HALEX GROUP

HALEX HOLDINGS BERHAD

ANNUAL REPORT 2016

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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)
Executive Deputy Chairman

Mohd Faisal Kaim Bin Abdullah
Executive Director (Group Managing Director)

Leong Kah Mun
Independent Non-Executive Director

Sr. Teh Teik Bin
Independent Non-Executive Director

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

SENIOR INDEPENDENT DIRECTOR

Philip A/L S. Anthonysamy

AUDIT COMMITTEE

Leong Kah Mun

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

Sr. Teh Teik Bin

NOMINATION COMMITTEE

Philip A/L S. Anthonysamy

Leong Kah Mun

Sr. Teh Teik Bin

REMUNERATION COMMITTEE

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

Philip A/L S. Anthonysamy

Leong Kah Mun

COMPANY SECRETARY

Ng Yim Kong **(LS 0009297)**

AUDITORS

UHY Chartered Accountants
Suite 11.05, Level 11, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Bank Muamalat Malaysia Berhad
Malayan Banking Berhad

REGISTERED OFFICE

Strategy Corporate Secretariat Sdn. Bhd.
Unit 07-02, Level 7, Persoft Tower,
6B Persiaran Tropicana,
Tropicana Golf & Country Resort,
474100 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

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.

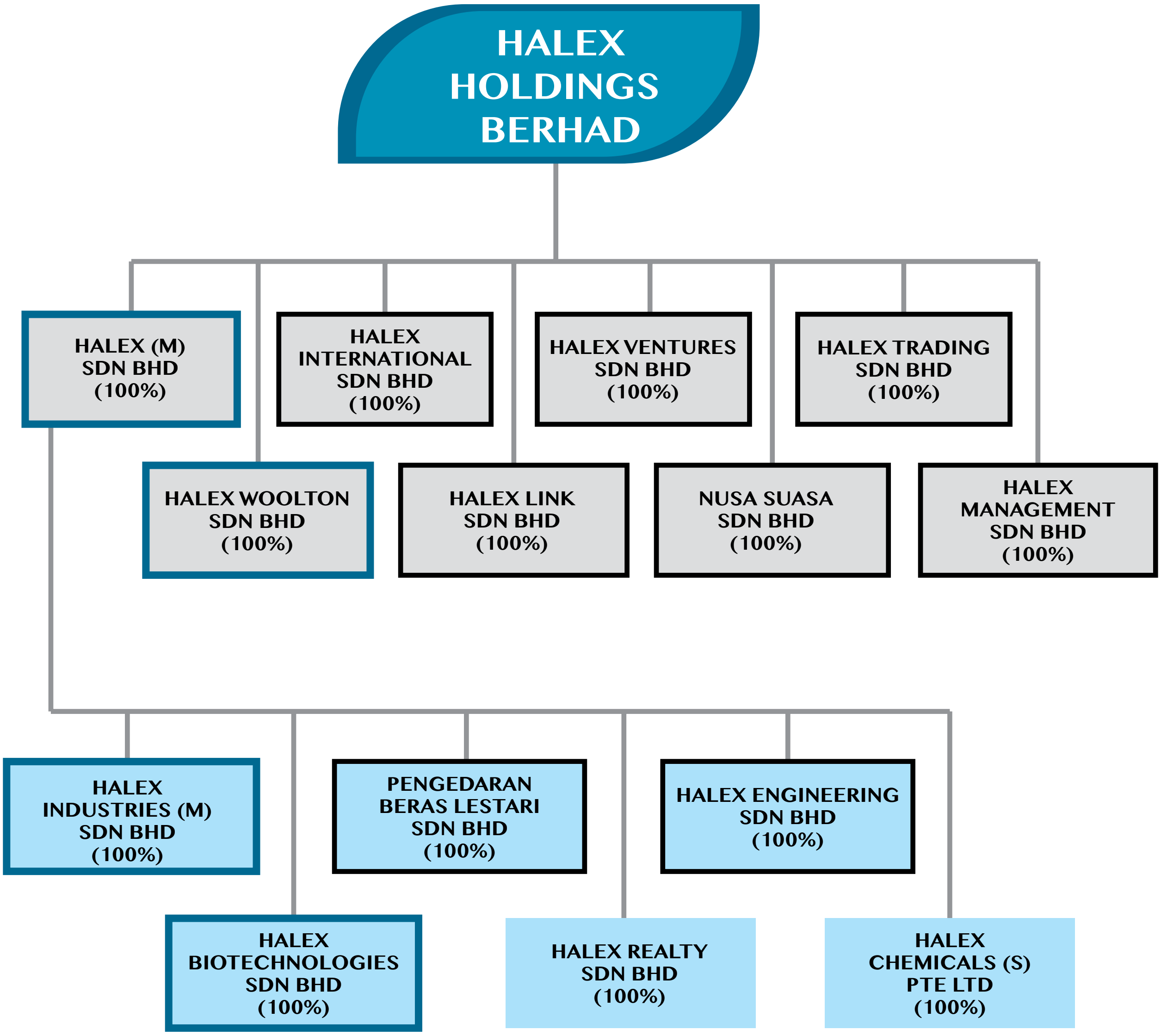
PRINCIPAL PLACE OF BUSINESS

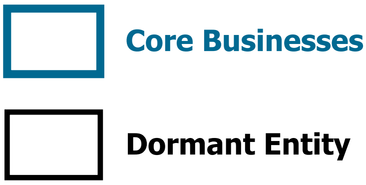
K-08-02, Level 8, Block K, Unit 02,
Jalan Solaris, Solaris Mont Kiara,
50480 Kuala Lumpur.
Tel: 03-6203 4848 / 6207 9339 / 6205 3060
Fax: 03-6201 1628
Email: halexm@halex-group.com

