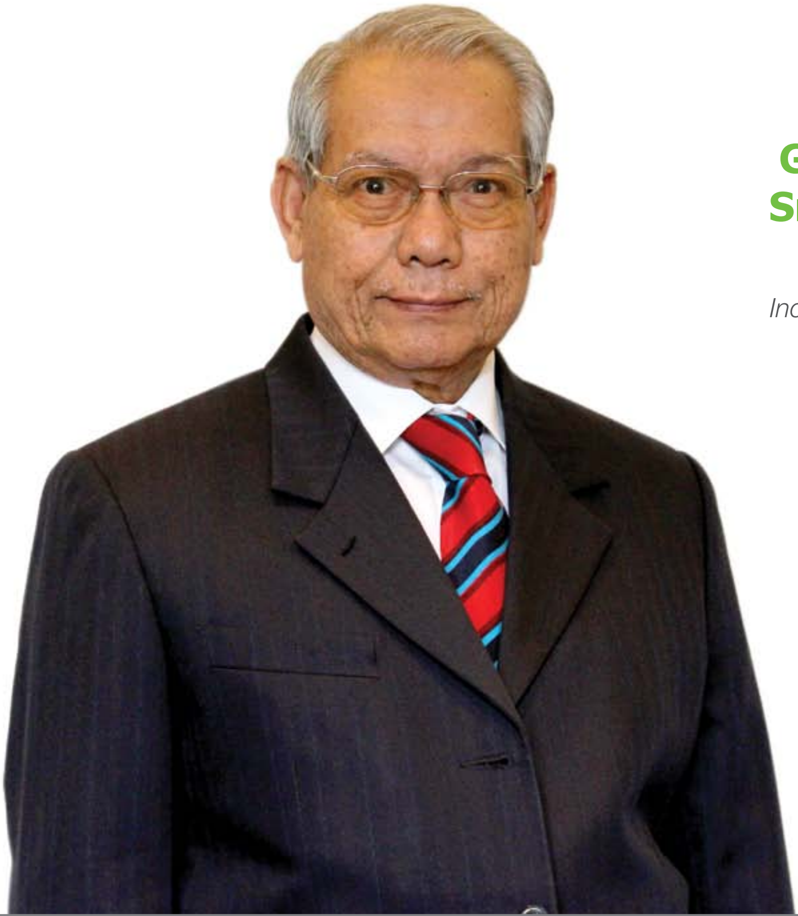
Sr. Teh Teik Bin

A Malaysian aged 57 was appointed to the Board on 16 October 2014 and is currently our Independent Non-Executive Director. He is also our Risk Management Committee Chairman.

Sr. Teh is a Chartered Valuation Surveyor started his career in 1978 as a training valuer, working from the bottom of rank and file while pursuing the External Examination of RICS (The Royal Institution of Chartered Surveyors) till the full qualification of professional member of RICS and RISM (Royal Institution of Surveyors Malaysia) and got himself registered with the Board Of Valuers, Appraisers and Estate agents Malaysia in the nineties. He is currently the managing Director of M/S Colliers International Property Consultants Sdn Bhd and had experienced three (3) hard core market recessions and sailing through the property cycles of ups and downs. He has vast exposures and experiences in property matters for all sectors and sub-sectors and is now serving as the Honorary Treasurer of FIABCI-Malaysia chapter, and as the Vice-President of World Council of Brokers for the International Real Estate Federation (FIABCI).

Sr. Teh has no conflict of interest with the Company and has no conviction for offences within the past 10 years other than traffic offences. He has no family relationship with any directors or substantial shareholders of the Company.

CHAIRMAN'S STATEMENT



General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd)

Independent Non-Executive Chairman

On behalf of the Board of Directors of Halex Holdings Berhad ("Halex" or the "Group"), I am pleased to present the Seventh Annual Report and the Audited Financial Statements for the period ended 31 December 2015 ("FYE2015").

CHAIRMAN'S STATEMENT CONT'D

It is to be noted that our FYE2015 is a fifteen (15) months financial period due to the change of our financial year-end from 30 September to 31 December, as per our announcement made on 24 August 2015. As such there is no comparative figures for the corresponding period for the financial year under review. During FYE2015, the Group has also reclassified its business segments for a clearer reflection of the Group's future direction.

An Overview Of Our Financial Period

For FYE2015, the Group reported a revenue of RM125.67 million and a loss after tax of RM1.06 million. The disappointing performance for the financial period under review is largely due to the adverse weather affecting fertilizer offtake coupled with the declining oil prices resulting in a write down of RM1.88 million, foreign exchange losses, adoption of the MFRS 141: Agriculture and costs relating to corporate exercises.

On our segmental operations, the Group's agriculture supplies and trading reported revenue and profit before tax ("PBT") of RM66.26 million and RM3.26 million respectively. Our consumer products segment reported revenue of RM46.94 million and PBT of RM1.24 million. The horticulture and agro-biotechnologies segment reported revenue of RM12.47 million and pre-tax losses of RM0.81 million.

During the financial year under review, in order to meet the requirements of recognized accounting standards and policies promulgated by the Malaysian Accounting Standards Board ("MASB"), the Group carried out a revaluation of its property plant and equipment, which resulted in a fair value gain for RM12.58 million.

Dividend

The Board of Directors has not proposed any dividend for the financial period ended 31 December 2015.

A Change In Our Boardroom

On behalf the Group, I would like to take this opportunity to welcome, Mr. Chan Yee Keen. Mr. Chan was officially appointed as the Group's Chief Executive Officer on 1 October 2015. We are also pleased to welcome Mr. Foong Tuck Fai on board as Executive Director and Group Chief Financial Officer of Halex. He was appointed on 7 April 2016.

Lieutenant General Dato' Wira HJ Masood Bin HJ Zainal Abidin (Rtd) was redesignated as Non-Executive Vice Deputy Chairman from his previous position as Executive Deputy Chairman.

The above appointments and redesignation of the Board composition are to further enhance and improve the corporate governance structure of the Group in line with the Group's future direction and strategy.

The Year Ahead

In Asia, the Malaysian Ringgit was the worst performing currency in the second half of 2015, due to several economic events such as the decline in the oil prices, economic uncertainty in China, volatility in the global financial markets and so forth. However, Malaysia's economy still reported a growth of 5.0%, which was within the Government's and Bank Negara's expectations of 4.5% to 5.5%. The growth was a result of the sharp expansion during the fourth quarter of the fiscal year when consumer spending spiked in spite of the economic gloom.

Looking ahead, the Malaysian economy is forecasted to grow at 4.0% to 4.5% in 2016. Halex will remain cautiously optimistic in our business strategies, and will continue to ensure that we implement our strategic roadmap to enhance the Group's earnings and shareholder value as best as possible and to preserve and weather through the current economic climate.

In November, Halex secured a contract to procure and package up to 80,000 MT of rice per year. The procurement and packaging of rice is an extension to the Group's current trading and distribution business, where it can leverage on its wide network of dealers and retailers for its consumer products. The Project is expected to deliver satisfactory gross margins of 5% to 8% and will start contributing to the Group's earnings in 2016.

Moving forward, we will strive to leverage on our competencies and explore various methods to optimize our operational capacity and drive impetus growth for the Group.

Appreciation

On behalf of the Board of Directors, I wish to express our appreciation to our shareholders and customers for your continued support and trust in Halex.

To our business associates, advisors, suppliers and partners - we are always grateful for your long-term support and confidence in the Group. Graciously

The Board and I would like to sincerely thank the management and employees of Halex for their relentless dedication and hard work to the Group.

Finally, I would like to take this opportunity to thank my fellow directors who have been graciously providing their invaluable advice and contributions to the Group throughout the year and supporting the on-going growth of Halex.

MEET OUR SALES PROFESSIONALS

HALEX (M) SDN. BHD.


Yeo Liang Pheng
General Manager


Supian Bin Yussof
Sales (Public Sector Business)


Toh Chun Hua
Sales (Sarawak)


Alex Leong Vern Yow
Sales (South Johor)


Puah Jieyang
Sales (Penang, Kedah & Perlis)


Sam Kok Soon
Sales (Perak)


Jonathan Ngo Huey Chyuan
Sales
(North Johor, Melaka & Negeri Sembilan)


Mohd Hanafi Bin Idris
Sales (Govt., Tender & Pesticide Board)


Daniel Chang Kim Seong
Sales
(Selangor, Pahang & International)


Ten Chen Yung @ Ericson Tony
Sales (West Sabah)

HALEX WOOLTON (M) SDN. BHD.


Koh Gim Hua
General Manager


Yap Yen Peng
Sales (International)


Lim Sing Joo
Sales (National)


Vivian Lim Siew Hoon
Sales (OEM Malaysia)

HALEX BIOTECHNOLOGIES SDN. BHD.


Tan Boon Leng
General Manager


Kamini A/P Veerasingam
Tissue Culture Division


Ahmad Nazmi Bin Ahmad Zawawi
Business Development

GROUP STRUCTURE

HALEX HOLDINGS BERHAD
Investment Holding

- **Halex (M) Sdn. Bhd.** — Agriculture Supplies & Trading — **100%**
  - **Halex Industries (M) Sdn. Bhd.** — Agrochemical Supplies & Trading — **100%**
  - **Halex Realty Sdn. Bhd.** — Investment Holding — **100%**
  - **Halex Chemicals (S) Pte. Ltd.** — Agriculture Supplies & Trading — **100%**
  - **Halex Engineering Sdn. Bhd.** — Dormant — **100%**
  - **Halex Biotechnologies Sdn. Bhd.** — Horticulture and Agro-biotechnology — **100%**
- **Halex International Sdn. Bhd.** — Dormant — **100%**
- **Halex Woolton (M) Sdn. Bhd.** — Consumer Products — **100%**
- **Nusa Suasa Sdn. Bhd.** — Dormant — **100%**
- **Ruby Avenue Sdn. Bhd.** — Dormant — **100%**

CORPORATE GOVERNANCE STATEMENT

The Board of Directors in presenting this statement wishes to present an insight as to how the Company and its subsidiaries ("the Group") adheres to the doctrine and principles of good corporate governance and how the Board discharges its duties and responsibilities in building a sustainable business as its works towards achieving the Group's strategic goals and values in business and to deliver long-term sustainable shareholder value while protecting the interests of the Group's shareholders and other stakeholders.

During the last 15 months the Board underwent a substantial change in its members and a complete change in its executive members. The new Board is pleased to set out below the manner by which the Group currently applied the key principles of good governance and the extent to which it has complied with the recommendations and/or best practices prescribed under the Malaysian Code on Corporate Governance 2012 ("CG Code") for the 15-months financial period ("financial period") ended 31 December 2015.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is collectively responsible for the overall conduct of the Group's business on behalf of the shareholders and takes full responsibility for the performance of the Group. In setting the Company's overall strategy and governance and in pursuit of the Company's objectives, the Board takes into account the interests of the stakeholders in its decision-making so as to ensure the Group's objectives in creating long term shareholder value are met. The Board provides the leadership necessary to the management and monitors the Group's performance and operational progress towards the Group's business objectives. There is clear division in the responsibilities of the Chairman and the Chief Executive Officer ("CEO") which are clearly set out in the Board Charter. This was to ensure that no person has unfettered powers of decision.

The Chairman provides leadership to the Board and ensures that the Board and Board Committees function effectively. He sets the agenda for the Board meetings in consultation with the CEO and Company Secretaries and looks into effective shareholder engagements.

The Non-Executive Directors ("NEDs") are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and provides objective challenges to management. The NEDs do not participate in the day-to-day management of the group and do not engage in any business dealings with the Group. They however have free and open contact with the management and engage with the external and internal auditors to address matters concerning the management. This was to ensure that they are capable of exercising objective judgment whilst acting in the best interest of the Group, its stakeholders and shareholders.

To ensure accountability, the Board has specific functions reserved for its members and those delegated to management. Broadly, the Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:

- Reviewing and adopting strategic plan for the Group.
- Approving the annual budget and carries out periodic reviews on the achievements of the various business segments against their respective business targets.
- Identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks.
- Ensuring that all candidates appointed to the Board are of sufficient caliber with the necessary skill sets required and approving Directors' emoluments and benefits.
- Oversee the development and implementation of an investor relations programme and stakeholder communications policy; and
- Reviewing the adequacy and integrity of the Group's system of internal control and management information systems inclusive of operating infrastructure.

Key matters reserved for the Board for decision includes the following:

- Set and review limits of authority and clearly defined roles and terms of reference for the various Board Committees, the Executive Directors and any senior management personnel
- Establishment, acquisition or disposal of businesses
- Declaration of dividends
- Approval of accounting policies of the Group and the financial statements
- Capital investments and disposal of tangible assets
- Borrowings/financing for the Group's activities
- Corporate restructuring or exercises

CORPORATE GOVERNANCE STATEMENT CONT'D

- Change of name of any subsidiary companies within the Group
- Approving changes to corporate organization structure
- Approving policies relating to corporate branding, public relations, investors relation and shareholder communication programs
- Business sustainability program

Regular matters tabled for the Board's information and deliberation for the year include business performance updates, unaudited quarterly results, reports on operations from operational divisions, business plan and budget, dealings by directors on the Company's securities, regulatory updates, human resource related updates, new business developments and potential businesses amongst other non-regular items which comprised corporate proposals and projects.

Board Committees
To assist in the discharge of its responsibilities the Board has established Board Committees, namely the Executive Committee, Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee and Investment Committee. The Board Committees have authority to examine specific issues within their respective terms of reference as approved by the Board and the Board Committees report to the Board with their findings and recommendations.

All deliberations and decisions taken by the Committees are documented and approved by the respective Chairman of the Committees prior to circulation to the Board for notation as agenda items at Board meetings. The ultimate decision making however lies with the Board. Board Committees have their own terms of reference, operating procedures and authorities clearly defined. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance.

Executive Committee ("EXCOM")
The Board established an EXCOM on 24 August 2015 comprising Executive Directors ("EDs") and certain key employees to assist the Board in the day-to-day running of the Group by looking into the financial and operational matters of the Group.

Audit Committee ("AC")
The AC, as part of their duties and responsibilities, assists the Board by providing an objective non-executive review of the financial reporting, the effectiveness and efficiency of the internal controls, risk management and governance processes of the Group. The minutes of AC meetings are tabled to the Board for notation and action where necessary.

The activities carried out by the AC during the financial period are set out in the AC Report on pages 29 to 30 of this Annual Report.

Risk Management Committee ("RMC")
The RMC was established on 14 January 2016 to assist the Board in the identification and the implementation of appropriate systems to manage the risks faced by the Group. Previously the Company had engaged its outsourced Internal Audit firm to identify the principal operational risks faced by its production facilities. The report was tabled to the AC on 26 May 2015. The Company has yet to establish a holistic Risk Management Framework and the RMC is currently in the midst of co-ordinating the preparation of the framework with the management. The Company plans to have a group-wide Enterprise Risk Management framework and to put in place clear guidance in the identification, mitigation and management of existing and emerging business risks throughout the Group in the coming financial year.

Investment Committee ("IC")
The IC, which was established on 24 July 2015 was re-constituted on 16 October 2015, as part of their duties and responsibilities, is to assist the Board by making enquiries, conducting due diligence and reviewing feasibility studies, if any, undertaken on new businesses and major investments of the Group.

1.2 Clear Roles and Responsibilities

a. Reviewing and adopting the Company's strategic plans
The Board had reviewed the Company's overall strategic and annual operating plans for the coming financial year covering both short term and medium term goals and provided guidance and input towards the Group's business direction. The Board had reviewed with the management the Group's resources and processes in formulating the strategies and had also reviewed the annual budget. In adopting the strategic plan the Board also reviewed the necessary capital expenditure requirements and key management personnel over the various business segments As part of the review, the respective business divisions had presented their divisional performances and initiatives towards realizing the Group's overall strategic objectives. The progress of their initiatives, execution and challenges

CORPORATE GOVERNANCE STATEMENT CONT'D

were required to be reported to the Board every quarter for monitoring and periodic assessment.

b. Overseeing the conduct of the Company's business
The Board is guided by the Board Charter and the Limits of Authority ('LOA") which defines matters that are specifically reserved for the Board and the delegated day-to-day management of the Company under the CEO. The LOA is cascaded to the senior management team.There is a clear division of responsibilities between the Chairman and the CEO. The LOA sets specific parameters in which decisions can be made.

The Chairman, who must be a non-executive member of the Board, has the responsibility of ensuring that the Board works smoothly and effectively. His responsibilities includes ensuring all relevant issues are addressed on the agenda of Board meetings and the Chairman therefore, in consultation with the CEO and the Company Secretaries sets and approves the agenda of Board meetings. He also ensures that all Directors participates in Board activities and that they receive relevant information on a timely manner. The Chairman oversees and ensures that the EDs provide the Board with a true, fair and full account of the condition and state of the Group's businesses, operations and cash flows.

The CEO is responsible for the overall performance of the Group. He develops and implements the strategic goals of the Group after these have been submitted to the Board for endorsement and oversees the day-to day management of the Company to ensure compliance and consistent application to the policies, standards, procedures and practices of the Company in carrying out the plans, instructions and directions of the Board. The CEO will assess all potential business opportunities.

The CEO is supported by Management Committees set up for each major business division, whose duties are defined in their Charter. The CEO is responsible for overseeing the performance of each business division and reporting the same to the Board on a quarterly basis. Staff performances are measured and tracked against approved Key Performance Indicators ("KPIs"). Approved targets for the next fiscal year are set at the end of the previous financial year.

c. Identifying principal risks and ensuring the implementation of appropriate systems to manage them
The Board is assisted by the Risk Management Committee ("RMC") to oversee the management of all identified risks. The RMC is to meet on a quarterly basis to ensure that the accountability and management of significant risks are appropriately assigned and that the identified risks are being satisfactorily addressed on an ongoing basis. A risk identification exercise had been carried out by the Company's Internal Auditors on the Company's production division together with the key management. Moving forward the RMC would oversees the task of risk identification, evaluation and monitoring over risks that are inherent to the current business segments of the Group to ensure sustainability of the Group's businesses.

d. Succession planning
The Nomination Committee ("NC") has been tasked with planning for a viable succession plan for Directors and key management of the Group. In view that there had been, during the last financial year a substantial change in the Board members and a complete change in the executive directors and key management staff of the Group, the NC would in the coming years look into the matter.

The NC also monitors the performance of the Board and reviews and evaluates suitable potential candidates to fill in any gaps therein. During the financial period the NC had been busy assessing and recommending suitable candidates for replacement and additions to the Board to fill in the experience and skill gaps left by the former Directors.

e. Overseeing the development and implementation of an investor relations ("IR") program for the Company
The Board believes that a sound IR program is helpful in sustaining investors' interest and perception of the Company and a professional IR firm is engaged to plan IR activities for the Company with the investing community. These include roadshows, investors' conferences and analyst meetings.

The Company is however in the midst of formulating its Corporate Communication Policy and expects to put one in place in the coming financial year.

CORPORATE GOVERNANCE STATEMENT CONT'D

f. **Reviewing the adequacy and integrity of management information and internal control system of the Company**
The Board has an overall responsibility for maintaining a system of internal controls that provides reasonable assurance of effective and efficient operations and compliance with the applicable laws and regulations, as well as with internal procedures and guidelines.

The Internal Audit Function of the Group is outsourced to Governance Advisory.com Sdn. Bhd. The Internal Auditor ("IA") is engaged to monitor the internal control systems inherent in the Company and to report their findings directly to the AC.

The IA would plan their risk-based audit based on the risk assessment performed by them in the previous year. Upon completion of their scheduled review the AC would, at the operation site along with key management staff, review the adequacy and integrity of the internal control systems in place and ensure the implementation of such enhancement or recommendations put forth by the IA.

The Statement on Risk Management and Internal Control provides an overview on the state of internal controls of the Group and is set out on page 31 of this Annual Report.

1.3 Formalised Ethical Standards through Code of Ethics & Conduct

The Company has in place a Code of Ethics & Conduct ("the Code") that govern the standards of ethics and responsible business conduct expected from the Board and employees. The Code was reviewed and affirmed on 14 January 2016. The said Code was established and crafted based on the principles as set out in the Code of Ethics published by the Companies Commission of Malaysia and encompasses principles in relation to honesty, integrity, responsibility and corporate responsibility.

The Code covers all aspects of the Group's business operations such as compliance with laws, policies and procedures, integrity, conduct in the workplace, business conduct, maintaining confidentiality and disclosure of information, anti-corruption & fraud, conflicts of interests, insider trading, protection of the Group's assets, safety & health, privacy protection, equal opportunity, anti-harassment and criminal breach of trust.

The Group also has in place an Anti-Fraud & Whistle-Blowing Policy to provide an avenue for employees to freely communicate to the appropriate parties their concerns about unethical practices or malfeasance without fear of repercussion and intimidation in a safe and confidential manner. Concerns may be reported to Mr Philip A/L S. Anthonysamy, the Senior Independent Director of the Company. All reports received will be investigated independently to ensure appropriate actions are taken.

The Code of Ethics & Conduct and Anti-Fraud & Whistle-Blowing Policy are made available to employees of the Group. Salient features of the Code of Ethics & Conduct and the Anti-Fraud & Whistle-Blowing Policy may also be obtained from the Company's website.

In addition to the above code and policy, the Group's employees are also guided by the divisional Vision and Mission values which are embedded in the division's strategic goals and objectives.

1.4 Strategies Promoting Sustainability

The Group continues to responsibly manage the economic, social and environmental aspects of its operations to ensure long-term sustainability of its businesses. The Group has been focusing on organic growth and reviewing and enhancing its business growth model to create enduring consumer and employee acceptances. The Company however has yet to formalize its Sustainability Framework as well as Corporate Responsibilities initiatives and plans to do so in the coming financial year. The Group however fully embraces good corporate responsibility in areas of stakeholder engagement, the community, workplace, marketplace and environment. Every business decision with regards to growth and profitability is taken with consideration to the impact on the social and environmental circles within which the Group operates.

1.5 Access to Information and Advice

The Board meets regularly during the financial period. The meetings are planned at the beginning of the financial year and the meeting calendar circulated in advance to enable the Directors to reserve their dates for the Company. The agendas for each Board meeting are circulated in advance. Soft copies of board papers to be deliberated thereat are circulated at least 7 calendar days

CORPORATE GOVERNANCE STATEMENT CONT'D

before the meeting and based on request, hard copies of the Board agenda and papers are also provided. In order to maintain confidentiality, board papers on issues or corporate proposals which are deemed highly confidential would only be distributed or shared at the meeting itself.

Directors are supplied, with regards to scheduled meetings, with detailed reports and supporting documents from the management pertaining to financial performance of the Group and each operating business segment, investments and strategic involvements prior to the meeting for their review and consideration to assist them in making well-informed decisions. Senior management staff are invited to the Board meetings to brief the Board on areas of business within their responsibilities, provide Board members with insights into the business or to clarify the matters tabled or raised by the Board and if required, external professional advisors are engaged to provide input on such matters. Directors are encouraged to share their views and partake in discussions.

During the financial period under review the Board held a total of twelve (12) meetings. Special Board meetings were convened to consider urgent proposals or matters requiring the Board's expeditious consideration. There were also decisions taken by way of Directors' Circular Resolution.

The Board Meetings are chaired by the Independent Non-Executive Chairman, General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd) who has the responsibility of ensuring that adequate and sufficient discussion time be given to discuss the items on the agenda. The Chairman also ensured that each Board member be given a chance to voice their views on issues tabled.

The Chairmen of the various Board Committees would brief the Board on salient issues discussed during the respective Committee meeting as well as the views and conclusions of the respective Committees on the said matters.

Draft minutes of meetings are circulated to all Directors, within 14 days, for their review prior to confirmation, usually at the next following meeting. Directors may raise comments or seek clarification before the minutes are tabled for confirmation and at the meeting, upon receiving confirmation the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings held thereat.

Board members are given unrestricted access to all information pertaining to the Company to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to provide the Board with adequate knowledge on matters being deliberated or obtain professional advice on the issues. Any Director who wishes to engage such external professional assistance may bring the request to the Board for approval prior to engagement. Similar access is also extended to all Board Committees on the same basis.

During the financial period, the outsourced Internal Audit firm and panel lawyers were appointed to provide opinions to the Board on governance issues.

1.6 Qualified and Competent Company Secretaries

The Company Secretaries of the Company are qualified to act as company secretary under Section 139A of the Companies Act 1965 and are all members of the Malaysian Institute of Chartered Secretaries and Administrators. The appointment and removal of the company secretary are matters for the Board to decide collectively.

The Company Secretaries play an advisory role to the Board, particularly with regards to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation as well as the principles of best corporate governance practices. The Board is regularly updated by the Company Secretaries on new or changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors. The Company Secretaries also brief the Board on the contents and timing of material announcements to be made to Bursa Malaysia.

The Company Secretaries undertakes, inter-alia, the following functions:-

(a) Advising the Directors on their duties and responsibilities and their obligation to disclose their interest in securities, the prohibition on dealing of securities during closed period, restriction on trading in securities and disclosure of price sensitive information, timely disclosure of any conflict of interest and related party transactions, timely disclosures of material information to shareholders, investors and financial markets.

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(b) Issues notices on closed periods for trading in the Company's securities.
(c) Updating the Board on new or changes to statutory and regulatory requirements, in particular those relating the Bursa Malaysia's Main Market Listing Requirements ("MMLR") and such other related matters.
(d) Organizes Board and Board Committee Meetings, preparing the agenda for Board and Board Committee meetings in consultation with the Chairman of the Board or Board Committees and the circulation of notices of meetings.
(e) Attending Board and Board Committee meetings and ensuring that deliberations at Board and Board Committee meetings are documented and subsequently communicated to the management for appropriate actions.
(f) Assisting the Board in application of the legal and regulatory requirements such as the MMLR, Code and other related egislations.
(g) Ensuring the appointment or new Directors, re-appointment and resignation of Directors are made in accordance with the relevant legislation and regulatory requirements.
(h) Coordinating the annual assessment of Board and Board Committees, the Independent Directors, External Auditors and outsourced Internal Auditors.
(i) Monitoring compliance with the principles and recommendations of the Code and informing the Board on any breaches or gaps.
(j) Works closely with the management to ensure timely and appropriate information flows within and to the Board and Board Committees and between the NEDs and management.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance practices through continuous training. During the year the Company Secretaries had accumulated the requisite Continuing Professional Development points required of MAICSA members who are practicing company secretaries. The Board has full and unrestricted access to the advice and services of the Company Secretaries. The Board is satisfied with the performance and support rendered by the Company Secretaries in discharging their duties.

1.7 Board Charter

The Board is guided by the Board Charter, which was recently updated and reviewed on 29 March 2016 to ensure its consistency with the practices and adherence to the relevant rules, regulations and governance. A copy of Charter can be found on the Company's website (http://www.halex-group.com). The Charter provides reference for the Board in relation to its roles, powers, duties and functions in the discharge of its duties. The Charter also outlines the processes and procedures adopted to ensure the Board and Board Committees' effectiveness in discharging their fiduciary duties.

The Board Charter covers the following broad areas:

- Composition of the Board, including size, nominations & appointments & re-elections, annual board evaluations,

- Board Roles and Responsibilities inclusive of Separation of Roles between Chairman of the Board and Managing Director, Board Committees and the responsibilities of the Company Secretary

- Board Processes covering meetings, access to independent advisors. Directors' training and Remuneration Committee.

- Compliance of Conduct, its core areas and the application of Anti-Fraud & Whistle Blowing Policy.

- Review of the Board Charter

2 STRENGTHEN COMPOSITION

2.1 Nomination Committee ("NC")

The NC is tasked with the responsibility to oversee the selection and assessment of Directors for appointment, re-election or re-appointment to the Board and Board Committees. The NC comprises exclusively of Independent NEDs and they are:

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Chairman : Mr Philip A/L S. Anthonysamy

Member : Mr Leong Kah Mun

Member : Sr. Teh Teik Bin

The salient terms of reference of the NC are as follows:

1. Lead the process to identify and nominate suitable candidates for appointment to the Board to fill Board and Board Committee vacancies as and when they arise;

2. Establish the criteria for Board membership required for a particular appointment including experience, skills, knowledge, expertise, professionalism, integrity, time commitment and other factors having regard to the leadership needs of the Company;

3. Review annually the structure, size, balance and composition of the Board and Committees including the required mix of skills, knowledge and experience, the independence of the non-executive directors and Board diversity in terms of gender and age to competently discharge their duties and recommend to the Board with regard to any change;

4. Evaluate and recommend to the Board for re-election or otherwise, directors who are retiring pursuant to the Articles of Association of the Company having regard to their performance and contributions to the Board as well as the removal of directors;

5. Evaluate on an annual basis the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each director;

6. Assess the training needs of each Director;

During the financial period, in discharging their duties, the NC reported the following to the Board:

i. The review and recommendation to organizational changes to the Group organization chart.
ii. The review and recommendation of the contract of employment of EDs and other senior management staff.
iii. The effectiveness of the present size of the Board.
iv. The effectiveness of the composition of the Board in relation to the mix of skills, experience, age and other qualities.
vi. The existence or any conflict of interests, where present, of the present and potential Directors with the businesses of the Group.
vii. The contribution of individual Directors in relation to their time commitment, participation and decision-making.
viii. The training undertaken by the individual Board members and the recommendation of appropriate courses to enhance their skills.

During the financial period under review the NC met nine (9) times. The attendance record of the NC members is as disclosed under item 4.1, Time Commitment in this report.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

a. Recruitment or Appointment of Directors

The Board appoints its members through a formal process as set out in the Company's Articles of Association. Directors who seek re-election or re-appointment at the Company's Annual General Meeting are subjected to the same process. A Director seeking re-election or re-appointment will abstain form all deliberations regarding his re-election and re-appointment.

The NC is empowered to identify, review recommendations and recommend new appointments to the Board. The NC will assess the suitability of an individual recommended for appointment by reviewing the individual'sbackground, competencies, knowledge, expertise, experience, personal qualities, time commitment, the individual's general understanding of the Company's business and the industry the Company operates in and factors that can promote boardroom diversity. For appointment of Independent Non-Executive Directors, the NC will also consider whether the individual meets with the requirement of independence as defined by MMLR and whether the candidate would be able to discharge such responsibilities as expected of an Independent Non-Executive Director. The NC ensures that the process for appointment of new Directors is transparent and appointments are made on merit. The NC is empowered to evaluate the balance of skill, knowledge, experience and diversity of the Board. The NC will then prepare a description of the role and capabilities required of for a particular appointment before a recommendation is made to the Board for recruitment.

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b. Annual Assessment

The annual board assessment is conducted annually, led by the NC Chairman and assisted by the Company Secretaries. The assessment covers evaluation on the Board as a whole, Board Committees evaluation and Director's Self and Peer Assessments. The assessments are designed to improve the Board's effectiveness as a whole as well as draw the Board's attention to key areas that need to be addressed in order to maintain cohesion to the Board.

Performance indicators for the Board's effectiveness include board mix & composition, quality of information & integrity of decision making and boardroom activities. Performance indicators for Board Committees include composition, decision-making, expertise and roles & responsibilities. The assessments of the Board and Board Committees members include their contribution, expertise, level of professionalism, provide input at meetings, exercise independent judgments and integrity in decision-making.

Questionnaires on the above are sent out to the Board members by the Company Secretaries and summarized findings based on Directors' feedback are firstly reviewed by the NC before submission to the Board, in March, for their deliberation and to identify areas for improvement. The NC, on review of the summary, would provide suggestions on highlight areas which are deemed weak by the Directors for discussion and improvement by the Board.

Results on the assessment of Board performance for the financial period ended 31 December 2015 revealed that the Board had performed well. The Board was of the opinion that they have fulfilled their responsibilities as members of the Board and Board Committees and were satisfied with their level of contribution. All Directors also confirmed that the Board meetings were constructive and conducted in a manner that allows for open communications, encourages discussion, critical questioning and expression of viewpoints and timely resolution on issues related to the Board and Company.

As this was the first time the revised assessment forms were used by the Board, there was no comparison analysis of the previous year's evaluation. Moreover they had been a substantial change in the Board compared with the previous fiscal year and hence comparison of results would not be meaningful. On a whole the Directors were satisfied with the Board's overall performance. Ratings for Board Committees were good and all Board Committees had rated that their Committee members had performed effectively as a Group.

The objective of Self and Peer Evaluations is to assess each Director's attributes, personality and quality. Each Director was provided with the results of his self evaluation marked against peer evaluation results for comparison. Generally there were good results achieved on peer evaluations indicating healthy Board dynamics and a cohesive Board.

The NC assesses annually the Directors due for re-election and re-appointment at the Company's Annual General Meeting ("AGM"). In determining whether to recommend a director for re-election or re-appointment, NC will consider the Director's effectiveness and contribution to the Board and Company. The NC will then submit their recommendation to the Board for consideration before tabling the same to the shareholders for their approval. Directors seeking re-electio or re-appointment would abstain from all deliberations regarding his position.

In accordance with the Articles of Association of the Company, newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment and one-third of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or re-election. Section 129(2) of the Companies Act,1965 ("the Act") states that the office of a director of a public company, or its subsidiary, who is over the age of seventy years, shall become vacant at the conclusion of the AGM. Nevertheless, Section 129(6) of the Act provides provision that the director may be appointed or re-appointed by the shareholders at the AGM to hold office until the next AGM. The Company's Articles of Association also states that at any point in time, the total number of Directors shall not be less than two (2) and not more than fifteen (15).

Following the results of the board assessment, which included the mix of skills and experience of the current Board members, the Board having considered the recommendations of the NC who have recommended the following

CORPORATE GOVERNANCE STATEMENT CONT'D

Directors who are due to retire at the coming AGM and who have offered themselves for re-appointment/re-election to be re-elected/re-appointed at the coming AGM:

i. General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd), pursuant to Section 129(2) of the Companies Act, 1965;
ii. Mr Philip A/L S. Anthonysamy, pursuant to Article 86 of the Articles of Association of the Company;
iii. Mr Chan Yee Keen, pursuant to Article 93 of the Articles of Association of the Company;
iv. Mr Foong Tuck Fai, pursuant to Article 93 of the Articles of Association of the Company;

c. Gender Diversity Policy

At present the Board has yet to adopt a Board Diversity Policy and has yet to formulate its policy on gender diversity. The Company is in the midst of formalizing its Board Diversity Policy and expects to adopt a policy in the current financial year.

The Company agrees with the importance of a diverse workforce and Board. The Board continually keeps in view the need to appoint suitable female Directors to the Board and appointments to the Board however will not be guided solely by gender but rather the qualification, skills set, experience and knowledge of the candidate.

d. Appointment of Senior Independent Director

In compliance with best practice in corporate governance, Mr Philip A/L Anthonysamy was appointed as the Company's Senior Independent Director ("SID") on 17 December 2014. The SID is the main channel between the Independent Directors and the Chairman on matters that may be deemed sensitive and provides an alternative communication avenue for shareholders and stakeholders alike to convey their concerns and raise issues.

The role of the SID is included in the Board Charter, which is accessible on the Company's website. The SID is also the channel identified in the Company's Whistle-Blowing Policy to whom reports can be directed to.

All queries relating to the Group can be sent to the SID's email address at sid@halex-group.com or directed to the following address:

Senior Independent Director
Halex Holdings Berhad
Level 30, Tower A, Vertical Business Suite
No. 8 Jalan Kerinchi, Bangsar South
59200 Kuala Lumpur

For the financial period under review no shareholders has asked or communicated with the SID.

2.3 Remuneration Committee ("RC")

The Company has a formal procedure to determine Directors' Remuneration so as to ensure the remuneration package is sufficient to recruit, retain and motive individuals of the caliber and quality with necessary skills and experience as required to manage the operations of the Group.

The Board in determining Directors' remuneration, is assisted by the RC which comprises as follows:

- Leftenant General Dato' Wira Hj Masood bin Hj Zainal Abidin (Rtd)
  (Non-Independent Non-Executive Deputy Chairman)
- Mr Leong Kah Mun
  (Independent Non-Executive Director)
- Mr Philip A/L S. Anthonysamy
  (Senior Independent Non-Executive Director)

The Company Secretaries of the Company acts as the Secretary to the Committee and shall be in attendance to record the proceedings of the Committee's meetings and copies of minutes of the Committee's meetings are circulated to the Board for its notation.

The primary responsibility of the RC is to provide a formal and transparent procedure for developing a remuneration policy for Directors and key senior management staff of the Company and ensuring that their remuneration is competitive and consistent with the strategic plans of the Group.

The Company also has in place a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while in office. The Directors and Officers ("D&O") shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them. The Directors and key senior management staff are required to contribute jointly to the premium of the D&O Insurance Policy.

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For Executive Directors, corporate and individual performance are rewarded through the use of an integrated pay benefits and bonus structure reflective of the Company's operations. To determine their remuneration the RC considers market competitiveness, business results, accomplishment of strategic short and long term goals and individual performance against their KPIs in evaluating the EDs' remuneration. The RC will recommend to the Board the remuneration package and the rewards of the EDs inclusive of bonus.

For NEDs the level of responsibilities undertaken and time spent in attending the Company's matters determine the level of remuneration. The remuneration package for NEDs is a matter for the Board as a whole following the recommendation of the RC and these comprises fees, meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors. The current remuneration policy of the Company comprises as follows:

a. Remuneration Package for Group Managing Director/Executive Directors

The remuneration package of the CEO consists of both fixed and performance-linked elements. The remuneration package of the EDs is fixed. The performance of the EDs is reviewed annually taking into consideration the corporate and individual performance.

b. Fees and Meeting Allowances for members of the Board and Board Committees

The fees payable to the Directors are determined by the shareholders. Directors are paid annual fixed fees for serving as members of the Board. In addition they are also paid meeting allowances for each meeting they attend. Information from independent sources on the remuneration practices of other companies are considered in determining the remuneration packages of the Directors.

The total fees payable for the financial period ended 31 December 2015 is calculated to be RM352,160, based on the proposal above and the composition of the Board for the financial period under review. The proposed adjustment would also align the Directors' remuneration to other comparable companies.

The above proposal would be table to the shareholders for approval at the coming Annual General Meeting.

c. Benefits-in-kind and Emoluments

Certain statutory contributions and customary benefits such as mobile phones and petrol allowances, insurance are made available to the CEO and EDs of the Company in accordance with their remuneration package.

At the Extraordinary General Meeting ("EGM") of the Company which would be held on 23 June 2016 the Company's shareholders would be asked to approved the establishment of an Employees' Share Option Scheme ("ESOS") and Employees Share Grant Plan ("ESGP") which provides for the offer and grant options to eligible employees and the granting of award of the Company's shares in accordance with the Bye-Laws. The EGM would also seek approval for the allocation of options and/or grant ESGP to the EDs. NEDs are not eligible to participate in the ESOS.

Details of the Directors' Remuneration paid to Directors (including former Directors of the Company) for the financial period ended 31 December 2015 are as follows:

Financial Period Ended 31 December 2015	EDs	NEDs
Remuneration	**RM**	**RM**
Fees & Chairmen Allowance	103,886	248,274
Meeting Allowances	-	91,000
Salary & Other Emoluments*	643,584	-
TOTAL	747,470	339,274

* Other emoluments include bonuses, incentives, retirement benefits, provision for leave and allowances.

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The number of Directors of the Company (including former Directors of the Company) whose total remuneration for the financial period ended 31 December 2015 which fall within the required disclosure bands are as follows:

Range of Remuneration	Financial period ended 31 December 2015	
RM	EDs	NEDs
0-50,000	1	3
50,001-100,000	5	4
100,001-150,000	-	-
150,001-200,000	-	-
200,001-250,000	-	-
250,001-300,000	-	-
300,001-350,000	1	-

During the financial period under review the RC met two (2) times. The attendance record of the RC members are as disclosed under item 4.1, Time Commitment in this report. During the financial period the RC undertook the following:

i) Reviewed the remuneration package of the Board and recommended the same to the Board for its approval;
ii) Reviewed the remuneration package of new EDs appointed to the Group;

3 REINFORCE INDEPENDENCE

3.1 Annual Assessment of Independence

The Company determines the independence of its Directors in accordance with the criteria as set out in Paragraph 1.01 of MMLR where it states that an independent director ("ID") is one who is independent from management, free from any business or other relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the listed issuer.

The Company requires, at every Board meeting, for all Directors to disclose their interest in the securities of the Company or any possible conflict of interest on any matter or potential investment put forth for consideration. Should it be required, interested Directors shall excuse themselves from the meeting during deliberation on matters where they have an interest to allow for unbiased and free discussion and decision-making and in instances where their presence are required for explanation or clarification on matters they shall abstain from voting.

The independence of IDs are assessed annually to re-affirm their state of independence and whether the IDs can continue to bring independent and objective judgment to the Board. The assessment exercise covers the principles, perspectives, personal insights and declaration by the IDs and their assessment results are tabled to the Board as a whole for concurrence. The NC, as part of its terms of reference, annually reviews the assessment. The NC shall also determine, according to character and judgment, whether there are relationships or circumstances which could affect, or appear to affect, the IDs' judgment.

For new appointments, the assessment of independence of proposed directors, to be carried out prior to the appointment, is benchmarked against the criteria as set out in MMLR.

3.2 Tenure of Independent Director

The Board believes that tenure should not form part of the independence assessment criteria as the board is of the view that the fiduciary duties of Directors as set out in the Companies Act, 1965 are the primary concern of all Directors. The ability of a Director to serve effectively is very much dependent on his caliber, qualification, experience, integrity and objectivity. The Directors' peer evaluation results from the Board assessment exercise would highlight the ID's ability to act independently.

The Board also believes that there are significant advantages to be gained from long-serving Directors who possesses insights and knowledge of the Company's businesses. As such the Company has yet to impose any term limits for Independent Directors.

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3.3 Shareholders' Approval for Re-appointment as Independent Director after a Tenure of Nine Years

To-date none of the IDs has served for a cumuiative term of more than nine years in the Company. Should the Board wish to retain an ID who has served for more than nine years, and as required under the Code, proper justification would be provided and shareholders' approval sought.

3.4 Separation of Positions of Chairman and CEO

There is a clear division of responsibilities between the Chairman and the CEO. The positions of Chairman and CEO are held by two different individuals. Their respective roles and responsibilities are set out in the Board Charter and described under section 1.2b above.

3.5 Composition of the Board

As at the date of this Statement, the Board consists of seven (7) members, five (5) of whom are Independent Non-Executive Directors ("NEDs") and the remaining two (2) are Executive Directors. All the Directors are male and their profiles can be reviewed on pages 3 to 5 of the Annual Report.

Members of the Board reflect a good mix of experience, background, skills and qualifications and all members are professionals of high caliber and integrity with a wealth of knowledge and experience vital to the sustainability and onward growth of the Company.

4. FOSTER COMMITMENT

4.1 Time Commitment

a. Protocol for Appointment of Director

The Company Secretaries helps to monitor the limitation on directorships as required under the MMLR. The Directors upon appointment or resignation as the case may be, will notify the Company Secretaries of their directorships in other companies for disclosure to the Board at Board meetings.

Prior to accepting invitation for appointments to other boards Directors are to discuss with the Chairman their board invitation. The Board recognizes that its Directors may be invited to become directors of other companies and that exposure to other boards can broaden the experience and knowledge of its Directors which will benefit the Company. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Director's performance as a member of the Board.

The Chairman after reviewing the said Director's attendance record and the time spent at the Company's Board and Board Committee meetings plus his participation during meetings, the Chairman would discuss with the said Director regarding his invitation to sit on another board and on conclusion would agree/disagree with the Director regarding the invitation.

All Board members are in compliance with the MMLR regards to the limitation to five directorships in listed issuers.

b. Annual Meeting Calendar

The board meeting schedule is set up before the beginning of the financial year and disseminated to all Board members before the year began to ensure the Directors' time commitment. Besides the scheduled regular meetings to consider and discuss the quarterly financial results, periodic compliance issues and regular management reporting, other issues that requires Board's input and approval are set out in the pre-determined agendas Special meetings, where required, would be held to consider and to obtain decisions on non regular agenda items.

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All Directors have complied with the MMLR of at least 50% attendance at Board Meetings held during the financial period. Details of attendance of each Board member on Board and Board Committee meetings are set out below:

No.	Directors	Board		AC		NC		RC		EXCO	
		No, of Meetings		No, of Meetings		No, of Meetings		No, of Meetings		No, of Meetings	
		Attended /Held	%	Attended /Held	%	Attended /Held	%	Attended /Held	%	Attended /Held	%
1	General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd) (Appointed on 28.1.2015)	12/12	100.0	4/4	100.0	n/a	n/a	n/a	n/a	n/a	n/a
2	Leftenant General Dato' Wira Hj Masood bin Hj Zainal Abidin (Rtd) (Appointed on 28.1.2015)	12/12	100.0	n/a	n/a	n/a	n/a	2/2	100.0	4/4	100.0
3	Chan Yee Keen (Appointed on 1.10.2015)	2/2	100.0	n/a	n/a	n/a	n/a	n/a	n/a	4/4	100.0
4	Leong Kah Mun	15/15	100.0	6/6	100.0	5/5	100.0	2/2	100.0	n/a	n/a
5	Philip A/L S. Anthonysamy	14/15	93.3	n/a	n/a	4/5	80.0	2/2	100.0	n/a	n/a
6	Sr. Teh Teik Bin	12/15	80.0	5/6	83.3	5/5	100.0	n/a	n/a	n/a	n/a
7	Muk Sai Tat (Appointed on 1.9.2015 & Resigned on 29.03.2016)	3/3	100.0	n/a	n/a	n/a	n/a	n/a	n/a	4/4	100.0
8	Chin Chee Hing (Appointed on 24.8.2015 & Resigned on 23.11.2015)	4/4	100.0	n/a	n/a	n/a	n/a	n/a	n/a	2/2	100.0
9	Chen Sen Loon (Resigned on 7.10.2015)	11/13	84.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10	Lim Pang Yan (Resigned on7.10.2015)	13/13	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
11	Supian bin Yusoff (Resigned on 28.1.15)	3/3	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
12	Roy Ho Yew Kee (Resigned on 28.1.15)	1/3	33.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
13	Dato' Dr Yeang Hoong Yeet (Resigned on 2.1.15)	2/2	100.0	1/1	100.0	1/1	100.0	n/a	n/a	n/a	n/a
14	Yeoh Cheng Poh (Resigned on 1.12.14)	1/1	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15	Song Kok Cheong (Resigned on 16.10.14)	-	-	n/a	n/a	1/1	100.0	n/a	n/a	n/a	n/a
16	Tham Kut Cheong (Resigned on 16.10.14)	-	-	n/a	n/a	1/1	100.0	n/a	n/a	n/a	n/a

4.2 Training

Three (3) of the newly appointed Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Board views continuous learning and training as an integral part of the Directors' development.

The Board is informed of various directors' training programs and encouraged to attend them to keep abreast of developments in the various industry in which the Group operates and of developments in regulatory requirements to assist them in the furtherance of their duties.

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The training, seminars and other programmes attended by the current serving Directors during the financial period under review are as follows:

1	General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd)	Risk Management & Internal Control : Workshops for Audit Committee Members Proposed Changes under the Companies Bill Audit Committee Conference 2015 Nominating Committee Programme 2 : Effective Board Evaluations 11th Tricor Tax & Corporate Seminar The Malaysian Economy : Prospect & Challenges
2	Leftenant General Dato' Wira Hj Masood bin Hj Zainal Abidin (Rtd)	Certification in Training – Train the Trainer held on 27th to 31st October 2014 Audit Committee Conference 2015 held on 24th March 2015 Mandatory Accreditation Programme held on 6th & 7th May 2015 Kursus Pengurusan Ahli Lembaga Pengarah dan Pemegang Saham Syarikat Kawalan Keselamatan held on 3rd & 4th August 2015
3	Chan Yee Keen	Mandatory Accreditation Programme held on 4th & 5th November 2015
4	Leong Kah Mun	Updates of the 2014 & 2015 IFRS held on 1st – 2nd December 2015
5	Philip A/L Anthonysamy	Audit Committee Conference
6	Sr. Teh Teik Bin	FIABSCI 66th World Real Estate Congress 2015 held on 29th to 31st May 2015

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board is committed in providing in their quarterly and annual financial statements a clear, balanced and meaningful report on the Group's financial position and prospects. The Board, assisted by the AC oversees the financial reporting process and quality of the financial reporting of the Group. The AC reviews the Company's annual and interim financial statements we well as review the appropriateness of the Group's accounting policies and changes to these policies to ensure that the financial statements comply with the applicable accounting standards and disclosure requirements of MMLR.

The Board is satisfied that all appropriate accounting policies have been adopted and applied consistently and the requirements as set out in the Financial Reporting Standards and other regulatory requirements, have been consistently applied and supported by reasonable judgments and estimates.

As required under the Companies Act, 1965 the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of all applicable accounting standards, provisions of the Companies Act, 1965 and MMLR, and that the financial statements give a true and fair view of the financial position of the Group at the end of the financial period. The Directors are also satisfied that the audited financial statements of the Group for the financial period ended 31 December 2015 do not contain material misstatement. The Statement of Directors' Responsibilities in respect of the preparation of the annual audited financial statements of the Group is set out on page 32 in the financial statements of the Company.

CORPORATE GOVERNANCE STATEMENT CONT'D

5.2 Assessment of Suitability and Independence of External Auditors

The Board, through the AC, maintains a formal and transparent relationship with the Company's external auditors ("EA"). The EA are invited to discuss with the AC, the annual financial statements, audit findings and other matters which are highlighted that require the Board's attention. The EA met with the AC during the financial period and reported to the AC on their findings in relation to the statutory financial statements and the application of the applicable financial standards. Twice during the financial period the EA met with the AC in private sessions without the presence of the EDs and management to discuss their audit findings and other observations. The EA are also invited to attend the Company's AGM and are available to answer shareholders' queries on the conduct of the statutory audit of the Group's financial statements and the content of their audit report.

The AC is responsible for approving audit and non-audit services provided by the EA. In approving such services, the AC will ensure that the independence and objectivity of the EA are not compromised. Further information on the role of the AC in relation to the EA can be found in the Audit Committee's Report in this Annual Report.

The AC at its meeting held on 29 March 2016 undertook an annual assessment of the suitability, performance and independence of the EA. The Company however has yet to adopt any policy on Board Auditor Independence Policy. The AC, in its assessment considered several factors, which included adequacy and resources of the EA, quality control processes, the professional staff assigned to the audit, independence and objectivity of the EA, discussion on audit scope, plan and fees and communication from the EA. Feedback was also sought from the management on the EA's performance.

The EA have confirmed in writing that there were no circumstances and relationship that has compromise their independence during the financial period.

The AC was of the opinion that the EA remained independent when carrying out their audit assignments within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. However, in view of the increased activities of the Group the AC had recommended that another firm of EA be appointed for the ensuing year. The Board, at its meeting on 7 April 2016 had, taken the Audit Committee's recommendation and had sought shareholders' view as to the appointment of another firm of EA. Consequently a letter of nomination was received from the Shareholder for the proposed appointment of UHY Chartered Accountants as auditors of the Company for the ensuing year. The copy of the letter is published and can be referred to in the Annual Report.

The AC, after having assessed the suitability and independence of the nominated EA had recommended their appointment to the Board who in turn would be tabling the same to the shareholders for their consideration.

5.3 Related Party Transactions

There were no related party transactions entered into by the Company during the financial period.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The RMC is tasked to oversee the risk management framework of the Group and to review the risk management policies formulated by the management and to make relevant recommendations to the Board for approval.

The Company continually reviews its internal control procedures, with the help of management and the IA to ensure, as far as possible, to protect the Group's assets and its shareholders' investments.

6.2 Internal Audit Function

The Company has outsourced its internal audit function to Governance Advisory.com Sdn Bhd. They report directly to the AC. Details of the Company's internal control system and framework are set out in the Statement on Internal Control and Risk Management and AC Report of this Annual Report.

For the financial period under review in this Annual Report the total fees paid to the outsourced Internal Audit firms amounted to RM81,000. The AC, at its meeting held on 29 March 2016 undertook an annual assessment of the suitability and performance of the IA. The AC, in its assessment has considered several factors, which included adequacy and resources of the IA, quality control processes, the professional staff assigned to the audit, independence and objectivity of the IA, discussion on audit scope, plan and fees and communication from the IA.

CORPORATE GOVERNANCE STATEMENT CONT'D

Feedback was also sought from the management on the IA's performance.

The AC was of the opinion that the performance of the IA was satisfactory and had recommended their re-engagement to the Board for the ensuing year. The Board, at its meeting on 29 March 2016 had, taken the AC's recommendation.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company maintains an active and constructive communication policy to enable the Board and management to communicate with its investors, stakeholders and the public generally. The Group believes that prompt and timely information should be provided to shareholders and investors to enable them to make informed investment decisions. The Group has yet to adopt a Corporate Communication Policy and would be formulating one in the coming year.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company communicates with its shareholders and stakeholders through the timely release of financial results on a quarterly basis, annual report and announcements to Bursa Malaysia. Such information is also published on the corporate website www.halex-group.com which is accessible by investors and the general public.

The Company's website also allows investors and the general public to inquire about investor relations matters, provide feedback and post queries and concerns regarding the Group. The Company will review each electronic mail received and respond accordingly in a timely manner.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

The Board regards the Annual Report as the main channel of communication between the Company and its stakeholders and the AGM as the primary forum for open communication between the shareholders and the Directors and senior management staff. Notice of the AGM and the related circular to shareholders are sent to shareholders at least 21 days ahead of the meeting. Resolutions proposed under special business in the notice of AGM are accompanied with an explanatory note to explain the purpose and effect of the resolution(s) and/or make reference to the circular to shareholders, if any. The Company's Annual Report is sent to shareholders within four months of the financial period end.

At the AGM, a summary review of the progress and concise overview of the Group's activities will be presented by the CEO. Shareholders will be given opportunity to raise questions pertaining to the operations, financial and business progress and any other related matters to the agenda of the AGM and participate in the question and answer session on the Group's results.

The outcome of the AGM will be announced to Bursa Malaysia on the same day of the meeting.

8.2 Encourage Poll Voting

All agenda items put forth for shareholders' approval at the coming AGM will be voted on by show of hands unless a poll is demanded. Poll voting will be adopted for voting on substantive items or where a motion in relation to a related party transaction is put forth. Nevertheless in line with the recommendation of the Code to encourage poll voting, the Chairman at the AGM will highlight to shareholders present their right to demand for a poll and the Company would make the necessary preparation for poll voting should a demand for a poll be validly demanded.

8.3 Effective Communication and Proactive Engagements

The Company communicates with its shareholders and other stakeholders through timely release of its financial results, annual reports and announcements on corporate issues to Bursa Malaysia. The same said announcements and the financial results are also placed on the Company's website. The timely communication will lead to a more productive engagement and helps shareholders and investors understand the Group's operations and challenges. A robust communication will facilitate shareholders in making informed investment decisions and in exercising their rights as shareholders.

AUDIT COMMITTEE REPORT

1. **COMPOSITION**
As at the date of this Statement, the Audit Committee ("AC") comprises three Independent Directors.

- Mr Leong Kah Mun, (Chairman)
(Independent Non-Executive Director)
A Chartered Accountant, member of the Malaysian Institute of Accountants and also an associate member of the Institute of Internal Auditors, Malaysia.
- Sr. Teh Teik Bin (Member)
(Independent Non-Executive Director)
- General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd)
(Independent Non-Executive Chairman)

2. **TERMS OF REFERENCE**
The AC is guided by the following Terms of Reference:

2.1 **Composition**

(i) The Board shall elect an AC from amongst themselves (pursuant to a resolution of the Board of Directors) comprising not less than three (3) members where the majority of them shall be composed of independent non-executive members of the Board.

(ii) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

(iii) The term of office of the AC is two years and may be re-nominated and appointed by the Board.

(iv) All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the AC cease to be a Director of the Company, his membership in the AC will cease forthwith.

(v) No Alternate Director of the Board shall be appointed as member of the AC.

(vi) If the number of members of the AC for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

(vii) All members of the AC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the AC shall excuse himself from the meeting during discussions or deliberations on any matter which gives rise to an actual or perceived conflict of interest situation for him.

2.2 **Objectives**

The principal objective of the AC is to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the AC shall:

- Evaluate the quality of audits performed by the internal auditors ("IA") and external auditors ("EA");
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the quality, adequacy and effectiveness of the Group's control environment.

2.3 **Duties and Responsibilities**

The duties and responsibilities of the AC are as follows:

(a) To consider the appointment of EA for appointment or re-appointment and to assess the EA on their independence, qualification, adequacy of experience and resources of the firm and the resources assigned to the audit, the audit fee and any question of resignation or dismissal;

(b) To annual assess and report to the Board on the independence of the EA, obtaining from the EA their written assurance on their independence and confirmation of their continued registration with the Audit Oversight Board.

AUDIT COMMITTEE REPORT CONT'D

(c) To discuss with the EA before the audit commences, their audit plan, the nature and scope of the audit and ensure co ordination where more than one audit firm is involved and to report the same to the Board;

(d) To review with the EA his evaluation of the system of internal controls plus the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;

(e) To review the quarterly and year-end financial statements, focusing particularly on-

- Any change in accounting policies and practices;
- Significant adjustments arising from the audit;
- Significant and unusual events;
- The going concern assumption; and
- Compliance with accounting standards and other legal requirements.

(f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management, where necessary);

(g) To review with the EA their management letter and management's response, the EA's audit report and the audited financial statements before the same are presented to the Board for approval;

(h) To review and ensure that the system of internal controls is sound, adequate and in place, effectively administered and regularly monitored;

(i) To review the Group's management information systems including systems for compliance with applicable laws, directives and guidelines;

(j) To cause reviews to be made on the extent of compliance with established internal policies, standards, plans and procedures including the Code of Ethics and Conduct;

(k) To do the following, in relation to the internal audit function:-
- To review the qualification, independence, reporting structure and performance of the IA,
- To review the adequacy of the scope, functions, competency, audit methodology employed and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- To ensure that the goals and objectives of the internal audit function commensurate with the corporate goals of the Company;
- To review the internal audit programme and budget and be satisfied with their consistency with the Risk Management Framework used and results of the internal audit process and, where necessary, ensure that appropriate remedial actions are taken on the recommendations of the internal audit function and reporting the same to the Board;
- To review any appraisal or assessment of the performance of members of the internal audit function;
- To approve the appointment or termination of senior staff members of the internal audit function; and
- To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

(l) To review any related party and conflict of interest transactions proposed to be entered into by the Group;

(m) To report its findings on the financial and management performance, and other material matters to the Board inclusive of resolving any disagreement between management and the EA regarding financial reporting;

(n) To monitor the process for dealing with complaints received by the Company regarding the Group's accounting issues, internal control

AUDIT COMMITTEE REPORT CONT'D

matters or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

(o) To consider the major findings of internal investigations and management's response;

(p) To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the bye-laws of ESOS of the Company; if any;

(q) To consider annually the Risk Management Framework adopted by the Group and to be satisfied that the methodology employed allows for the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner;

(r) To monitor the use of the EA in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their independence and objectivity as EA is not compromised. This would include the pre-approval for any such work inclusive of the hiring of employees or previous employees of the EA;

(s) To prepare the annual AC report to the Board for inclusion in the Annual Report;

(t) To review the Board's statement in compliance with the Malaysian Code on Corporate Governance for inclusion in the Annual Report;

(u) To consider other topics as defined by the Board; and

(v) To consider and examine such other matters as the AC considers appropriate.

2.4 **Authority**

The AC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

(a) Have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the AC.

(b) Have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group.

(c) Obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

(d) Have direct communication channels with the EA and person(s) carrying out the internal audit function or activity (if any).

(e) Where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Malaysia.

2.5 **Meetings and Minutes**

The AC shall meet regularly and hold at least five (5) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

The Company Secretary shall be the Secretary of the Committee. The Secretary shall record, prepare and circulate the minutes of meetings of the AC and ensure that the minutes are properly kept and produced for inspection, if required.

Upon the request of the EA, the Chairman of the AC shall convene a meeting of the AC to consider any matter the EA believes should be brought to the attention of the Directors or shareholders. A majority of the members in attendance shall form a quorum.

Notice of AC meetings shall be given to the AC members unless the AC waives such requirement.

The Chairman of the AC shall engage on a continuous basis with senior management, such as the Chairman, the Executive Directors, the head of internal audit and the EA in order to be kept informed of matters affecting the Company.

AUDIT COMMITTEE REPORT CONT'D

The Chairman, head of internal audit and a representative of the EA should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. The AC shall be able to convene meetings with the EA, the IA or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the EA.

Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The AC Chairman shall report on each meeting to the Board.

The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

3. **ACTIVITIES CARRIED OUT BY THE AC**

During the financial period ended 31 December 2015 the AC held meetings on 20 January 2015, 25 February 2015, 26 May 2015, 24 August 2015 and 23 November 2015 which were attended by the members. Some senior management staff and the IA were invited to attend these meetings to assist in clarifying matters raised at the meeting.

The Group's EA were present at two AC meetings where matters relating to the statutory audit of the Group's annual financial statements were discussed. The AC also met with the EA without the presence of management during the financial period to further reinforce the independence of the audit functions of the Company.

The Chairman of the AC reports to the Board on matters deliberated at every AC and the recommendations made by the AC.

Besides the above, during the financial period the AC carried out its duties in accordance to its Terms of Reference and the main activities included:

(i) **Financial Reporting**

- Reviewed the quarterly financial results of the Group and the relevant announcement to Bursa Malaysia before recommending the same to the Board for its approval. All the quarterly financial results were reviewed to ensure in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and the disclosure requirements of Appendix 9B of the Bursa Malaysia's Main Market Listing Requirements ("MMLR").
- Reviewed the annual audited financial statements of the Group prior to submission of the same to the Board for approval. The review also included the assurance that the financial reporting and disclosures were in compliance with MMLR, the provisions of the Companies Act, 1965, MFRS, applicable International Financial Reporting Standards, and any other relevant legal and regulatory requirements.

(ii) **Internal Audit**

- Reviewed the IA plan including the audit methodology in assessing and rating the auditable areas based on a risk-based approach.
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the competency and performance of the outsourced professional IA.
- Reviewed the IA reports comprising audit issues, recommendations and management responses to the recommendations. Improvement actions to the internal control system and efficiency enhancements recommended were also discussed with the management.
- Reviewed the IA follow-up reports on implementation of IA's recommendations to ensure all key risks and control issues were addressed.
- Reviewed whether there was any related party, recurrent related party or conflict of interest transactions.

(iii) **External Audit**

- Reviewed with the EA on 23 November 2015 their audit scope and audit plan for the financial period and their proposed fees for the statutory audit and review of the Statement of Risk Management and Internal Control.
- Reviewed the audit report and areas of concern highlighted in the management

AUDIT COMMITTEE REPORT CONT'D

letter including management's response to the EA's findings on 7 April 2016.
- Discussed with the EA the significant accounting and audit issues, impact of proposed changes in accounting standards applicable to the Group.
- Assessed the independence and objectivity of the EA during the financial period in carrying out the statutory audit. The assessment conducted on the EA by the AC include factors such as experience, competency, resources of the firm and staff assigned, non-audit fees and tenure of engaging partner. The AC also received confirmation from the EA on their independence and that the ethical requirements have been complied with.
- Assessed the performance of the EA and made recommendations to the Board on their re-appointment.
- Held two private meetings with the EA on 20 January 2015 and 23 December 2015 which was then adjourned to 19 January 2016 without the presence of management and IA, to further reinforce the independence of the audit functions.

(iv) **Other Activities**

- Reviewed the Statement on Corporate Governance, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended the same to the Board for its approval for inclusion in the Annual Report. Reviewed and approved revisions to the AC's Terms of Reference

4. INTERNAL AUDIT FUNCTION

The Company's internal audit function has been outsourced to an independent professional internal audit service provider, which reports directly to the AC. All proposals by the management to appoint or remove the IA of the Company shall require the prior approval of the AC.

The principal role of the IA is to undertake independent and systematic reviews on the Group's internal control system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance and to safeguard the Group's assets and shareholders' value. The IA is also tasked with carrying out reviews on the adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.

The IA adopted a risk-based approach towards the planning and conduct of audits consistent with the Enterprise Risk Management ("ERM") Framework (Production) of the Group. The said ERM Framework (Production) was prepared by the IA in 2015 and would be updated by the Risk Management Committee in the first quarter of 2016.

The IA carried out its activities based on the annual internal audit plan approved by the AC. During the financial period ended 31 December 2015 the IA completed a total of four (4) audit assignments, using the COSO ERM approach as a guide for internal auditing procedure.

The total fee incurred on the Company's internal audit function for the financial period ended 31 December 2015 amounted to RM81,000.

This report has been reviewed by the AC and approved by the Board on 7 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers", it is the responsibility of the Board of Directors to ensure that a sound risk management and system of internal controls form an integral part of an effective system of corporate governance and risk management within the Group's management system.

Board's Responsibility

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's and Group's system of internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Company's and the Group's operational effectiveness and efficiency.

The Board confirms that there is a continuous process to identify, evaluate and manage the significant risks of the Group and this process is regularly reviewed by the Board who derives its comfort from the following processes:

- Regular and comprehensive information is provided by Management through regular meetings and visits to operating units, covering financial performance and key business indicators;
- Periodic financial results are deliberated every quarter against budgets;
- Financial and operational performance analysis are made and benchmarked against business objectives and targets;
- Review of the adequacy and effectiveness of the system of internal control from the inputs of both the Internal and External Auditors;
- Periodic management reports on the adequacy and effectiveness of the Group's risk management and internal control systems in all material aspect; and
- Maintaining a high level of professionalism and competence of human resources through careful recruitment process, training and re-skilling programmes and a proper appraisal system.

Systems of Internal Control

The system of internal control covers financial controls, operational and compliance control as well as risk management. It is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with all applicable laws, regulations, rules, directions and guidelines. These systems are designed to manage, rather than eliminate the risks of not adhering to the Group's policies, goals and objectives; provide reasonable assurance, but not absolute assurance against material misstatement, fraud or loss. The Board may delegate the responsibility of monitoring these internal control systems to Management and exercise control through organizational structure with clearly defined roles, level of responsibility, authority and appropriate reporting procedures.

Assurance from Management

In accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the Group Chief Executive Officer and the Group Chief Financial Officer that, to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately, in all material respects, based on the risk management and internal control frameworks adopted by the Group.

Internal Audit Function

The Internal Auditors have also reported to the Audit Committee that, while they have addressed individual lapses in internal controls during the course of carrying out their internal audit assignments for the period, they have not identified any circumstances that suggest any fundamental deficiencies in the system of internal controls in the Group.

Review of the Statement by Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2015 Annual Report. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants for inclusion in the annual report and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

External auditors does not required to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon in accordance with RPG (Revised 2015).The external auditors are also not required to consider the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

The Board is of the opinion that the system of internal controls in place for the financial period ended 31 December 2015 and up to the date of approval of this report is sound and sufficient to safeguard the shareholder's investment, the interest of customers, regulators and employees, and the Group's assets.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board, in preparing the financial statements, has adopted appropriate accounting policies, consistently applied and supported by reasonable prudent judgment and estimates. The financial statements have been prepared on a going concern basis and all applicable accounting standards have been followed with the exception of the following:

One of the subsidiary of the Group engages in the horticulture & agro-biotechnologies business. It cultivates both bearer plants (growing bearer plants and harvesting fronds for sales) and consumable bearer plants (trees harvested wholesale for sales as decorative trees). In the prior years, both biological plants were accounted for as inventories. For the current period ended 31 December 2015, the management has decided to adopt MFRS 141 *Agriculture* to be consistent with the Group's adoption of the MFRS Framework in the financial year ended 30 September 2013.

On adoption of this Framework means that all of the MFRSs shall be applied by the Group for the year ended 30 September 2013, including MFRS 141 *Agriculture*. The accounting of the biological assets (both bearer plants and consumable plants) was as inventories in the prior years 2013 and 2014.

In order to comply with the adoption of MFRS 141 *Agriculture* , the Group has used MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to correct material prior period errors retrospectively by:

(a) re-stating the comparative amounts for the prior period(s) presented in which the error occurred; or

(b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented [MFRS 108.42].

Accordingly, the Group has corrected the error retrospectively in year 2013 and 2014 in accordance with paragraph 42 of MFRS 108. This required a retrospective restatement of the statements of financial position and statement of comprehensive income for the year ended 30 September 2013 and 30 September 2014, with the effects of the correction adjusted to opening retained profits in the statement of changes in equity for financial year/period 2014 and 2015.

Fair value gains of biological assets gave rise to taxable temporary differences for which the related deferred tax liabilities, measured at the current income tax, was recognised or provided for.

On adoption of this MFRS, a prior year adjustment was made as follows:-

	30.9.2014 RM'000	30.9.2013 RM'000
Biological Assets	1,823	26,785
Deferred Taxation Liabilities	(426)	(6,075)
Reserves	1,397	20,710

The Board is responsible for ensuring that the Company maintains accounting records that disclose reasonable accuracy of the financial position of the Company and the Group. The Board has overall responsibility for taking such steps, as are reasonably available to them, to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 in respect of the preparation of the Company's financial statements for the financial period ended 31 December 2015 can be found on page 37 of this Annual Report.

TABLE OF FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Group and of the Company for the financial period ended 31 December 2015.

CHANGE OF FINANCIAL YEAR END

The financial year of the Group and of the Company was changed from 30 September to 31 December. The financial statements have therefore been made up for a period of 15 months from 1 October 2014 to 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial period.

FINANCIAL RESULT

	GROUP RM	COMPANY RM
(Loss)/Profit after taxation attributable to owners of the parent	(1,057,740)	14,105,816

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial period ended 31 December 2015.

ISSUE OF SHARES AND DEBENTURES

No shares or debentures were issued during the financial period.

RESERVES AND PROVISIONS

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

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial period to take up unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of any option to take up unissued shares in the Company. As at the end of the financial period, there were no unissued shares of the Company under options.

INFORMATION ON THE FINANCIAL STATEMENTS

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

a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and

DIRECTORS' REPORT CONT'D

INFORMATION ON THE FINANCIAL STATEMENTS (Cont'd)

b. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

a. which would render the amount 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

b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

c. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

a. any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liability of any other person: or

b. any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

DIRECTORS OF THE COMPANY

Directors who served on the Board of the Company since the date of the last report are as follows:

GENERAL TAN SRI DATO'SRI ABDUL RAHMAN BIN ABDUL HAMID (RTD)	(APPOINTED ON 28.01.2015)
LEFTENANT GENERAL DATO'WIRA HJ MASOOD BIN HJ ZAINAL ABIDIN (RTD)	(APPOINTED ON 28.01.2015)
CHAN YEE KEEN	(APPOINTED ON 01.10.2015)
FOONG TUCK FAI	(APPOINTED ON 07.04.2016)
PHILIP A/L S. ANTHONYSAMY	
LEONG KAH MUN	(APPOINTED ON 16.10.2014)
TEH TEIK BIN	(APPOINTED ON 16.10.2014)
MUK SAI TAT	(APPOINTED ON 01.09.2015; RESIGNED ON 29.03.2016)
CHIN CHEE HING	(APPOINTED ON 24.08.2015; RESIGNED ON 23.11.2015)
CHEN SEN LOON	(RESIGNED ON 07.10.2015)
LIM PANG YAN	(RESIGNED ON 07.10.2015)
SUPIAN BIN YUSSOF	(RESIGNED ON 28.01.2015)
ROY HO YEW KEE	(RESIGNED ON 28.01.2015)
DATO' DR. YEANG HOONG YEET	(RESIGNED ON 02.01.2015)
YEOH CHENG POH	(RESIGNED ON 01.12.2014)
THAM KUT CHEONG	(RESIGNED ON 16.10.2014)
SONG KOK CHEONG	(RESIGNED ON 16.10.2014)

In accordance with Article 86 of the Company's Articles of Association, Philip A/L S. Anthonysamy retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

In accordance with Article 93 of the Company's Articles of Association, Chan Yee Keen and Foong Tuck Fai retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' REPORT CONT'D

DIRECTORS OF THE COMPANY (Cont'd)

In accordance with Section 129(2) of the Company Act, 1965, General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid retires at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

DIRECTORS' INTERESTS

As recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act,1965, none of the current Directors had any interest in the shares of the Company or its related corporations at the end of the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as recorded and disclosed in the notes to the financial statements.

During and at the end of the financial period, no arrangement subsisted to which the Company or its related companies was a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors:

a. the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

b. there has not arisen in the interval between the end of the financial period and the date of this report, any such 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 period in which this report is made.

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

Details of the significant events during and after the financial period are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Messrs. STYL Associates, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 April 2016

FOONG TUCK FAI **CHAN YEE KEEN**

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, **FOONG TUCK FAI** and **CHAN YEE KEEN**, being two of the Directors of HALEX HOLDINGS BERHAD state that, in the opinion of the Directors, the accompanying financial statements of the Group and of the Company, together with the notes thereto, are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the period then ended.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1 "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 April 2016

FOONG TUCK FAI **CHAN YEE KEEN**

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, **FOONG TUCK FAI**, being the Director primarily responsible for the financial management of HALEX HOLDINGS BERHAD, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements of the Group and of the Company, together with the notes thereto, are, in my opinion, 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 above-named FOONG TUCK FAI at Kuala Lumpur in the Federal Territory this day of 7 April 2016

Before me: **FOONG TUCK FAI**

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HALEX HOLDINGS BERHAD

Report on the Financial Statements

We have audited the financial statements of HALEX HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2015 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT CONT'D
TO THE MEMBERS OF HALEX HOLDINGS BERHAD

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditors' reports of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 47 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

STYL ASSOCIATES
CHARTERED ACCOUNTANTS
FIRM NO: AF-1929

TAN CHIN HUAT
CHARTERED ACCOUNTANT
NO. 2037/06/16(J)

KUALA LUMPUR
DATE: 21 APRIL 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		GROUP		
			Restated	Restated
		31.12.2015	30.09.2014	01.10.2013
ASSETS	Note	**RM**	RM	RM
Non-current assets				
Property, plant and equipment	4	**61,114,914**	47,930,629	48,512,923
Investment properties	5	**5,054,350**	290,000	290,000
Investment in associate company	7	**21,893,273**	-	-
Investment in quoted securities	8	**203,004**	177,932	128,239
Other investments	9	**26,000**	26,000	26,000
Intangible assets	10	**123,222**	120,207	47,386
Development costs	11	**465,058**	566,157	647,036
Biological assets	12	**28,530,025**	28,607,876	26,785,238
Total non-current assets		**117,409,846**	77,718,801	76,436,822
Current assets				
Inventories	13	**25,787,225**	19,060,497	21,944,099
Trade receivables	14	**11,965,048**	13,082,472	15,695,809
Other receivables, deposits and prepayments	15	**6,295,304**	12,589,738	1,070,965
Deposits with licensed financial institutions	16	**1,714,985**	1,991,482	12,955,632
Tax recoverable		**665,326**	169,096	396,692
Cash and bank balances	18	**1,989,375**	25,591,574	7,272,282
Total current assets		**48,417,263**	72,484,859	59,335,479
TOTAL ASSETS		**165,827,109**	150,203,660	135,772,301
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	19	**53,000,000**	53,000,000	50,000,000
Revaluation reserves	19	**20,245,972**	7,667,452	7,667,452
Share premium	19	**1,987,582**	1,987,582	-
Treasury shares	19	**(17,997)**	(17,997)	(17,325)
Equity attributable to owners of the parent		**75,215,557**	62,637,037	57,650,127
Exchange reserves	19	**116,461**	29,440	30,450
Retained earnings		**49,699,125**	50,756,865	50,280,662
Shareholders' equity		**125,031,143**	113,423,342	107,961,239
Non-current liabilities				
Term loans	20	**10,374,560**	12,993,698	1,054,047
Finance lease payables	21	**104,704**	180,365	45,572
Deferred taxation	22	**9,629,469**	7,887,932	7,447,244
Total non-current liabilities		**20,108,733**	21,061,995	8,546,863
Current liabilities				
Trade payables	23	**8,348,872**	4,157,308	5,606,060
Other payables and accruals	24	**2,857,515**	3,723,052	4,376,973
Term loans	20	**2,142,864**	3,134,879	1,231,200
Finance lease payables	21	**56,562**	52,040	17,620
Bills payable	25	**3,836,00**	4,116,000	7,578,018
Tax payables		**141,084**	59,541	454,328
Bank overdraft	25	**3,304,336**	475,503	-
Total current liabilities		**20,687,233**	15,718,323	19,264,199
Total liabilities		**40,795,966**	36,780,318	27,811,062
TOTAL EQUITY AND LIABILITIES		**165,827,109**	150,203,660	135,772,301

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION CONT'D
AS AT 31 DECEMBER 2015

		COMPANY	
		31.12.2015	30.09.2014
ASSETS	Note	**RM**	RM
Non-current assets			
Investment in subsidiary companies	6	**55,823,056**	55,823,050
Total non-current assets		**55,823,056**	55,823,050
Current assets			
Other receivables, deposits and prepayments	15	**491,493**	99,768
Amount due from subsidiary companies	17	**30,487,488**	19,467,320
Tax recoverable		**41,435**	41,435
Cash and bank balances	18	**361,998**	159,191
Total current assets		**31,382,414**	19,767,714
TOTAL ASSETS		**87,205,470**	75,590,764
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	19	**53,000,000**	53,000,000
Share premium	19	**1,987,582**	1,987,582
Treasury shares	19	**(17,997)**	(17,997)
Equity attributable to owners of the parent		**54,969,585**	54,969,585
Retained earnings		**19,613,486**	5,507,670
Shareholders' equity		**74,583,071**	60,477,255
Non-current liabilities			
Term loans	20	**10,374,560**	12,936,472
Total non-current liabilities		**10,374,560**	12,936,472
Current liabilities			
Other payables and accruals	24	**104,975**	34,173
Term loans	20	**2,142,864**	2,142,864
Total current liabilities		**2,247,839**	2,177,037
Total liabilities		**12,622,399**	15,113,509
TOTAL EQUITY AND LIABILITIES		**87,205,470**	75,590,764

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

		GROUP		COMPANY	
	Note	**01.10.2014 to 31.12.2015 RM**	Restated 01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Revenue	26	**125,670,091**	94,538,517	**15,000,000**	2,544,000
Cost of sales		**(98,046,171)**	(73,244,377)	-	-
Gross profit		**27,623,920**	21,294,140	**15,000,000**	2,544,000
Other income	27	**927,546**	541,382	**2,239**	5,526
Fair value (loss)/gain on biological assets		**(144,423)**	1,349,913	**-**	-
Selling and marketing expenses		**(10,331,785)**	(7,928,942)	**-**	-
Administrative expenses		**(16,656,219)**	(10,884,546)	**(895,398)**	(664,292)
Profit from operations		**1,419,039**	4,371,947	**14,106,841**	1,885,234
Finance costs	28	**(1,629,630)**	(449,934)	**-**	-
Share of results of an associate		**(106,727)**	-	**-**	-
(Loss)/Profit before taxation	29	**(317,318)**	3,922,013	**14,106,841**	1,885,234
Taxation	30	**(740,422)**	(946,498)	**(1,025)**	-
(Loss)/Profit after taxation		**(1,057,740)**	2,975,515	**14,105,816**	1,885,234
Other comprehensive income/(loss):					
Item that may be subsequently reclassified to profit or loss					
- Foreign currency translation		**87,021**	(1,010)	**-**	-
Items that will not be subsequently reclassified to profit or loss					
- Revaluation of property, plant and equipment		**12,578,520**	-	**-**	-
Other comprehensive income/(loss) for the period/year, net of tax		**12,665,541**	(1,010)	**-**	-
Total comprehensive income for the period/year		**11,607,801**	2,974,505	**14,105,816**	1,885,234
(Loss)/Profit after taxation attributable to:					
Owners of the parent		**(1,057,740)**	2,975,515	**14,105,816**	1,885,234
Total comprehensive income attributable to:					
Owners of the parent		**11,607,801**	2,974,505	**14,105,816**	1,885,234
(Loss)/Earnings per share attributable to owners of the parent					
- Basic (sen)	31	**(1.00)**	2.97		
- Diluted (sen)	31	**(1.00)**	2.97		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

		Attributable to Owners of the parent						
		Non distributable				Distributable		
GROUP	Note	Share Capital RM	Revaluation Reserves RM	Share Premium RM	Exchange Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM
Balance at 1 October 2013		50,000,000	8,835,735	-	30,450	(17,325)	31,674,098	90,522,958
Prior year adjustments	46	-	(1,168,283)	-	-	-	18,606,564	17,438,281
Restated balance at 1 October 2013		50,000,000	7,667,452	-	30,450	(17,325)	50,280,662	107,961,239
Share issued		3,000,000	-	2,100,000	-	-	-	5,100,000
Share issuance expenses		-	-	(112,418)	-	-	-	(112,418)
Allowance for diminution in value of treasury shares written back		-	-	-	-	(672)	-	(672)
Profit after taxation		-	-	-	-	-	2,975,515	2,975,515
Other comprehensive income for the year								
- Foreign currency translation		-	-	-	(1,010)	-	-	(1,010)
Total comprehensive income/(loss) for the year	-	-	-	(1,010)	-		2,975,515	2,974,505
Dividends paid	32	-	-	-	-	-	(2,499,312)	(2,499,312)
Balance at 30 September 2014		53,000,000	7,667,452	1,987,582	29,440	(17,997)	50,756,865	113,423,342
Balance at 1 October 2014		53,000,000	8,835,735	1,987,582	29,440	(17,997)	31,347,169	95,181,929
Prior year adjustments	46	-	(1,168,283)	-	-	-	19,409,696	18,241,413
Restated balance at 1 October 2014		53,000,000	7,667,452	1,987,582	29,440	(17,997)	50,756,865	113,423,342
Loss after taxation		**-**	**-**	**-**	**-**	**-**	**(1,057,740)**	**(1,057,740)**
Other comprehensive income for the period								
- Foreign currency translation		**-**	**-**	**-**	**87,021**	**-**	**-**	**87,021**
- Revaluation of property, plant and equipment		**-**	**12,578,520**	**-**	**-**	**-**	**-**	**12,578,520**
Total comprehensive income/(loss) for the period		**-**	**12,578,520**	**-**	**87,021**	**-**	**(1,057,740)**	**11,607,801**
Balance at 31 December 2015		**53,000,000**	**20,245,972**	**1,987,582**	**116,461**	**(17,997)**	**49,699,125**	**125,031,143**

STATEMENTS OF CHANGES IN EQUITY CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

		Non distributable		Distributable		
COMPANY	Note	Share Capital RM	Share Premium RM	Treasury Shares RM	Retained Earnings RM	Total RM
Balance at 1 October 2013		50,000,000	-	(17,325)	6,121,748	56,104,423
Shares issued		3,000,000	2,100,000	-	-	5,100,000
Share issuance expenses		-	(112,418)	-	-	(112,418)
Allowance for diminution in value of treasury shares written back		-	-	(672)	-	(672)
Total comprehensive income for the year		-	-	-	1,885,234	1,885,234
Dividends paid	32	-	-	-	(2,499,312)	(2,499,312)
Balance at 30 September 2014		53,000,000	1,987,582	(17,997)	5,507,670	60,477,255
Total comprehensive income for the period		**-**	**-**	**-**	**14,105,816**	**14,105,816**
Balance at 31 December 2015		**53,000,000**	**1,987,582**	**(17,997)**	**19,613,486**	**74,583,071**

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Note	GROUP 01.10.2014 to 31.12.2015 RM	Restated 01.10.2013 to 30.09.2014 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation		**(317,318)**	3,922,013
Adjustments for:			
Allowance for diminution in value of quoted securities written back		**-**	(658)
Allowance for diminution in value of treasury shares written back		**-**	(672)
Allowance for impairment		**271,891**	21,587
Allowance for impairment written back		**(40,983)**	(58,415)
Amortisation		**101,099**	80,879
Bad debts written off		**20,852**	6,660
Depreciation		**2,796,041**	2,224,866
Fair value gain on investment property		**(20,000)**	-
Fair value loss/(gain) on biological assets		**144,423**	(1,349,913)
Gain on disposal of property, plant and equipment		**-**	(39,060)
Gain on foreign exchange-unrealised		**(131,547)**	-
Gain on investment in quoted shares - unrealised		**(25,072)**	(49,035)
Property, plant and equipment written off		**11,306**	16,725
Dividend income		**(3,706)**	(1,560)
Interest expenses		**1,629,630**	449,934
Interest income		**(128,788)**	(352,201)
Inventories written down		**1,875,037**	-
Share of associate company's results		**106,727**	-
Operating profit before working capital changes		**6,289,592**	4,871,150
Inventories		**(8,523,914)**	2,837,165
Receivables		**7,147,268**	1,324,732
Payables		**3,104,547**	(5,564,691)
Cash generated from operations		**8,017,493**	3,468,356
Tax paid		**(1,497,686)**	(1,350,662)
Tax refund		**165,470**	251,373
Interest paid		**(1,629,630)**	(370,598)
Net cash from operating activities		**5,055,647**	1,998,469
CASH FLOWS FOR INVESTING ACTIVITIES			
Interest received		**128,788**	352,201
Dividend received		**3,706**	1,560
Proceeds from disposal of property, plant and equipment		**-**	87,144
Purchase of property, plant and equipment		**(1,494,468)**	(1,467,381)
Purchase of investment properties		**(4,744,350)**	-
Acquisition of associate company		**(22,000,000)**	-
Acquisition of intangible assets		**(3,015)**	(72,821)
Deposit for acquisition of unquoted shares		**-**	(10,200,000)
Placement of deposits with licensed financial institutions		**(54,614)**	(51,203)
Net cash used in investing activities		**(28,163,953)**	(11,350,500)

STATEMENTS OF CASH FLOWS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

	Note	GROUP 01.10.2014 to 31.12.2015 RM	GROUP Restated 01.10.2013 to 30.09.2014 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES			
Drawndown from term loans		**-**	15,000,000
Proceeds from issuance of shares		**-**	5,100,000
Share issuance expenses		**-**	(112,418)
Repayment of bank borrowings		**(3,611,153)**	(1,236,006)
Repayment of hire purchase payables		**(71,139)**	(70,787)
Dividends paid		**-**	(2,499,312)
Net cash (used in)/from financing activities		**(3,682,292)**	16,181,477
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(26,790,598)**	6,829,446
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES		**28,455**	(1,010)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**25,447,182**	18,618,746
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	33	**(1,314,961)**	25,447,182

Acquisitions of property, plant and equipment of the Group during the financial period are financed by:

	GROUP 01.10.2014 to 31.12.2015 RM	GROUP 01.10.2013 to 30.09.2014 RM
Mode of payments:		
Cash	**1,494,468**	**1,467,381**
Finance lease agreements	**-**	**240,000**
	1,494,468	**1,707,381**

STATEMENTS OF CASH FLOWS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

		COMPANY	
		01.10.2014 to 31.12.2015	01.10.2013 to 30.09.2014
	Note	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**14,106,841**	1,885,234
Adjustments for:			
Allowance for diminution in value of treasury shares written back		**-**	(672)
Interest income		**(2,239)**	(4,854)
Operating profit before working capital changes		**14,104,602**	1,879,708
Receivables		**(391,725)**	(66,646)
Payables		**70,802**	(3,670)
Cash generated from operations		**13,783,679**	1,809,392
Tax paid		**(1,025)**	-
Net cash from operating activities		**13,782,654**	1,809,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**2,239**	4,854
Investment in subsidiary companies		**(6)**	-
Net cash from investing activities		**2,233**	4,854
CASH FLOWS FOR FINANCING ACTIVITIES			
Drawndown from term loans		**-**	15,000,000
Repayment of term loans		**(2,561,912)**	-
Proceeds from issuance of shares		**-**	5,100,000
Dividends paid		**-**	(2,499,312)
Share issuance expenses		**-**	(112,418)
Amount due from subsidiary companies		**(11,020,168)**	(19,166,683)
Net cash used in financing activities		**(13,582,080)**	(1,678,413)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**202,807**	135,833
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR		**159,191**	23,358
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	33	**361,998**	159,191

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

1. **CORPORATE INFORMATION**

The Company is principally engaged as an investment holding company.

The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial period.

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur and its principal place of business is located at No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru, Johor Darul Takzim and K-08-02, Level 8, Block K, No. 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 April 2016.

2. **SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of preparation

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 ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in the significant accounting policies below.

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

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (Cont'd)

On 1 October 2014, the Group and the Company have adopted where applicable the following new and revised MFRSs and Issues Committee ("IC") Interpretations, Amendments to MFRSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB"):

- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities
- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies
- Annual Improvements to MFRSs 2010 – 2012 Cycle
- Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any significant financial impact to the Group and the Company.

Standards, amendments and interpretations issued but not yet effective

As at the date of authorisation of these financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretations have been issued but not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2016:
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 12 Investment Entities
- Amendments to MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS101 Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Annual Improvements to MFRSs 2012 – 2014 Cycle

Effective for financial periods beginning on or after 1 January 2018:
- MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations when they become effective in the respective financial periods.

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basic of consolidation

(i) *Subsidiary companies*
Subsidiary companies are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiary companies are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The transaction costs of the investments shall be recognised as expense in the profit or loss in the period in which the costs are incurred.

The accounting policies of subsidiary companies are changed when necessary to align them with the policies adopted by the Group.

(ii) *Accounting for business combinations*
The consolidated financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial period.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

<u>Acquisition on or after 1 October 2011</u>

For acquisition on or after 1 October 2011, the Group measures goodwill at the acquisition date as:-
- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

<u>Acquisitions prior to 1 October 2006</u>

For acquisition prior to 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basic of consolidation (Cont'd)

(iii) Loss of control

The Group treats all changes in its ownership interest in subsidiary companies that do not result in a loss of control as equity transactions between the Group and its non-controlling interests holders. Any difference between the Group's share of net assets before and after the change and any consideration received or paid is adjusted to or against the Group's reserves.

Upon the loss of control of a subsidiary company, the Group derecognised the assets and liabilities of the subsidiary company, any non-controlling interests and the other components of equity related to the subsidiary company. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

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

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

(c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses or revalued carrying amount. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land and factory, office premises, freehold land and building and building and structures are stated at revalued amount, being its fair value at the revaluation less any subsequent impairment losses. Revaluation is carried out by external independent valuers every five years and whenever the fair value of the revalued asset is expected to differ materially from its carrying value.

Surpluses arising from revaluation are recognised in other comprehensive income and accumulated in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged into the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Freehold land has an unlimited useful life therefore is not depreciated. Other property, plant and equipment are depreciated on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

	Rate
Freehold buildings	over a period of 20 years to 47 years
Leasehold land	over a period of 39 years to 42 years
Leasehold factory	over a period of 39 years to 42 years
Buildings and structures	over a period of 46 years to 50 years
Plant and machinery	6 2/3 -- 10 %
Forklifts	20 %
Motor vehicles	20 %
Tools, equipment, furniture, fixtures and fittings	10 – 50 %

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial period end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the period the asset is derecognised.

(d) Investment properties

(i) Investment properties carried at fair value
Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the profit or loss for the period in which they arise.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassifications to/from investment properties carried at fair value
When an item of property, plant and equipment is transferred to investment properties following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(iii) Determination of fair value
An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Investment properties (Cont'd)

(iii) Determination of fair value (Cont'd)
The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

(e) Revaluation of land and buildings

Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Any revaluation increase in property, plant and equipment is recognised in other comprehensive income as an asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in asset revaluation reserve of that asset; and other decreases are recognised in the profit or loss.

A revaluation decrease in property, plant and equipment is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense.

Upon the disposal or retirement of revalued property, plant and equipment, the revaluation surplus included in equity is transferred directly to retained earnings.

(f) Subsidiary companies

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2 (k).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss

(g) Investment in associate company

An associate is an entity in which the Group has a long term equity interest and significant influence, but not control, over the financial and operating policies.

Investment in associate company is accounted in the consolidated financial statements using equity method. Under the equity method, the investment is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of the associate's net assets.

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Investment in quoted shares

Investment in quoted shares are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2 (q).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(i) Other investments

Other investments held on a long term basis are stated at cost and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in value of such investments. Where there has been a decline other than temporary in value of an investment, such a decline is recognised as expense in the period in which the decline is identified.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(j) Intangible assets

Trademarks
All expenses incurred in connection with the registration of the Group's trademarks are deferred and charged to this account. Trademarks registered is valid for ten years from the date of application and renewable every ten years therefore have indefinite useful lives and are stated at costs less impairment losses. The policy for the recognition and measurement of impairment loss is in accordance with Note 2 (k).

(k) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on development activities is also recognised as an expense in the period incurred except when the expenditure meet the following criteria where it will be capitalised as intangible assets:

(i) the product or process is clearly defined and costs are separately identified and measured reliably;
(ii) the technical feasibility of the product is demonstrated;
(iii) the product or process will be sold or used in-house;
(iv) the assets will generate future economic benefits (e.g. a potential market exists for the product or its usefulness, in case of internal use, is demonstrated); and
(v) adequate technical, financial and other resources required for completion of the project are available.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2 (j).

Capitalised development expenditure relating to any research activities which are commercialised are amortised over 10 years.

(m) Biological assets

A biological asset is a living animal or plant. A biological asset is recognised when the following criteria are met:

(i) the Group has control of the asset as a result of past events;
(ii) it is probable that future economic benefits associated with the asset will flow to the Group; and
(iii) the fair value or cost of the asset can be measured reliably.

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably.

Any gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair values less costs to sell of a biological asset is included in the profit or loss in the period in which it is arise.

(n) Leases

Finance leases
A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership.

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or lease, less accumulated depreciation and impairment losses. The corresponding liability is included in the financial statements as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used in the interest rate implicit in the hire purchase or lease when it is practicable to determine, otherwise, the Group's incremental borrowing rate is used.

Hire purchase or lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase or leasing commitments and the fair value of the assets acquired, are charged to the financial statements over the term of the relevant hire purchase or lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase or leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2 (c).

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out (FIFO) basis. Cost of materials represents direct material cost and all direct expenditure incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and an appropriate proportion of production overheads.

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

(p) Financial assets

Financial assets are 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 financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss
Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

(ii) Loans and receivables
Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-maturity investments
Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Financial assets (Cont'd)

(iii) Held-to-maturity investments (Cont'd)

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-sale financial assets
Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when and only when the contractual rights to the cash flows from the financial asset have expired or all the risks and rewards of ownership have been substantially transferred. On derecognition of a financial asset the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(q) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider 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 and the Company'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 default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Impairment of financial assets (Cont'd)

(i) Trade and other receivables and other financial assets carried at amortised cost (Cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account. If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale financial assets
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(r) Foreign currency

(i) Functional and presentation currency
The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

(ii) Foreign currency transactions
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(r) Foreign currency (Cont'd)

(ii) Foreign currency transactions (Cont'd)

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

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at average exchange rates for the period, which approximates the exchange rates at the dates of the translations. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(s) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(t) Borrowing costs

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

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

(u) Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Financial liabilities (Cont'd)

(i) *Financial liabilities at fair value through profit or loss*
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(ii) *Other financial liabilities*
The Group's and the Company's other financial liabilities include trade payables, other payables and accruals, amount due to subsidiary company, bills payable, term loans, finance lease payables and bank overdraft.

Trade payables, other payables and accruals and amount due to subsidiary company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. 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) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Income tax (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(w) Revenue recognition

Revenue is recognised upon delivery of products and customer acceptance, net of discounts, and after eliminating sales within the Group.

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

Dividend income - when the right to receive payment has been established.

Interest income - as it accrues unless recoverability is in doubt.

(x) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term, 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 purposes of statement of consolidated cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits.

(y) Employee benefits

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

(ii) Defined contribution plans
As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

(z) Segment reporting

For management purposes, the Group is organised into operating segments based on their business segment and geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(aa) Share capital

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

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

(ii) Treasury shares
When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are resold, the difference between the sale consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(ab) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(ac) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payment when due. Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs.

Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the receivable fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle.

(ad) Fair value measurement

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

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(ad) Fair value measurement (Cont'd)

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires management to make judgments, 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. There is no significant judgment involved in the preparation of the Group's financial statements other than those disclosed in the financial statements.

(a) Judgments made in applying accounting policies

The management did not make any critical judgment in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

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

<u>Impairment of intangible assets</u>
The Group reviews the carrying amount of its intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgment is required to determine the extent and amount of the impairment loss (if any).

<u>Fair value of properties</u>
The Directors use their judgment in selecting and applying an appropriate valuation technique, by relying on the work of independent valuers, for properties stated at fair value. Fair value is determined using open-market value based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

<u>Impairment of loans and receivables</u>
The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Notes 14 and 15.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

Depreciation of property, plant and equipment
Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated the useful life of these assets to be within 2 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of investment in subsidiary companies and associate company
The Company carried out the impairment test based on a variety estimation of including the value-in-use ("VIU") of the cash-generating unit ("CGU"). Estimating a VIU amount requires the Company to make an estimation of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The management determined the recoverable amount of the investment in subsidiary companies and associate company based on the individual assets' VIU and the probability of the realisation of assets. The present value of the future cash flows to be generated by the asset is the asset's VIU, and it is assumed to be same as the net worth of the asset as at the reporting date. An impairment loss is recognised immediately in profit or loss of the recoverable amount is less than carrying amount.

Income taxes
Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Impairment of property, plant and equipment and development expenditure
The Company assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at the end of the reporting period, the Directors of the Company are of the opinion that there is no impact resulting from the impairment review.

Net realisable values of inventories
Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgments and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

Fair value of biological assets
The fair value of biological assets of the Group is determined based on the discounted cash flows from the financial budgets approved by Directors. Significant judgment is required in determining the quantity growth rate, average selling price and pre-tax discount rate in used. Changes in sector and industry trends, general market and economic conditions, technology and other factors will affect the assumptions in use for calculation of fair values of biological assets.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

GROUP VALUATION/COST	Balance at 01.10.2014 RM	Additions RM	Revaluation surplus/ (deficit) RM	Elimination of accumulated depreciation on revaluation RM	Disposals/ Written off RM	Balance at 31.12.2015 RM
At valuation						
Leasehold factory	**8,534,101**	**-**	**603,100**	**-**	**-**	**9,137,201**
Leasehold land	**1,613,334**	**-**	**710,000**	**-**	**-**	**2,323,334**
Office premises	**120,000**	**-**	**-**	**-**	**-**	**120,000**
Freehold land	**15,935,919**	**-**	**11,186,131**	**-**	**-**	**27,122,050**
Freehold land and building	**12,027,950**	**-**	**-**	**-**	**-**	**12,027,950**
Building and structures	**2,946,126**	**15,780**	**(30,000)**	**-**	**(8,642)**	**2,923,264**
At cost						
Plant and machinery	**16,708,534**	**887,826**	**-**	**-**	**-**	**17,596,360**
Forklifts	**319,720**	**-**		**-**	**-**	**319,720**
Motor vehicles	**1,136,839**	**-**	**-**	**-**	**-**	**1,136,839**
Tools, equipment, furniture, fixtures and fittings	**7,860,257**	**590,862**	**-**	**-**	**(127,738)**	**8,323,381**
	67,202,780	**1,494,468**	**12,469,231**	**-**	**(136,380)**	**81,030,099**

ACCUMULATED DEPRECIATION	Restated Balance at 01.10.2014 RM	Restated Charge for the period RM	Revaluation surplus/ (deficit) RM	Elimination of accumulated depreciation on revaluation RM	Disposals/ Written off RM	Balance at 31.12.2015 RM
At valuation						
Leasehold factory	**865,691**	**168,178**	**-**	**(735,965)**	**-**	**297,904**
Leasehold land	**122,069**	**138,180**	**-**	**(183,105)**	**-**	**77,144**
Office premises	**15,000**	**7,500**	**-**	**-**	**-**	**22,500**
Freehold land	**-**	**-**	**-**	**-**	**-**	**-**
Freehold building	**639,785**	**319,893**	**-**	**(959,678)**	**-**	**-**
Building and structures	**852,145**	**142,963**	**-**	**(149,185)**	**(8,642)**	**837,281**
At cost						
Plant and machinery	**10,132,885**	**1,130,602**	**-**	**-**	**-**	**11,263,487**
Forklifts	**242,246**	**13,257**	**-**	**-**	**-**	**255,503**
Motor vehicles	**831,301**	**141,532**	**-**	**-**	**-**	**972,833**
Tools, equipment, furniture, fixtures and fittings	**5,571,029**	**733,936**	**-**	**-**	**(116,432)**	**6,188,533**
	19,272,151	**2,796,041**	**-**	**(2,027,933)**	**(125,074)**	**19,915,185**

NOTES TO THE FINANCIAL STATEMENTS CONT'D

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

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

VALUATION/COST	Balance at 01.10.2013	Additions	Revaluation surplus/ (deficit)	Elimination of accumulated depreciation on revaluation	Disposals/ Written off	Balance at 30.09.2014
	RM	RM	RM	RM	RM	RM
At valuation						
Leasehold factory	8,534,101	-	-	-	-	8,534,101
Leasehold land	1,613,334	-	-	-	-	1,613,334
Office premises	120,000	-	-	-	-	120,000
Freehold land	15,984,000	-	-	-	(48,081)	15,935,919
Freehold land and building	12,027,950	-	-	-	-	12,027,950
Building and structures	2,842,941	103,185	-	-	-	2,946,126
At cost						
Plant and machinery	15,788,915	919,619	-	-	-	16,708,534
Forklifts	319,720	-	-	-	-	319,720
Motor vehicles	950,028	240,000	-	-	(53,189)	1,136,839
Tools, equipment, furniture, fixtures and fittings	7,521,595	444,577	-	-	(105,915)	7,860,257
	65,702,584	1,707,381	-	-	(207,185)	67,202,780

ACCUMULATED DEPRECIATION	Restated Balance at 01.10.2013	Restated Charge for the year	Revaluation surplus/ (deficit)	Elimination of accumulated depreciation on revaluation	Disposals/ Written off	Restated Balance at 30.09.2014
	RM	RM	RM	RM	RM	RM
At valuation						
Leasehold factory	669,433	196,258	-	-	-	865,691
Leasehold land	73,241	48,828	-	-	-	122,069
Office premises	9,000	6,000	-	-	-	15,000
Freehold land	-	-	-	-	-	-
Freehold land and building	383,872	255,913		-	-	639,785
Building and structures	737,820	114,325	-	-	-	852,145
At cost						
Plant and machinery	9,322,714	810,171	-	-	-	10,132,885
Forklifts	219,512	22,734	-	-	-	242,246
Motor vehicles	764,652	119,838	-	-	(53,189)	831,301
Tools, equipment, furniture, fixtures and fittings	5,009,417	650,799	-	-	(89,187)	5,571,029
	17,189,661	2,224,866	-	-	(142,376)	19,272,151

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

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

	GROUP	
		Restated
	31.12.2015	30.09.2014
NET BOOK VALUE	**RM**	RM
At valuation		
Leasehold factory	**8,839,297**	7,668,410
Leasehold land	**2,246,190**	1,491,265
Office premises	**97,500**	105,000
Freehold land	**27,122,050**	15,935,919
Freehold land and building	**12,027,950**	11,388,165
Building and structures	**2,085,983**	2,093,981
At cost		
Plant and machinery	**6,332,873**	6,575,649
Forklifts	**64,217**	77,474
Motor vehicles	**164,006**	305,538
Tools, equipment, furniture, fixtures and fittings	**2,134,848**	2,289,228
	61,114,914	47,930,629

The Group's properties were revalued by independent valuers, CB Richard Ellis (Johor) Sdn. Bhd. in April 2012 on the "Open Market Value" basis of valuation. Upon revaluation, the surplus was transferred to the Revaluation Reserve Account (Note 19(b)). Subsequently, in December 2015, the Group's properties were further revalued by independent valuers, Savills (Johor) Sdn. Bhd. *(Formerly Known as CB Richard Ellis (Johor) Sdn. Bhd.)* on the "Open Market Value" basis of valuation. Upon revaluation, the surplus was also transferred to the Revaluation Reserve Account (Note 19(b)).

Had the revalued property, plant and equipment been carried under the cost model, the carrying amounts of each class of property, plant and equipment that would have been included in the financial statements of the Group as at reporting date are as follows:

	GROUP	
		Restated
	31.12.2015	30.09.2014
	RM	RM
Leasehold factory	**3,574,657**	3,676,688
Leasehold land	**914,700**	942,800
Office premises	**61,050**	63,800
Freehold land	**10,171,933**	10,171,933
Freehold land and building	**9,852,434**	10,077,169
Building and structures	**2,127,050**	2,090,226
	26,701,824	27,022,616

The leasehold land and leasehold factory of the Group have a remaining lease term of 35 years and 38 years respectively, expiring on 21 January 2050 and 26 December 2053 respectively.

Certain freehold land, freehold land and building, leasehold factory and leasehold land of the Group with an aggregate carrying value of RM43,950,000 (30.09.2014 – RM30,461,907) have been charged to banks for banking facilities granted to the subsidiary companies (Notes 20 and 25).

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease arrangements at net book value of RM159,787 (30.09.2014 – RM234,098).

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

5. INVESTMENT PROPERTIES

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
At fair value		
At beginning of period/year	**290,000**	290,000
Add: Additions during the period/year	**4,744,350**	-
Add: Changes on fair value	**20,000**	-
At end of period/year	**5,054,350**	290,000
Include above is:		
Freehold land	**310,000**	290,000
Leasehold condominium under construction	**4,744,350**	-
	5,054,350	290,000

The Group's investment properties were revalued by an independent professional valuer, CB Richard Ellis (Johor) Sdn. Bhd. in April 2012 on an open market value basis. Upon revaluation, the fair value gain of RM200,000 was recognised in the statements of comprehensive income. Subsequently, in December 2015, the freehold land was further revalued by independent valuers, Savills (Johor) Sdn. Bhd. (Formerly Known as CB Richard Ellis (Johor) Sdn. Bhd.) on an open market value basis. Upon revaluation, the fair value gain of RM20,000 was also recognised in the statements of comprehensive income.

The leasehold condominium under construction has a remaining lease term of 94 years, expiring on 31 December 2109.

There is no rental income received from the investment properties during the financial period.

Direct operating expenses arising from investment properties during the financial period are quit rent amounting to RM90 (30.09.2014 – RM90).

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	31.12.2015	30.09.2014
	RM	RM
Unquoted shares at cost	**55,823,050**	55,823,050
Add: Acquisition during the period/year	**6**	-
	55,823,056	55,823,050

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Details of the subsidiary companies are as follows:

NAME OF COMPANY	% EQUITY HELD 31.12.2015	30.09.2014	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Direct				
Halex (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing distributions and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and distributions distributions of disposable healthcare products
Halex International Sdn. Bhd.	**100**	-	Malaysia	Dormant
Nusa Suasa Sdn. Bhd.	**100**	-	Malaysia	Dormant
Ruby Avenue Sdn. Bhd.	**100**	-	Malaysia	Dormant
Indirect through Halex (M) Sdn. Bhd.				
Halex Industries (M) Sdn. Bhd.	**100**	100	Malaysia	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	**100**	100	Malaysia	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd.#	**100**	100	Singapore	Trading of fertilisers and agrochemicals
Halex Engineering Sdn. Bhd.	**100**	100	Malaysia	Trading of agricultural chemicals and fertilisers. Ceased business operation since July 2010
Halex Biotechnologies Sdn. Bhd.	**100**	100	Malaysia	Horticulture and agro-biotechnology

Audited by other firm of auditors

On 28 January 2015, the Company acquired 2 ordinary shares of RM1 each, representing 100% equity interest in the share capital of Halex International Sdn. Bhd. for a purchase consideration of RM2.

On 6 October 2015, the Company acquired 2 ordinary shares of RM1 each, representing 100% equity interest in the share capital of Nusa Suasa Sdn. Bhd. and Ruby Avenue Sdn. Bhd. for a purchase consideration of RM2 each.

No effects of acquisition of new subsidiary companies to the Group were presented as these new subsidiary companies are dormant.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

7. INVESTMENT IN ASSOCIATE COMPANY

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Unquoted shares - at cost	**22,000,000**	-
Share of post-acquisition reserves	**(106,727)**	-
	21,893,273	-

Details of the associate company are as follows:

NAME OF COMPANY	% EQUITY HELD 31.12.2015	% EQUITY HELD 30.09.2014	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES
Kensington Development Sdn. Bhd.#	**25**	-	Malaysia	Property development

Audited by other firm of auditors

On 17 October 2014, Halex Realty Sdn. Bhd. ("HRSB"), a wholly-owned subsidiary company of the Company has completed acquisition of 1,250,000 ordinary shares of RM1 each, representing 25% of the issued and paid up share capital of Kensington Development Sdn. Bhd. for a total cash consideration of RM22 million (Note 45).

The summarised financial information of the associate company is as follow:

(i) Summarised statement of financial position

	GROUP AND COMPANY	
	31.12.2015	30.09.2014
	RM	RM
Non-current assets	**3,117,746**	-
Current assets	**3,521,020**	-
Current liabilities	**(7,717,208)**	-
Equity	**(1,078,442)**	-

(ii) Summarised statement of comprehensive income

	GROUP AND COMPANY	
	31.12.2015	30.09.2014
	RM	RM
Revenue	**-**	-
Net loss for the period, representing total comprehensive loss	**(426,908)**	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

8. INVESTMENT IN QUOTED SECURITIES

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Quoted securities - at cost	**128,897**	128,897
Add: Gain on investment in quoted shares - unrealised	**74,107**	49,035
Carrying amount	**203,004**	177,932
Quoted securities - at market value	**203,004**	177,932

9. OTHER INVESTMENTS

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Club membership - at cost	**26,000**	26,000

Club membership is stated at cost as their fair values cannot be reliably measured using valuation techiques due to the lack of marketability of the club membership.

10. INTANGIBLE ASSETS

	GROUP	
	31.12.2015	30.09.2014
Trademark - at cost	**RM**	RM
At beginning of period/year	**120,207**	47,386
Add: Addition during the period/year	**3,015**	72,821
At end of period/year	**123,222**	120,207

11. DEVELOPMENT COSTS

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Cost		
At beginning and end of period/year	**808,794**	808,794
Amortisation		
At beginning of period/year	**(242,637)**	(161,758)
Amortisation for the period/year	**(101,099)**	(80,879)
At end of period/year	**(343,736)**	(242,637)
Net carrying amount	**465,058**	566,157

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

11. DEVELOPMENT COSTS (Cont'd)

Development costs principally comprise internally generated expenditure on development on major projects where it is reasonably anticipated that the costs will be recovered through future commercial activities.

Amortisation charge for the financial period of RM101,099 (30.09.2014 – RM80,879) has been expensed in the profit or loss under cost of sales.

12. BIOLOGICAL ASSETS

		GROUP	
		Restated	Restated
	31.12.2015	30.09.2014	01.10.2013
	RM	RM	RM
At valuation			
At beginning of period/year	**28,607,876**	26,785,238	-
Fair value adjustment	**(144,423)**	1,349,913	19,236,737
Reclassified from inventories	**112,179**	46,437	1,473,742
Deferred taxation (Note 22)	**(45,607)**	426,288	6,074,759
At end of period/year	**28,530,025**	28,607,876	26,785,238

The fair value measurements for the biological assets have been categorised as Level 3 fair value based on the inputs to the valuation technique used. The valuation techniques used in the determination of fair value within Level 3 is discounted cash flows from the financial budgets approved by Directors. The significant unobservable inputs used and relationships of unobservable inputs of fair value are as follows:

(a) Quantity growth rate. The forecasted quantity growth rate is 1% annually, up to year 2019.Subsequently, no further growth as at maturity year of 2020. The higher the estimated growth rate, the higher the fair value.

(b) Average selling price. The forecasted growth rate of average selling price is 1% to 2% based on the average values obtained from the past 3 years. The higher the estimated growth rate, the higher the fair value.

(c) Pre-tax discount rate. The discount rate of 8.10% was applied to determining the fair value of biological assets. The discount rate is based on the pre-tax weighted average cost of capital of the Group. The higher the discount rate, the lower the fair value.

13. INVENTORIES

		GROUP	
		Restated	Restated
	31.12.2015	30.09.2014	01.10.2013
	RM	RM	RM
At cost:			
Raw materials	**7,812,184**	7,006,695	10,256,648
Work-in-progress	**535,336**	541,235	661,219
Finished goods	**4,400,404**	3,653,865	3,087,908
Tissue culture	**121,418**	172,322	285,771
Goods for resale	**7,755,274**	6,710,740	6,728,197
Consumables	**989,138**	975,640	924,356
	21,613,754	19,060,497	21,944,099
At net realisable value:			
Goods for resale	**4,173,471**	-	-
Total	**25,787,225**	19,060,497	21,944,099

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

14. TRADE RECEIVABLES

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Trade receivables	**12,389,683**	13,252,429
Less: Allowance for impairment	**(424,635)**	(169,957)
	11,965,048	13,082,472

The Group's normal trade credit term ranges from 30 to 90 days (30.09.2014 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The ageing analysis of the Group's trade receivables is as follows:

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Neither past due nor impaired	**6,197,772**	10,600,430
1 to 30 days past due not impaired	**2,910,108**	1,388,207
31 to 60 days past due not impaired	**1,567,113**	746,817
61 to 90 days past due not impaired	**449,565**	81,294
More than 90 days past due not impaired	**1,265,125**	435,681
	12,389,683	13,252,429
Less: Allowance for impairment	**(424,635)**	(169,957)
	11,965,048	13,082,472

The currency exposure profiles of trade receivables for the Group are as follows:

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Japanese Yen	**179,967**	166,794
Ringgit Malaysia	**10,644,399**	11,804,161
Singapore Dollar	**749,156**	623,684
United States Dollar	**816,161**	657,790
	12,389,683	13,252,429

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM5,767,276 (30.09.2014 – RM2,482,042) that are past due at the reporting date but not impaired. The Directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

14. TRADE RECEIVABLES (Cont'd)

Movements in the allowance accounts:

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
At beginning of period/year	**(169,957)**	(206,785)
Add: Charge during the period/year	**(271,891)**	(21,587)
Add: Charge to Goods and service tax	**(23,770)**	-
Less: Reversal during the period/year	**40,983**	58,415
At end of period/year	**(424,635)**	(169,957)

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

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	31.12.2015	30.09.2014	**31.12.2015**	30.09.2014
	RM	RM	**RM**	RM
Other receivables	**352,281**	221,221	**-**	-
Deposits	**1,107,950**	1,221,671	**1,300**	1,000
Prepayments - investment	**3,830,000**	10,200,000	**-**	-
Prepayments - others	**891,526**	946,846	**490,193**	98,768
Goods and services tax receivables	**113,547**	-	**-**	-
	6,295,304	12,589,738	**491,493**	99,768

The amount due from other receivables is unsecured, interest-free and repayable on demand.

The prepayments of the Group of RM3,830,000 (30.09.2014 – RM10,200,000) represent 18.24% (46.36% - 30.09.2014) payment of the total RM21 million (30.09.2014 – RM22 million) in respect of the acquisition of 3,750,000 (30.09.2014 - 1,250,000) shares in Kensington Development Sdn. Bhd. as disclosed in Note 45 (c) to the financial statements.

16. DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The effective interest rate for deposits with licensed financial institutions at the end of the financial period is between 3.10% and 3.20% (30.09.2014 – 2.08% and 3.25%) per annum with maturity periods of 90 days to 365 days (30.9.2014 - 90 days to 365 days). Deposits with licensed financial institutions amounting to RM1,714,985 (30.09.2014 – RM1,660,371) are pledged for banking facilities granted to the Group (Note 25).

17. AMOUNT DUE FROM SUBSIDIARY COMPANIES

Included in amount due from subsidiary companies is an amount of RM1,176,673 (30.09.2014 – RM79,336), represents term loan interest borne by a subsidiary company for utilisation of the loan facility granted to the Company. Other amounts are interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	31.12.2015	30.09.2014	**31.12.2015**	30.09.2014
	RM	RM	**RM**	RM
Cash in hand	**42,172**	14,105	**360**	381
Cash at banks	**1,947,203**	25,577,469	**361,638**	158,810
	1,989,375	25,591,574	**361,998**	159,191

The currency exposure profile of the cash and bank balances are as follows:

	GROUP		COMPANY	
	31.12.2015	30.09.2014	**31.12.2015**	30.09.2014
	RM	RM	**RM**	RM
Ringgit Malaysia	**1,449,743**	21,832,373	**361,998**	159,191
Singapore Dollar	**159,908**	514,641	**-**	-
United States Dollar	**379,724**	3,244,560	**-**	-
	1,989,375	25,591,574	**361,998**	159,191

19. CAPITAL AND RESERVES

(a) Share capital

	GROUP AND COMPANY			
	Amount	**Number of shares**	Amount	Number of shares
	31.12.2015	**31.12.2015**	30.09.2014	30.09.2014
	RM		RM	
Authorised:				
Ordinary shares of RM0.50 each	**100,000,000**	**200,000,000**	100,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At beginning of period/year	**53,000,000**	**106,000,000**	50,000,000	100,000,000
Shares issued during the period/year	**-**	**-**	3,000,000	6,000,000
At end of period/year	**53,000,000**	**106,000,000**	53,000,000	106,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

(b) Revaluation reserves

	GROUP		
		Restated	Restated
	31.12.2015	30.09.2014	01.10.2013
	RM	RM	RM
At beginning of period/year	**7,667,452**	7,667,452	7,667,452
Reclassification to retained earnings	**-**	-	-
Revaluation of land and building (Note 4)	**12,469,231**	-	-
Reversal of accumulated depreciation (Note 4)	**2,027,933**	-	-
Transferred to deferred taxation (Note 22)	**(1,918,644)**	-	-
At end of period/year	**20,245,972**	7,667,452	7,667,452

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

19. CAPITAL AND RESERVES (Cont'd)

(b) Revaluation reserve (Cont'd)

The revaluation reserve is used to record increases in the fair value of freehold and leasehold land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

(c) Share premium

	31.12.2015 RM	30.09.2014 RM
At beginning of period/year	**1,987,582**	-
Shares issued during the period/year	**-**	2,100,000
Less: shares issuance expenses	**-**	(112,418)
At end of period/year	**1,987,582**	1,987,582

The share premium represents premium arising from the issuance of ordinary shares of the Company at an exercise price above par value.

(d) Treasury shares

	31.12.2015 RM	30.09.2014 RM
At beginning of period/year	**17,997**	17,325
Allowance for diminution in value of treasury shares written back	**-**	672
At end of period/year	**17,997**	17,997

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2015, the Company has 27,500 (30.09.2014 – 27,500) ordinary shares held as treasury shares.

(e) Exchange reserves

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

20. TERM LOANS

	GROUP		COMPANY	
	31.12.2015	30.09.2014	**31.12.2015**	30.09.2014
	RM	RM	**RM**	RM
Current				
- Due within one year	**2,142,864**	3,134,879	**2,142,864**	2,142,864
Non-current				
- Due after one year and not later than five years	**8,571,456**	8,628,682	**8,571,456**	8,571,456
- Due after five years	**1,803,104**	4,365,016	**1,803,104**	4,365,016
	10,374,560	12,993,698	**10,374,560**	12,936,472
Total	**12,517,424**	16,128,577	**12,517,424**	15,079,336

The term loans of the Group and of the Company are repayable by between 84 and 120 monthly instalments and interests are chargeable from 1.75% to 2.00% (30.09.2014 - 1.50% to 2.00%) per annum above the bank's effective cost of funds. The term loans facilities granted to the Group and to the Company are secured by the following:

(i) Legal charge over certain freehold land, freehold land and building, leasehold factory and leasehold land of the Group (Note 4); and
(ii) Corporate guarantees of the Company.

21. FINANCE LEASE PAYABLES

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Minimum lease payments		
- not later than one year	**65,196**	65,196
- later than one year and not later than five years	**119,787**	201,282
	184,983	266,478
Less: Amount representing finance charges	**(23,717)**	(34,073)
Present value of minimum lease payment	**161,266**	232,405
Represented by:		
Current		
- not later than one year	**56,562**	52,040
Non-current		
- later than one year and not later than five years	**104,704**	180,365
	161,266	232,405

The finance lease payables bear effective interest rate of 4.75% to 5.40% (30.09.2014 – 6.09% to 6.18%) per annum.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

22. DEFERRED TAXATION

	GROUP		
		Restated	Restated
	31.12.2015	30.09.2014	01.10.2013
	RM	RM	RM
At beginning of period/year	**7,887,932**	7,447,244	1,371,585
Recognised in profit or loss (Note 30)	**(132,500)**	14,400	900
Transfer from revaluation reverse (Note 19)	**1,918,644**	-	-
Transfer from fair value gain on investment property	**1,000**	-	-
Transfer from biological assets (Note 12)	**(45,607)**	426,288	6,074,759
At end of period/year	**9,629,469**	7,887,932	7,447,244

23. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 30 to 90 days (30.09.2014 – 30 to 90 days).

The currency exposure profiles of trade payables for the Group are as follows:

	GROUP	
	31.12.2015	30.09.2014
	RM	RM
Ringgit Malaysia	**2,229,030**	2,653,390
Singapore Dollar	**554,826**	-
United States Dollar	**5,565,016**	1,503,918
	8,348,872	4,157,308

24. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	31.12.2015	30.09.2014	**31.12.2015**	30.09.2014
	RM	RM	**RM**	RM
Other payables	**1,310,149**	1,703,263	**6**	-
Accruals	**1,547,366**	2,019,789	**104,969**	34,173
	2,857,515	3,723,052	**104,975**	34,173

25. BILLS PAYABLE AND BANK OVERDRAFT

The bills payable bear interest between 1.25% (30.09.2014 - 1.85%) per annum and 1.50% per annum above the bank's effective cost of funds whilst the bank overdraft bears interest between 1.00% - 1.50% (30.09.2014 – 1.00% - 1.25%) per annum above the bank's effective cost of funds. These banking facilities are secured by the following:

(i) Legal charge over certain freehold land, freehold land and building, leasehold factory and leasehold land of the Group (Note 4);
(ii) Pledge of deposits with licensed financial institutions (Note 16);
(iii) Corporate guarantees of the Company.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

26. REVENUE

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Sales of goods	**125,670,091**	94,538,517	**-**	-
Gross dividends from subsidiary company	**-**	-	**15,000,000**	2,544,000
	125,670,091	94,538,517	**15,000,000**	2,544,000

27. OTHER INCOME

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Allowance for diminution in value of quoted securities written back	**-**	658	**-**	-
Allowance for diminution in value of treasury shares written back	**-**	672	**-**	672
Allowance for impairment written back	**40,983**	58,415	**-**	-
Fair value gain on investment property	**20,000**	-	**-**	-
Gain on disposal of property, plant and equipment	**-**	39,060	**-**	-
Gain on investment in quoted shares - unrealised	**25,072**	49,035	**-**	-
Gain on foreign exchange - realised	**469,367**	12,926	**-**	-
Gain on foreign exchange - unrealised	**227,213**	-	**-**	-
Gross dividends received from quoted investments	**3,706**	1,560	**-**	-
Insurance claim received	**-**	20,850	**-**	-
Insurance commission received	**7,579**	4,320	**-**	-
Interest on fixed deposits	**106,876**	322,259	**-**	-
Interest received	**21,912**	29,942	**2,239**	4,854
Rental income	**4,070**	1,685	**-**	-
Sundry income	**768**	-	**-**	-
	927,546	541,382	**2,239**	5,526

28. FINANCE COSTS

	GROUP	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM
Interest expense on:		
Bank overdraft interest	**111,531**	60,036
Bills discounting charges	**374,213**	205,169
Hire purchase interest	**10,356**	3,832
LC and TR interest	**7,409**	14,738
Term loan interest	**1,126,121**	166,159
	1,629,630	449,934

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

29. (LOSS)/PROFIT BEFORE TAXATION

This has been determined after charging the following items:

	GROUP		COMPANY	
		Restated		
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Allowance for impairment	**271,891**	21,587	**-**	-
Amortisation	**101,099**	80,879	**-**	-
Audit fees	**135,408**	100,867	**40,000**	32,000
Bad debts written off	**20,852**	6,660	**-**	-
Bank overdraft interest	**111,531**	60,036	**-**	-
BA discounting charges	**374,213**	205,169	**-**	-
Depreciation	**2,796,041**	2,224,866	**-**	-
Directors' remuneration - Non-Executive (Note 35)				
- directors' fees	**248,274**	154,000	**248,274**	154,000
- salaries and other emoluments	**91,000**	46,184	**91,000**	37,000
Hire purchase interest	**10,356**	3,832	**-**	-
Inventories written down	**1,875,037**	-	**-**	-
LC and trust receipt charges	**7,409**	14,738	**-**	-
Loss on foreign exchange - realised	**796,178**	15,571	**-**	-
- unrealised	**95,666**	-	**-**	-
Preliminary expenses	**7,046**	-	**-**	-
Property, plant and equipment written off	**11,306**	16,725	**-**	-
Rental	**567,248**	184,462	**-**	-
Rental of equipment and warehouse	**41,976**	20,000	**-**	-
Rental of land	**23,400**	18,720	**-**	-
Rental of motor vehicle	**47,400**	-	**-**	-
Staff costs (Note 34)	**18,471,685**	14,762,200	**91,000**	47,000
Term loan interest	**1,126,121**	166,159	**-**	-

30. TAXATION

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Provision for current period/year	**777,600**	932,098	**-**	-
Underprovision in prior years	**95,322**	-	**1,025**	-
Deferred taxation (Note 22)	**(132,500)**	14,400	**-**	-
	740,422	946,498	**1,025**	-

Income tax is calculated at the Malaysian statutory tax rate of 25% (30.09.2014 – 25%) of the estimated assessable (loss)/profit for the period/year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

30. TAXATION (Cont'd)

GROUP	01.10.2014 to 31.12.2015 RM	Restated 01.10.2013 to 30.09.2014 RM
(Loss)/Profit before taxation	**(317,318)**	3,922,013
Taxation at the Malaysian statutory tax rate of 25% (30.09.2014 - 25%)	**(79,330)**	980,503
Expenses not deductible for tax purposes	**1,916,166**	715,319
Income not subjected to tax	**(291,852)**	(300,729)
Utilisation of reinvestment allowance	**-**	(81,052)
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(772,684)**	(367,543)
Overprovision of deferred taxation in prior year	**(127,200)**	-
Underprovision of income tax in prior years	**95,322**	-
Tax expense for the period/year	**740,422**	946,498

COMPANY	01.10.2014 to 31.12.2015 RM	Restated 01.10.2013 to 30.09.2014 RM
Profit before taxation	**14,106,841**	1,885,234
Taxation at the Malaysian statutory tax rate of 25% (30.09.2014 - 25%)	**3,526,710**	471,309
Expenses not deductible for tax purposes	**223,290**	164,859
Income not subject to tax	**(3,750,000)**	(636,168)
Underprovision of income tax in prior years	**1,025**	-
Tax expense for the period/year	**1,025**	-

31. EARNINGS PER SHARE

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

Basic (loss)/earnings per ordinary share are calculated by dividing the (loss)/profit for the period/year by the weighted average number of ordinary shares in issue during the financial period/year.

	GROUP	
	01.10.2014 to 31.12.2015	Restated 01.10.2013 to 30.09.2014
(Loss)/Profit for the period/year (RM)	**(1,057,740)**	2,975,515
Weighted average number of ordinary shares in issue	**105,972,500**	100,218,402
Basic (loss)/earnings per share (sen)	**(1.00)**	2.97

(b) Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share is the same with basic (loss)/earnings per ordinary share as the Group has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

32. DIVIDENDS

	GROUP AND COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM
Dividends paid		
A first and final single tier dividend of 5% in respect of the year ended 30 September 2013	**-**	2,499,312

The Directors do not recommend the payment of any dividend in respect of the financial period ended 31 December 2015.

33. CASH AND CASH EQUIVALENTS

For the purpose of the statement of consolidated cash flows, cash and cash equivalents comprise the following at the reporting date:

	GROUP		COMPANY	
	31.12.2015 RM	30.09.2014 RM	**31.12.2015 RM**	30.09.2014 RM
Deposits with licensed financial institutions	**1,714,985**	1,991,482	**-**	-
Cash and bank balances	**1,989,375**	25,591,574	**361,998**	159,191
Bank overdraft	**(3,304,336)**	(475,503)	**-**	-
	400,024	27,107,553	**361,998**	159,191
Less: Deposits with licensed financial institutions pledged to banks	**(1,714,985)**	(1,660,371)	**-**	-
	(1,314,961)	25,447,182	**361,998**	159,191

34. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Salaries and allowances	**16,071,092**	12,692,852	**91,000**	47,000
E.P.F. and Socso contributions	**1,595,613**	1,391,643	**-**	-
Other staff related expenses	**804,980**	677,705	**-**	-
	18,471,685	14,762,200	**91,000**	47,000

Included in staffs of the Group and of the Company are Executive Directors' remuneration amounting to RM1,272,304 (30.09.2014 – RM1,819,530) Nil (30.09.2014 – RM10,000) respectively as disclosed in Note 35.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

35. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Executive:				
Fees	**526,265**	129,000	**103,886**	134,000
Salaries and other emoluments	**1,272,304**	1,819,530	**-**	10,000
	1,798,569	1,948,530	**103,886**	144,000
Non-Executive:				
Fees	**248,274**	154,000	**248,274**	154,000
Salaries and other emoluments	**91,000**	46,184	**91,000**	37,000
	339,274	200,184	**339,274**	191,000
Total	**2,137,843**	2,148,714	**443,160**	335,000

36. RELATED PARTY TRANSACTIONS

(a) Identification of related party

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) subsidiary companies;
(ii) associate company;
(iii) related companies in which Directors have substantial financial interest.

(b) The significant related party transactions undertaken during the financial period/year by the Group and the Company are as follows::

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Dividend received from subsidiary company				
- Halex (M) Sdn. Bhd.	**-**	-	**15,000,000**	2,544,000
Sales to related party in which certain Directors of a subsidiary have interests				
- Pesticides & Fertiliser Sdn. Bhd.	**-**	287,510	**-**	-
- Kota Tinggi Estate Supplies Sdn. Bhd.	**-**	14,720	**-**	-

(c) Compensation of key management personnel ("KMP")

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

36. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Compensation of key management personnel ("KMP") (Cont'd)

The remuneration of key management personnel during the period/year was as follows:

	GROUP		COMPANY	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM	**01.10.2014 to 31.12.2015 RM**	01.10.2013 to 30.09.2014 RM
Total	**1,798,569**	1,948,530	**103,886**	144,000

For the details of Board of Directors' remuneration, please refer to Note 35.

37. CORPORATE GUARANTEE

	COMPANY	
	31.12.2015 RM	30.09.2014 RM
Guarantees given to financial institutions for credit facilities granted to the subsidiary companies	**48,263,000**	44,873,000

The Directors consider that the fair value of these guarantees at the date of inception was minimal and understand the repayment was on schedule and in the case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding loan principals together with the accrued interest and penalties. Therefore, no financial liabilities have been accounted for in the financial statements for the guarantees.

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The table below provides analysis of financial instruments of the Group and of the Company. The Group and the Company categorised financial assets as fair value through profit or loss (FVTPL), available for sales (AFS) and loans and receivables (L&R), and financial liabilities as other financial liabilities measured at amortised cost (AC).

Group

At 31 December 2015	**FVTPL RM**	**AFS RM**	**L&R RM**	**AC RM**
Financial Assets				
Investment in quoted securities	**-**	**203,004**	**-**	**-**
Other investments - Club membership	**-**	**26,000**	**-**	**-**
Biological assets	**28,530,025**	**-**	**-**	**-**
Trade receivables	**-**	**-**	**11,965,048**	**-**
Other receivables and deposits	**-**	**-**	**1,573,778**	**-**
Deposits with licensed financial institutions	**-**	**-**	**1,714,985**	**-**
Cash and bank balances	**-**	**-**	**1,989,375**	**-**
	28,530,025	**229,004**	**17,243,186**	**-**

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

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

Group

	FVTPL	AFS	L&R	AC
At 31 December 2015	**RM**	**RM**	**RM**	**RM**
Financial Liabilities				
Trade payables	**-**	**-**	**-**	**8,348,872**
Other payables and accruals	**-**	**-**	**-**	**2,857,515**
Term loans	**-**	**-**	**-**	**12,517,424**
Finance lease payables	**-**	**-**	**-**	**161,266**
Bills payable	**-**	**-**	**-**	**3,836,000**
Bank overdraft	**-**	**-**	**-**	**3,304,336**
	-	**-**	**-**	**31,025,413**
At 30 September 2014				
Financial Assets				
Investment in quoted securities	-	177,932	-	-
Other investments - Club membership		26,000		
Biological assets	28,607,876			
Trade receivables	-	-	13,082,472	-
Other receivables and deposits	-	-	1,442,892	-
Deposits with licensed financial institutions	-		1,991,482	-
Cash and bank balances	-	-	25,591,574	-
	28,607,876	203,932	42,108,420	-
Financial Liabilities				
Trade payables	-	-	-	4,157,308
Other payables and accruals	-	-	-	3,723,052
Term loans	-	-	-	16,128,577
Finance lease payables	-	-	-	232,405
Bills payable	-	-	-	4,116,000
Bank overdraft	-	-	-	475,503
	-	-	-	28,832,845

Company

	FVTPL	AFS	L&R	AC
At 31 December 2015				
Financial Assets				
Other receivables and deposits	**-**	**-**	**1,300**	**-**
Amount due from subsidiary companies	**-**	**-**	**30,487,488**	**-**
Cash and bank balances	**-**	**-**	**361,998**	**-**
	-	**-**	**30,850,786**	**-**
Financial Liabilities				
Other payables and accruals	**-**	**-**	**-**	**104,975**
Term loans	**-**	**-**	**-**	**12,517,424**
	-	**-**	**-**	**12,622,399**
At 30 September 2014				
Financial Assets				
Other receivables and deposits	-	-	1,000	-
Amount due from subsidiary companies	-	-	19,467,320	-
Cash and bank balances	-	-	159,191	-
	-	-	19,627,511	-
Financial Liabilities				
Other payables and accruals	-	-	-	34,173
Term loans	-	-	-	15,079,336
	-	-	-	15,113,509

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objective and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate risk, foreign currency risk, liquidity risk, credit risk and market price risk.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing these risks. The Group's risk management approach seeks to minimise the potential material adverse impact of those exposures.

The following section provides details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest risk arises primarily from interest-bearing financial assets and financial liabilities. The Group's interest-bearing financial assets include fixed deposits that are short term in nature and are held to earn a better yield than cash at banks. The fixed deposits placed with licensed banks at floating rates expose the Group to fair value interest rate risk. Deposits with licensed banks with floating rates are monitored closely by the Group to ensure it is maintained at favourable rates.

The Group's interest-bearing financial liabilities include term loans, bills payables and finance lease payables. Borrowings at floating rates expose the Group to cash flow interest rate risk whilst finance lease payables at fixed rate expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

The carrying amounts of the Group's and the Company's financial instruments that are exposed to interest rate risk are as follows:

	31.12.2015 RM	30.09.2014 RM
Group		
Floating rate		
Deposits with licensed financial institutions	**1,714,985**	1,991,482
Term loans	**(12,517,424)**	(16,128,577)
Bills payable	**(3,836,000)**	(4,116,000)
	(14,638,439)	(18,253,095)
Fixed rate		
Finance lease payables	**(161,266)**	(232,405)
Company		
Floating rate		
Term loans	**(12,517,424)**	(15,079,336)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(i) Interest rate risk (cont'd)

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

	GROUP		**COMPANY**	
	01.10.2014 to 31.12.2015 Increase/ (Decrease) RM	01.10.2013 to 30.09.2014 Increase/ (Decrease) RM	**01.10.2014 to 31.12.2015 Increase/ (Decrease) RM**	01.10.2013 to 30.09.2014 Increase/ (Decrease) RM
Effect on profit after taxation				
Increase of 100 Basis Point (bp)	**(147,997)**	(184,855)	**(125,174)**	(150,793)
Decrease of 100 Basis Point (bp)	**147,997**	184,855	**125,174**	150,793
Effect on equity				
Increase of 100 Basis Point (bp)	**(147,997)**	(184,855)	**(125,174)**	(150,793)
Decrease of 100 Basis Point (bp)	**147,997**	184,855	**125,174**	150,793

Fair value sensitivity analysis for fixed rate instruments

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

(ii) Credit risk

(a) Trade receivables

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade receivables. The Group has a policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. For other financial assets, the Group minimises credit risk by dealing with credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial period is disclosed in Note 14. Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairments are made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(ii) Credit risk (Cont'd)

(b) Financial guarantee

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial period represents the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM7,140,336 (30.09.2014 – RM5,640,724), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

(c) Inter-company balances

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the result of the subsidiary companies regularly.

(d) Credit risk concentration profile

As at the reporting date, there was no significant concentration of credit risk in the Group.

(iii) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the Company. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD) and Japanese Yen (JPY). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets/(financial liabilities) held in non-functional currency			
Functional Currency	**United States Dollar**	**Singapore Dollar**	**Japanese Yen**	**Total**
Group	**RM**	**RM**	**RM**	**RM**
At 31 December 2015				
Trade receivables	**816,161**	**749,156**	**179,967**	**1,745,284**
Cash and bank balances	**379,724**	**159,908**	**-**	**539,632**
Trade payables	**(5,565,016)**	**(554,826)**	**-**	**(6,119,842)**
	(4,369,131)	**354,238**	**179,967**	**(3,834,926)**
At 30 September 2014				
Trade receivables	657,790	623,684	166,794	1,448,268
Cash and bank balances	3,244,560	514,641	-	3,759,201
Trade payables	(1,503,918)	-	-	(1,503,918)
	2,398,432	1,138,325	166,794	3,703,551

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, SGD and JPY exchange rates against the functional currency of the Company, with all other variables held constant.

		GROUP	
		31.12.2015	30.09.2014
		RM	RM
USD/RM	- Strengthened 5%	**(218,457)**	119,922
	- Weakened 5%	**218,457**	(119,922)
SGD/RM	- Strengthened 5%	**17,712**	56,916
	- Weakened 5%	**(17,712)**	(56,916)
JPY/RM	- Strengthened 5%	**8,998**	8,340
	- Weakened 5%	**(8,998)**	(8,340)

(iv) Liquidity risk

Liquidity risk is the risk that the Group's or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from trade payables, other payables and accruals and loans and borrowings.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations as they fall. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

Maturity Analysis

The table below analysis the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group **At 31 December 2015**	**Total Carrying Amount RM**	**Total Contractual Cash Flows RM**	**On Demand or Within 1 Year RM**	**2 - 5 Years RM**	**More Than 5 Years RM**
Trade payables	**8,348,872**	**8,348,872**	**8,348,872**	**-**	**-**
Other payables and accruals	**2,857,515**	**2,857,515**	**2,857,515**	**-**	**-**
Bills payable	**3,836,000**	**3,836,000**	**3,836,000**	**-**	**-**
Term loans	**12,517,424**	**12,517,424**	**2,142,864**	**8,571,456**	**1,803,104**
Finance lease payables	**161,266**	**184,983**	**65,196**	**119,787**	**-**
Bank overdraft	**3,304,336**	**3,304,336**	**3,304,336**	**-**	**-**
	31,025,413	**31,049,130**	**20,554,783**	**8,691,243**	**1,803,104**
At 30 September 2014					
Trade payables	4,157,308	4,157,308	4,157,308	-	-
Other payables and accruals	3,723,052	3,723,052	3,723,052	-	-
Bills payable	4,116,000	4,116,000	4,116,000	-	-
Term loans	16,128,577	16,128,577	3,134,879	8,628,682	4,365,016
Finance lease payables	232,405	266,478	65,196	201,282	-
Bank overdraft	475,503	475,503	475,503	-	-
	28,832,845	28,866,918	15,671,938	8,829,964	4,365,016

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(iv) Liquidity risk (Cont'd)

Maturity Analysis (Cont'd)

Company **At 31 December 2015**	**Total Carrying Amount RM**	**Total Contractual Cash Flows RM**	**On Demand or Within 1 Year RM**	**2 - 5 Years RM**	**More Than 5 Years RM**
Other payables and accruals	**104,975**	**104,975**	**104,975**	**-**	**-**
Term loans	**12,517,424**	**12,517,424**	**2,142,864**	**8,571,456**	**1,803,104**
	12,622,399	**12,622,399**	**2,247,839**	**8,571,456**	**1,803,104**
At 30 September 2014					
Other payables and accruals	34,173	34,173	34,173	-	-
Term loans	15,079,336	15,079,336	2,142,864	8,571,456	4,365,016
	15,113,509	15,113,509	2,177,037	8,571,456	4,365,016

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Groups' financial instruments will fluctuate because of changes in market prices.

The Group is exposed to securities price risk from its investment in quoted securities. These quoted securities are listed on the Bursa Malaysia Securities Berhad.

The Group's objective is to manage investment returns and the price risk by investing in investment grade securities with steady dividend yield.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, trade receivables, other receivables and deposits, subsidiary companies balances, trade payables, other payables and accruals and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments.

The carrying amounts of current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amount of financial assets and liabilities of the Group and of the Company as at reporting date approximate their fair values except for the following:

	CARRYING AMOUNT		**FAIR VALUE**	
	31.12.2015 RM	30.09.2014 RM	**31.12.2015 RM**	30.09.2014 RM
Group				
Finance lease payables	**161,266**	232,405	**150,702**	217,105

The fair values of financial lease payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of leasing agreement at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (Cont'd)

Fair value hierarchy

The Group classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

(iii) Level 3: unobservable inputs for the asset or liability.

Policy on transfer between levels

The fair value of the assets and liabilities to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There has been no transfer between levels of fair values during the financial period (30.09.2014 - no transfer between levels).

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended 31 December 2015 and year ended 30 September 2014.

The Group monitors capital using net gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the Group's net gearing ratio at a level deemed appropriate considering business, economic and investment conditions.

The gearing ratio for the Group as at 31 December 2015 and 30 September 2014 are as follows:

	GROUP	
	31.12.2015 RM	30.09.2014 RM
Trade payables	**8,348,872**	4,157,308
Other payables and accruals	**2,857,515**	3,723,052
Bills payable	**3,836,000**	4,116,000
Term loans	**12,517,424**	16,128,577
Finace lease payables	**161,266**	232,405
Less: Cash and cash equivalents	**1,314,961**	(25,447,182)
Net debt	**29,036,038**	2,910,160
Equity attributable to owners of the parent	**125,031,143**	113,423,342
Capital and net debt	**154,067,181**	116,333,502
Gearing ratio	**19%**	3%

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

41. CAPITAL COMMITMENT

As at 31 December 2015, the Group has outstanding capital commitment amounting to RM17,170,000 (30.09.2014 – Nil), being balance of 83% of the total RM21 million of purchase consideration in respect of the acquisition of 3,750,000 shares in Kensington Development Sdn. Bhd.

42. SEGMENT INFORMATION – GROUP

(a) Business segments

The Group is organised on a worldwide basis into four major segments:
(i) Investment holding
(ii) Agriculture supplies and trading
(iii) Consumer products
(iv) Horticulture and agro-biotechnologies

The Directors are of the opinion that the inter-segment transactions have been entered into in the normal course of business.

At 31 December 2015

REVENUE AND EXPENSES	Investment Holding	Agriculture Supplies and Trading	Consumer Products	Horticulture and Agro-Biotechnologies	Elimination	Consolidated
	RM	RM	RM	RM	RM	RM
Revenue						
External sales	-	66,257,528	46,941,878	12,470,685	-	125,670,091
Dividend income	15,000,000	-	-	-	(15,000,000)	-
Inter-segment sales	-	13,785,358	74,486	15,275	(13,875,119)	-
Total revenue	15,000,000	80,042,886	47,016,364	12,485,960	(28,875,119)	125,670,091
Results						
Segment results	13,313,570	3,395,099	1,454,262	(753,374)	(16,119,306)	1,290,251
Finance costs	(1,097,337)	(236,035)	(238,196)	(58,062)	-	(1,629,630)
Finance income	2,239	101,540	19,076	5,933	-	128,788
Share of results of an associate	-	-	-	-	-	(106,727)
Loss before taxation	12,218,472	3,260,604	1,235,142	(805,503)	(16,119,306)	(317,318)
Taxation						(740,422)
Loss for the financial period						(1,057,740)
Attributable to: Owners of the parent						(1,057,740)
ASSETS AND LIABILITIES						
Segment assets #	119,846,061	44,221,936	64,974,234	40,431,761	(104,312,209)	165,161,783
Segment liabilities @	45,385,190	19,396,285	5,940,147	1,308,887	(41,005,096)	31,025,413
OTHER INFORMATION						
Capital expenditure						
- Property plant and equipment	-	164,033	1,223,978	106,457		1,494,468
- Intangible assets	-	3,015	-	-		3,015
						1,497,483
Allowance for impairment	-	33,519	212,981	25,391		271,891
Amortisation	-	-	-	101,099		101,099
Depreciation	-	445,089	2,003,295	347,657		2,796,041
Fair value loss on biological assets	-	-	-	144,423		144,423
Inventories written down	-	1,875,037	-	-		1,875,037
						5,188,491

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

42. SEGMENT INFORMATION - GROUP (Cont'd)

(a) Business segments (Cont'd)

30 September 2014 (Restated)

REVENUE AND EXPENSES	Investment Holding RM	Agriculture Supplies and Trading RM	Consumer Products RM	Horticulture and Agro-Biotechnologies RM	Elimination RM	Consolidated RM
Revenue						
External sales	-	52,796,609	36,887,505	4,854,403	-	94,538,517
Dividend income	2,544,000	-	-	-	(2,544,000)	-
Inter-segment sales	-	10,179,630	76,782	3,980	(10,260,392)	-
Total revenue	2,544,000	62,976,239	36,964,287	4,858,383	(12,804,392)	94,538,517
Results						
Segment results	1,873,914	3,760,073	114,582	824,100	(2,552,923)	4,019,746
Finance costs	(79,336)	(183,731)	(186,867)	-	-	(449,934)
Finance income	4,854	317,581	24,825	4,941	-	352,201
Profit before taxation	1,799,432	3,893,923	(47,460)	829,041	(2,552,923)	3,922,013
Taxation						(946,498)
Profit for the financial year						2,975,515
Attributable to: Owners of the parent						2,975,515
ASSETS AND LIABILITIES						
Segment assets #	75,549,329	76,330,298	54,197,240	38,910,917	(94,953,220)	150,034,564
Segment liabilities @	15,113,509	37,134,897	6,453,141	1,886,816	(31,775,518)	28,832,845
OTHER INFORMATION						
Capital expenditure						
- Property plant and equipment	-	463,959	1,124,246	119,176		1,707,381
- Intangible assets	-	-	72,821	-		72,821
						1,780,202
Allowance for impairment	-	15,187	-	6,400		21,587
Amortisation	-	-	-	80,879		80,879
Bad debts written off	-	-	6,660	-		6,660
Depreciation	-	419,723	1,521,029	284,114		2,224,866
						2,333,992

Segment assets comprise total current and non-current assets less tax recoverable.
@ Segment liabilities comprise total current and long-term liabilities less tax liabilities and deferred taxation.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

42. SEGMENT INFORMATION - GROUP (Cont'd)

(b) Geographical segments

Analysis by geographical segment has been presented in respect of revenue only as the Group operates principally in Malaysia.

	GROUP	
	01.10.2014 to 31.12.2015 RM	01.10.2013 to 30.09.2014 RM
Local	**100,845,495**	73,754,019
Export	**24,824,596**	20,784,498
Total	**125,670,091**	94,538,517

(c) Major customers

There is no significant concentration of revenue from any major customers.

43. LITIGATIONS

In December 2012, the Group was served with a Shah Alam Session Court Writ of Summons and Statement of Claim by Loscam (Malaysia) Sdn. Bhd. for claims of overdue outstanding amount of RM89,386.96 for the rental of pallets as at 31 January 2012.

On 18 February 2013, the Group in its Statement of Defence had counter claimed the same supplier, Loscam (Malaysia) Sdn. Bhd. for overcharging of rental fee amounting to RM204,890.52 for the years from 2007 to 2010.

On 21 August 2014, the Court has dismissed the claim by Loscam (Malaysia) Sdn. Bhd. and Loscam (Malaysia) Sdn. Bhd. has filed an appeal to the High Court for the ruling.

On 27 August 2014, the Company filed a cross appeal for the appeal by Loscam (Malaysia) Sdn. Bhd.

On 29 January 2015 and the High Court had dismissed both the Loscam (Malaysia) Sdn. Bhd. and the Company's appeal.

44. CHANGE OF FINANCIAL YEAR END

The financial year of the Group and of the Company was changed from 30 September to 31 December annually. Accordingly, the comparative figures of the preceding year covered a period of 12 months whilst the figures of the current period's financial statements covered a period of 15 months from 1 October 2014 to 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

45. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

(a) On 17 October 2014, Halex Realty Sdn. Bhd. ("HRSB"), a wholly–owned subsidiary of the Company has completed the acquisition a total of 1,250,000 ordinary shares of RM1 each, representing 25% of the issued and paid up share capital of Kensington Development Sdn. Bhd. ("KDSB"), for a total cash consideration of RM22 million. Accordingly, KDSB became an associate company of the Group.

(b) On 28 January 2015, the Company acquired 2 ordinary shares of RM1each, representing 100% equity interest in the share capital of Halex International Sdn. Bhd. for a purchase consideration of RM2.

(c) On 20 March 2015, HRSB, accepted a conditional offer made by Bestempire Limited ("BL") for acquisition of another 3,750,000 ordinary shares of RM1 each, representing 75% of the issued and paid up share capital of KDSB, for a total cash consideration of RM21 million. However, the said acquisition is pending completion as at 31 December 2015.

(d) On 6 October 2015, the Company acquired 2 ordinary shares of RM1 each, representing 100% equity interest in the share capital of Nusa Suasa Sdn. Bhd. for a purchase consideration of RM2 each.

(e) On 6 October 2015, the Company acquired 2 ordinary shares of RM1 each, representing 100% equity interest in the share capital of Ruby Avenue Sdn. Bhd. for a purchase consideration of RM2 each.

(f) On 19 November 2015, Halex (M) Sdn. Bhd. ("HMSB"), a wholly-owned subsidiary company of the Company accepted a Letter of Offer from Koperasi Majlis Belia Felda Malaysia Berhad ("KMBFB") for supplying and packaging of white rice under Food Bank Project with an estimation total contract value of up to RM184,000,000.

(g) On 3 February 2016, Halex Biotechnologies Sdn. Bhd. ("HBSB") a wholly owned subsidiary of the Company entered into a sale and purchase agreement with Wan Kok Huat and Ling Lee Chew to dispose a piece of agriculture land for a consideration of RM2,400,000.

(h) On 1 March 2016, HMSB entered into a conditional Share Sale and Purchase Agreement with Alfie Bin Othman and Intan Azlina Binti Mazlan for the acquisition of 100,000 ordinary shares of RM1 each, representing 100% equity interest in the issued and paid-up share capital of Pengedaran Beras Lestari Sdn. Bhd. ("PBLSB") for a consideration of RM150,000. Upon completion of the acquisition, PBLSB will become a 100% owned subsidiary company of HMSB.

(i) On 1 March 2016, HMSB and KMBFMB entered into a Collaboration Agreement for the purpose of working together towards the supply of imported rice by HMSB to KMBFMB under KMBFMB's rice distribution programmes.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

46. PRIOR YEAR ADJUSTMENTS

During the financial period, the following adjustments were made to the comparative figures in the financial statements of the Group from the financial year ended 30 September 2012 to 30 September 2014.

(a) Depreciation of property, plant and equipment

The Directors carried out a reassessment of depreciation of property, plant and equipment of the Group in compliance with MFRS 116 and concluded that depreciation was understated in the statements of financial position and statements of comprehensive income of the Group year ended 30 September 2012 to 30 September 2014. Adjustments were made to rectify the understatement.

(b) Revaluation reserve

(i) Deferred taxation was not provided on the revaluation surplus in the statement of financial position and statement of comprehensive income of the Group for the year ended 30 September 2012.

(ii) Fair value gain on investment property was wrongly captured as part of revaluation reserve in the statement of financial position of the Group for the year ended 30 September 2012. Deferred taxation was not recognised accordingly on the fair value gain on investment property in the statement of financial position and statement of comprehensive income of the Group for the year ended 30 September 2012.

(c) MFRS 141 Agriculture

In accordance with MFRS 141 Agriculture, a biological asset shall be measured on initial recognition and at each reporting period at its fair value less cost to sell, except where the fair value cannot be measured reliably.

Upon reassessment of compliance with MFRS 141, the Group has made retrospective restatement of inventories that meet the criteria of biological assets in accordance with this standard as follow:

(i) Initial recognition of ‘mother plant’ and ‘trees’ measured at its fair value less cost to sell adjusted from earliest practicable year that is financial year ended 30 September 2013.

(ii) Recognition of deferred taxation on the fair value gain upon adoption of MFRS 141 Agriculture.

Accordingly, the financial statements of the Group from the financial year ended 30 September 2012 to 30 September 2014 have been restated. The effects of the adjustments are disclosed in Note 46 (d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

46. PRIOR YEAR ADJUSTMENTS (Cont'd)

(d) The following comparative figures of the Group have been restated to incorporate the prior year adjustments:

	Note	As previously reported RM	Prior year adjustments RM	Reclassification RM	As restated RM
As at 30 September 2014					
Statements of financial position					
Non-current assets					
Property, plant and equipment	46(a)	49,297,583	(1,366,954)	-	47,930,629
Biological assets	46(c)(i)	-	28,607,876	-	28,607,876
Current assets					
Inventories	46(c)(i)	20,580,676	(1,520,179)	-	19,060,497
Non-current liabilities					
Deferred taxation	46(b)(i),(ii),46(c)(iii)	408,602	7,479,330	-	7,887,932
Equity attributable to owners of parent					
Retained earnings	46(a),46(b)(ii),46(c)(i),(ii)	31,347,169	19,209,696	200,000	50,756,865
Revaluation reserve	46(b)(i),(ii)	8,835,735	(968,283)	(200,000)	7,667,452
Statements of comprehensive income					
Profit after taxation	46(a),46(c)(i)	2,172,383	803,132	-	2,975,515
Earnings per share (sen)	46(a),46(b)(ii),46(c)(i),(ii)	2.17	0.80	-	2.97
Statements of cash flows					
Depreciation	46(a)	1,678,084	546,782	-	2,224,866
Fair value gain on biological assets	46(c)(i)	-	(1,349,913)	-	(1,349,913)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

46. PRIOR YEAR ADJUSTMENTS (Cont'd)

(d) The following comparative figures of the Group have been restated to incorporate the prior year adjustments (Cont'd):

	Note	As previously reported RM	Prior year adjustments RM	Reclassification RM	As restated RM
As at 1 October 2013					
Statements of financial position					
Non-current assets					
Property, plant and equipment	46(a)	49,333,095	(820,173)	-	48,512,922
Biological assets	46(c)(i)	-	26,785,238	-	26,785,238
Current assets					
Inventories	46(c)(i)	23,417,841	(1,473,742)	-	21,944,099
Non-current liabilities					
Deferred taxation	46(b)(i),(ii)	394,202	7,053,042	-	7,447,244
Equity attributable to owners of parent					
Retained earnings	46(a),46(b)(ii)	31,674,098	18,406,564	200,000	50,280,662
evaluation reserve	46(b)(i),(ii)	8,835,735	(968,283)	(200,000)	7,667,452
Statements of comprehensive income					
Profit after taxation	46(a),46(c)(i)	3,512,667	18,689,955	-	22,202,622
Earnings per share (sen)	46(a),46(b)(ii),46(c)(i),(ii)	3.51	18.69	-	22.20
Statements of cash flows					
Depreciation	46(a)	1,545,715	546,782	-	2,092,497
Fair value gain on biological assets	46(c)(i)	-	(19,236,737)	-	(19,236,737)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

47. DISCLOSURE OF REALISED AND UNREALISED RETAINED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and format required. The breakdown of the retained profits of the Group and of the Company as at 31 December 2015, into realised and unrealised profits, pursuant to the directive, is as follows:

	GROUP 31.12.2015 RM	COMPANY 31.12.2015 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	**86,363,919**	19,613,486
- Unrealised	**(36,704,055)**	-
	49,659,864	19,613,486
Total share of retained earnings from associate company		
- Realised	**(106,727)**	-
	49,553,137	19,613,486
Add: Consolidated adjustments	**145,988**	-
Retained earnings as per financial statements	**49,699,125**	19,613,486

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

ADDITIONAL COMPLIANCE INFORMATION

COMPLIANCE STATEMENT

This statement on the Company's corporate governance practice is made in compliance with paragraph 15.25 and 15.08A of MMLR. The statement was approved by the Board on 7 April 2016.

SHARE BUY-BACK

At the last AGM held on 26 March 2015 the Company obtained a mandate from its shareholders for the Company to purchase its own shares of up 10% of its issued and paid-up share capital upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company. The Company did not carry out any share buy-back for the financial period ended 31 December 2015.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial period.

At the EGM to be held on 23 June 2016 shareholders' approval will be sought for the Company to establish and implement an ESOS and Share Grant Scheme.

At the EGM approval will also be sought for the Company to issue free detachable warrants on the basis of one (1) free warrant for every six (6) Rights Shares of the Company subscribed. The issue of the free detachable warrants was expected to be carried out in the later part of the year. For full details on proposed rights issue and free detachable warrants please refer to the Circular to Shareholders distributed along with the Company's Annual Report or download a copy from Bursa Malaysia Securities Berhad's website.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt program during the financial period ended 31 December 2015.

SANCTION AND/OR PENALTY

There was no sanction and/or penalty imposed on the Company and its subsidiaries, directors or management by the regulatory bodies for the financial period under review.

NON-AUDIT FEES

The amount of audit fees incurred for services rendered to the Group by the Company's EA and its affiliated companies for the financial period ended 31 December 2015 are RM135,408. There were no non-audit fees incurred for the financial period.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility ("CSR")
The Company views seriously, the impact of our activities on our customers, employees, shareholders, communities and the environment in all aspects of our operations. The Company is fully aware that our obligation extends beyond the statutory obligation to comply with legislation and therefore voluntarily takes further steps to improve the quality of life for employees and their families as well as for the local community and society at large.

Various activities were planned and implemented by the Company to fulfil its CSR obligations as follows:

(a) <u>The Workforce</u>
The Company organizes outings, gatherings and recreational events at regular intervals for its staff and family members to foster and cultivate a happy and productive workforce with a strong sense of belonging.

(b) <u>The Community</u>
The Company makes donations annually in the form of cash and tangible goods to various welfare bodies and Non-Governmental Organisations ("NGO") for welfare and disaster relief purposes. The Company also provides employment opportunities where possible, to people with special needs.

(c) <u>The Environment</u>
The Company has adopted eco-friendly practices in its day-to-day work in order to minimize the impact on the environment, such as:-

(i) Paperless environment
Staff and clients are working towards fully maximizing the benefits of ICT (eg email, instant messaging, etc.) for communications, operations and documentation.

(ii) Recycling
Both sides of papers are used for printing where possible to minimize paper usage, while unwanted papers are segregated for recycling.

(iii) Energy Savings
The Company encourages staff to consciously switch off lights and air-conditioners for rooms and areas which are unutilised to help reduce energy consumption. The Company allows some flexibility on working hours for sales staff. This has helped to minimise the time, effort and petrol which would have otherwise been wasted and spent manoeuvring through the rush hour traffic.

ANALYSIS OF SHAREHOLDINGS

Shareholding Structure as at 31 March 2016

Share Capital

Authorised Share Capital	RM100,000,000 (200,000,000 ordinary shares of RM0.50 each)
Issued and fully paid-up capital	RM53,000,000 (106,000,000 ordinary shares of RM0.50 each)
Adjusted issued & paid-up capital	RM53,000,000 (106,000,000 ordinary shares of RM0.50 each)
Class of shares	Ordinary Shares of RM0.50 each
Voting Rights	One vote per share

Distribution of Shareholdings as at 31 March 2016

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	62	3.195	2,537	0.002
100 – 1,000	224	11.546	89,789	0.084
1,001 – 10,000	790	40.721	4,825,424	4.553
10,001 – 100,000	753	38.814	24,450,235	23.072
100,001 - 5,298,624*	108	5.567	42,415,820	40.025
Over 5,298,624**	3	0.154	34,188,695	32.261
TOTAL	**1,940**	**100.000**	**105,972,500*** **	**100.000**

** Less Than 5% Of Issued Shares*
*** 5% And Above Of Issued Shares*
**** Net of Treasury Shares*

Substantial Shareholders as at 31 March 2016

Name	Holdings	%
1. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Olive Park Development Sdn Bhd	14,559,606	13.739
2. Kenanga Nominees (Tempatan) Sdn Bhd Solaris Cemerlang Sdn Bhd	12,843,493	12.119
3. Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS Ag Singapore (Foreign)	6,785,596	6.403

ANALYSIS OF SHAREHOLDINGS CONT'D

List Of Top 30 Holders As At 31 March 2016

No.	Name	Shareholdings	%
1	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Olive Park Development Sdn Bhd	14,559,606	13.739
2	Kenanga Nominees (Tempatan) Sdn Bhd Solaris Cemerlang Sdn Bhd	12,843,493	12.119
3	Citigroup Nominees (Asing) Sdn Bhd Exempt An For UBS Ag Singapore (Foreign)	6,785,596	6.403
4	Quantum Expansion Sdn Bhd	2,653,182	2.503
5	Sundat (S) Pte Ltd	2,569,677	2.424
6	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teng Kam Kheong	2,385,700	2.251
7	Hew Sen Kian	1,511,250	1.426
8	Kow Song Tong	1,460,300	1.377
9	Fong Hoo Meng	1,247,018	1.176
10	Farmcochem Sdn Bhd	1,030,000	0.971
11	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teng Kam Kheong (M)	1,019,600	0.962
12	Mohd Said Bin Ibrahim	952,008	0.898
13	Ng Boon Siang	950,000	0.896
14	HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chiew Khwai @ Chiew Swee King	920,000	0.868
15	Yew Tuck Kai	896,700	0.846
16	Yeoh Cheng Poh	863,000	0.814
17	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Siu Chung	821,000	0.774
18	Ng Boon Sin	759,000	0.716
19	Kwok Hon Wun	753,500	0.711
20	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Kon Hing (Ay0036)	719,400	0.678
21	Ng Boon Hong	666,000	0.628
22	Eugene Jian Yu Luk	650,000	0.613
23	Hui Soon Oi @ Sun Oi	600,000	0.566
24	CIMSEC Nominees (Asing) Sdn Bhd Pledged Securities Account For Noble Plan Sdn Bhd	575,000	0.542
25	Lim Mui Miaw	541,000	0.510
26	Lim Ah Lik	520,000	0.490
27	Farmcochem Sdn Bhd	516,700	0.487
28	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yip Tuck Leong (E-Klc)	450,000	0.424
29	Lap Chi Andy Chan	410,000	0.386
30	Lai Yock Ching	403,800	0.381
		61,032,530	**57.592**

LIST OF PROPERTIES
AS AT 31 DECEMBER 2015

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (Sq m)	Net Book Value as at 31/12/2015 (RM)	Date of Acquisition (or CFO)* / Valuation^
Geran No. 28855 Parent title under QT(R) No. 2851/2 TLO 2969/70 Township of Johor Bahru, Johor	Office unit/vacant	32 years	Freehold	–	32	120,000	12.04.2012^
HS(D) 215977 PTD No. 19116 Town & District of Johor Bahru, Johor	3 storey factory cum office building, for Halex Woolton and Group Corporate office	14 years	60 years lease expiring on 26.12.2053	4,860	4,768	6,000,000	4.11.2012^
Lot 142, GM 826 Mukim Plentong District of Johor Bahru, Johor	Single storey detached factory with an annexed double storey office building, a single storey warehouse, workshop and a canteen, for Halex Woolton	5 years	Freehold	45,033	13,656	22,697,950	06.08.2012^
HS(D) 8111 PTB No. 264 Mukim of Hulu Sungai, Johor District of Kota Tinggi, Johor	Single storey detached factory with an annexed double storey office building and open shed, for Halex Industries	15 years	60 years lease expiring on 21.01.2050	12,237	3,562	2,630,843	06.04.2012^ 15.08.1998*
	Single storey detached factory, for Halex Industries	2 years			1,717	1,356,057	30.12.2011*
Lot 1167, GM 227, EMR 870 Mukim Senai 81000 Kulai, Johor	Nursery for Halex Biotechnologies	N/A	Freehold	27,746	–	1,900,000	06.04.2012^
Lot 650 & 651 GM 547 & 361 Ban Foo Village Mukim Plentong 81800 Ulu Tiram Johor	Nursery for Halex Biotechnologies (including a tissue culture facility and microbiology lab)	7 years	Freehold	54,576	1,820	2,000,000	04.04.2012^
						1,830,000	04.04.2012^
Geran 98315 Lot 369 Mukim Ulu Sungai Johor District of Kota Tinggi, Johor	Nursery for Halex Biotechnologies	N/A	Freehold	47,702	–	1,414,000	06.04.2012^
Lot 249, GM 202 EMR 124, Mukim of Ulu Sungei Sedili Besar District of Kota Tinggi, Johor	Agriculture land / investment owned by Halex Realty	N/A	Freehold	26,279	–	290,000	18.04.2012^

LIST OF PROPERTIES CONT'D
AS AT 31 DECEMBER 2015

Properties Under Construction

Property	Description/ Existing use	Approximate age of building	Tenure	Land area (Sq m)	Built-up area (Sq m)	Net Book Value as at 31/12/2015 (RM)	Date of Acquisition (or CFO)* / Valuation^
Lot no. A-5-3A, Block A, Level 5, Unit No. 3A, Jade Residence Condominium. Held Under CL 0151011461 District of Kota Kinabalu	Intermediate Condominium Unit	85% completed	94 years lease	–	189.89	1,066,700	27.07.15
Lot no. A-5-6, Block A, Level 5, Unit No. 6, Jade Residence Condominium. Held Under CL 0151011461 District of Kota Kinabalu	Corner Condominium Unit	85% completed	94 years lease	–	167.68	930,000	27.07.15
Lot no. A-6-5, Block A, Level 6, Unit No. 5, Jade Residence Condominium. Held Under CL 0151011461 District of Kota Kinabalu	Corner Condominium Unit	85% completed	94 years lease	–	263.28	1,365,950	27.07.15
Lot no. A-8-5, Block A, Level 8, Unit No. 5, Jade Residence Condominium. Held Under CL 0151011461 District of Kota Kinabalu	Corner Condominium Unit	85% completed	94 years lease	–	263.28	1,381,700	27.07.15

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 25th Annual General Meeting of the Company will be held at Tanjong Room, Tanjong Puteri Golf Resort, Jalan Tanjong Puteri 1, 81700 Pasir Gudang, Johor on Thursday, 23 June 2016 at 2.00 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 December 2015 and the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note (1)]

2. To approve the payment of Directors' Fees amounting to RM352,160 in respect of the financial period ended 31 December 2015. [2014: RM288,000] (Ordinary Resolution 1)

3. To re-elect Philip A/L S. Anthonysamy, who retires in accordance with Article 86 of the Company's Articles of Association. (Ordinary Resolution 2)

4. To re-elect Chan Yee Keen, who retires in accordance with Article 93 of the Company's Articles of Association. (Ordinary Resolution 3)

5. To re-elect Foong Tuck Fai who retires in accordance with Article 93 of the Company's Articles of Association. (Ordinary Resolution 4)

6. To consider and if thought fit, to pass one of the following Resolutions:-
   a) "THAT Messrs. UHY Chatered Accountants be appointed as Auditors of the Company for the ensuing year and that their remuneration be fixed by the Directors." (Ordinary Resolution 5)
   b) "THAT in the event the above Resolution (a) not being passed, Messrs. STYL Associates be re-appointed as Auditors of the Company and that their remuneration be fixed by the Directors."

   Notice of Nomination of Auditors pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked as "Annexure A" in the Annual Report 2015) has been received by the Company for the nomination of Messrs. UHY for appointment as Auditors of the Company.

SPECIAL BUSINESS

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

7. **RE-APPOINTMENT OF DIRECTOR RETIRING PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965** (Ordinary Resolution 6)

   "THAT General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd), being over the age of 70 years and retiring in accordance with Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
   [Please refer to Explanatory Note (2)]

8. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** (Ordinary Resolution 7)

   "THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." [Please refer to Explanatory Note (3)]

NOTICE OF ANNUAL GENERAL MEETING CONT'D

9. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** (Ordinary Resolution 8)

"THAT subject to the Companies Act, 1965 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares of RM0.50 each in the Company's issued and paid-up share capital through Bursa Securities from time to time, upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT:-

a. The maximum aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any one time;
b. The maximum amount of funds to be allocated for the purpose of purchasing its own shares shall not exceed the aggregate amount of the share premium and retained profits of the Company;
c. The authority conferred by this resolution shall commence immediately upon passing of this ordinary resolution and will continue to be in force until
   i. the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
   ii. the expiration of the period within which the next AGM after that date is required to be held; or
   iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first.

AND THAT the Board of Directors ("Board") be and are hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 67A of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and other relevant authorities for the time being in force;

AND THAT the Board be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the aforesaid share buy-back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interests of the Company." [Please refer to Explanatory Note (4)]

10. **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY** (Special Resolution 1)

"THAT the proposed amendments to the Articles of Association of the Company as set out below be and are hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorized to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the proposed amendments to the Company's Articles of Association.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

Article No.	Existing Provision	Amended Provision
140	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Section. The interval between the close of a financial year of the Company and the issue of annual audited financial statements, the Directors' and Auditors' Report shall not exceed four (4) months. A copy of each such document shall not be less than twenty one (21) days before the date of the meeting (or such shorter period as may be agreed in any year of the receipt of notice of the meeting pursuant to Article 156, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. Such documents may be in printed form or in compact disc read-only memory ("CD-ROM'') or digital video disc read-only memory ("DVD-ROM") format or in any other format whatsoever (whether available now or in the future) through which images, data, information or other material may be viewed whether electronically or digitally or howsoever. The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address of the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office.	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting, such profit and loss accounts, balance sheets and reports as are referred to in the Section. A copy of each such document shall be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles provided that the Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's registered office. Such documents may be in electronic format.
141	Directors shall from time to time in accordance with Section 169 of the Act and the Listing Requirements cause to be prepared and laid before the company in general meeting, such profit and loss accounts, balance sheets and report as are required under the Act and the Listing Requirements. The interval between the close of a financial year of the company and the issue of the annual audited financial statements, the Directors' and auditors' reports shall not exceed four (4) months, A copy of each such document shall not less than twenty one (21) days before the date of the meeting be sent to every Member of and to every holder of debentures of the company under the provisions of the Act, or of these Articles. The requisite number of copies of each such documents as may be required by the Exchange upon which the company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the company is not aware, but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the company's Office.	Directors shall from time to time in accordance with Section 169 of the Act and the Listing Requirements cause to be prepared and laid before the company in general meeting, such profit and loss accounts, balance sheets and report as are required under the Act and the Listing Requirements. A copy of each such document shall be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles provided that the Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's registered office."

[Please refer to Explanatory Note (5)]

NOTICE OF ANNUAL GENERAL MEETING CONT'D

11. To transact any other business for which due notice shall have been given.

By Order of the Board
LIM HOOI MOOI (MAICSA NO. 0799764)
ONG WAI LENG (MAICSA NO. 7065544)
LAU YEN HOON (MAICSA NO. 7061368)

Joint Secretaries

29 April 2016
Kuala Lumpur

Notes:-

i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

ii) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iii) For a member of the Company who is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

iv) Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy to be specified in the instrument appointing the proxies.

v) A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.

vi) The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.

vii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

viii) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 16 June 2016 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

Explanatory Notes to the Agenda:-

Item 1 of the Agenda

1. The proposed Agenda 1 above is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 ["the Act"] and the Articles of Association of the Company require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

Item 7 of the Agenda – Ordinary Resolution 6
Re-appointment of Director Retiring Pursuant to Section 129(2) of the Companies Act, 1965

2. The proposed Ordinary Resolution 6 is to seek shareholders' approval for the re-appointment of Director who is over the age of 70 years and retiring in accordance with Section 129(2) of the Companies Act, 1965.

Item 8 of the Agenda – Ordinary Resolution 7
Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

3. The proposed Ordinary Resolution 7 is primarily to give authority to the Board of Directors to allot and issue up to 10% of the issued capital at any time in their absolute discretion and for such purpose as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the issue of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

   In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares when the needs may arise during the financial year, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to any amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose.

Item 9 of the Agenda – Ordinary Resolution 8
Proposed Renewal of Authority for Share Buy-Back

4. The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase up to ten percent (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next AGM of the Company.

   Further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back Authority is set out in the Share Buy-Back Statement to Shareholders of the Company which is despatched together with the Company's 2015 Annual Report.

Item 10 of the Agenda – Special Resolution 1
Proposed Amendments to the Articles of Association of the Company

5. The proposed Special Resolution, if passed, will bring the Company's Articles of Association in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

There is no person seeking election as Director of the Company at this Annual General Meeting.

NOTICE OF NOMINATION OF AUDITORS

SOLARIS CEMERLANG SDN. BHD. (1088010-P)
27th Floor, Menara KH
Jalan Sultan Ismail,
50250 Kuala Lumpur.
Wilayah Persekutuan.

Tel : 603-2788 2888
Fax : 603-2788 2900

22nd April 2016

HALEX HOLDINGS BERHAD (206220-U)
K-08-02, Level 8,
Block K, Unit No. 2,
Jalan Solaris,
Solaris Mont Kiara,
50480 Kuala Lumpur

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

We, **Solaris Cemerlang Sdn Bhd (1088010-P)**, being a shareholder of Halex Holdings Berhad (206220-U), hereby give notice, pursuant to Section 172 (11) of the Companies Act, 1965, of our intention to nominate UHY of Suite 11.05, Level 11, The Gardens South Tower, Mid-Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur for appointment as auditors of the Company in place of the retiring auditors, STYL Associates, and we propose that the following Ordinary Resolution be tabled at the forthcoming Annual General Meeting of the Company:-

"That UHY be and are hereby appointed as auditors of the Company in place of the retiring auditors, STYL Associates, and to hold office until the conclusion of the next Annual General Meeting and that authority be and is hereby given to the Directors to fix their remuneration".

Yours faithfully,
For and on behalf of
SOLARIS CEMERLANG SDN. BHD.

Shaza Lina Binti Shahruddin
Director

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account No.	

I/We____(Name of Shareholder as per NRIC, in capital letters)

NRIC No./Company No. ____________________________(New) ____________________________(Old)

of ____

being a Member(s) of HALEX HOLDINGS BERHAD, hereby appoint ____________________________

____(Name of proxy as per NRIC, in capital letters)

NRIC No. ________________________________(New) ________________________________(Old)

Or failing him/her____ (Name of proxy as per NRIC, in capital letters) NRIC No.____________________________ (New) ____________________________(Old)

or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 25th Annual General Meeting of the Company to be held at **Tanjong Room, Tanjong Puteri Golf Resort,** Jalan Tanjong Puteri 1, 81700 Pasir Gudang, Johor on **Thursday, 23 June 2016** at **2.00 p.m.** and any adjournment thereof.

My/Our proxy is to vote either on a show of hands or on a poll as indicated below with an "X".

RESOLUTIONS	FOR	AGAINST
1. Ordinary Resolution 1 – Payment of Directors' Fees		
2. Ordinary Resolution 2 – Re-election of Philip A/L S. Anthonysamy as Director		
3. Ordinary Resolution 3 – Re-election of Chan Yee Keen as Director		
4. Ordinary Resolution 4 – Re-election of Foong Tuck Fai as Director		
5. Ordinary Resolution 5 – Appointment of Auditors and to fix their remuneration.		
6. Ordinary Resolution 6 – Re-appointment of General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Director		
7. Ordinary Resolution 7 – Authorisation for Directors to Issue Shares		
8. Ordinary Resolution 8 – Proposed Renewal of Authority for Share Buy Back		
9. Special Resolution 1 – Proposed Amendments to the Articles of Association of the Company		

Dated this __________ day of __________ 2016

For appointment of two proxies, percentage of shareholders to be represented by the proxies :-

	No. of Shares	Percentages
Proxy 1		
Proxy 2		
Total		100%

____

Signature of Member/Common Seal

NOTES:-

i) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

ii) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

iii) For a member of the Company who is an exempt authorised nominee 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. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

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vi) The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its common seal or signed by an officer or attorney duly authorised.

vii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

viii) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 16 June 2016 and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

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STAMP

Tricor Investor & Issuing House Services Sdn. Bhd. (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
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59200 Kuala Lumpur, Malaysia.
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fold here

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