WEBSITE

www.halex-group.com

GROUP STRUCTURE





DIRECTORS' PROFILE

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

2. **Sr. Teh Teik Bin**
   Independent Non-Executive Director

3. **Leftenant General Dato' Wira Hj Masood Bin Hj Zainal Abidin (Rtd)**
   Executive Deputy Chairman

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

5. **Mohd Faisal Kaim Bin Abdullah**
   Executive Director (Group Managing Director)

6. **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 78, 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 64, is our 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.

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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.

Mohd Faisal Kaim Bin Abdullah

A male Malaysian aged 53, was appointed as our Executive Director (Group Managing Director) on 24 October 2016. He also holds the position of the Group Chief Risk Officer in the Group.

He possess a Master of Business Administration specializing in Strategic Management from International Islamic University, Malaysia; a Bachelor of Business Administration (Hons.) majoring in Accounting & Finance and a Diploma in Accountancy from University Technology Mara. He hold the Fund Manager Capital Market Representatives License, is a certified member of Certified Financial Planner and the Federation of Investment Managers Malaysia.

Mr. Faisal has over 20 years of experience predominantly in the area of Fund Management & Investment Services, Financial Planning & Investment Products, New Business Development & Institutional Marketing; Banking Operations, Retail Business & Branch Networks, Operation Management & Strategic Planning, Staff Development & Customer Satisfaction, Allegiance & Strategic Partnerships.

Having held senior executive position with verifiable success in achieving revenue, profit and business growth objectives within start up, turnaround and rapid change environments. He has been successful in building relationships with upper-level decision makers, seizing control of critical problem areas and delivering on customer commitments.

He has gained invaluable experience in leading a government related company pursuing for commercial activities and corporate expansion. He has also worked with a multi-national company as Country Manager leading the business development portfolio.

With more than 15 years' experience within the banking and financial services & capital market industries. Mr. Faisal has acquired a deep understanding of critical business drivers in multiple markets and industries, being customer focused and performance driven.

Mr. Faisal has no conflict of interest with the Company and has no conviction for offences within the past 5 years other than traffic offences. He has no family relationship with any directors or substantial shareholders of the Company.

DIRECTORS' PROFILE CONT'D

Leong Kah Mun

A Malaysian aged 48 was appointed to the Board on 16 October 2014 and is currently our Independent Non-Executive Director. He is also our Audit 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 58 was appointed to the Board on 16 October 2014 and is currently our Independent Non-Executive Director.

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.

Philip A/L S. Anthonysamy

A Malaysian aged 48, currently our 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 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.

KEY MANAGEMENT TEAM

Mohd Faisal Kaim Bin Abdullah

Group Managing Director

(Please Refer Board of Directors' Profile)

Foong Tuck Fai

Group Chief Financial Officer

(Resigned W.E.F on 7 May 2017)

Foong Tuck Fai, a Malaysian aged 58 was appointed to the Board on 7 April 2016 and is currently our Executive Director. He is also our 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. He has no family relationship with any directors or substantial shareholders of the Company.

Muhammad Farooq Bin Salehuddin

Group Operation & Business Development Director

A Malaysian aged 35, Muhammad Farooq Bin Salehuddin is a part of Halex on 23rd November 2016. He has 12 years of knowledge and expertise in Fertilizer and Chemical industry in Malaysia and Asia Pacific. He also experienced in upholding director position in various company, managing operation of fertilizer manufacturing & trading.

En. Farooq had also managed to widen his understanding of the industry by having opportunities to be exposed to international commodities trade in Sri Lanka, India, Indonesia, Vietnam, Myanmar, Philippine, South Korea and Japan. He holds a Bachelor of Science (Bioindustry) from Universiti Putra Malaysia.

Since joining Halex, En. Farooq is to set the overall strategic direction for the Group's business divisions. In addition to that, he is to spearhead and oversee the development and business of the Group. He has been assigned to manage and open new market for the Group in both the private and public sectors of the domestic market as well as in the regional market. It is essential that En. Farooq is to ensure the successful execution, implementation and completion of this assignment. Last but not least, he is to review and improve the operational costs of the Group.

En. Farooq 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.

KEY MANAGEMENT TEAM CONT'D

Gary Yeo Liang Pheng

General Manager, Halex (M) Sdn. Bhd.

Mr Gary Yeo, aged 55, a Malaysian is the General Manager of the Agriculture Supplies & Trading Division of the Group on 26th October 2015. Gary has extensive knowledge and experience in the agrochemicals industry holding senior management positions in the past 30 years in some of the leading agrochemicals multi-national companies in Malaysia before he joined Halex specialising in sales & marketing and management of pest control.

He possess a degree in B. Sc Agriculture from University Pertanian Malaysia and holds a MBA from University Malaya. He have also attended a specialised course in Integrated Pest Management (IPM)/Integrated Crop Management (ICM) at University of Queensland, Gatton College.

Mr. Gary Yeo 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.

Koh Gim Hua

General Manager, Halex Woolton (M) Sdn. Bhd.

Mr Koh, aged 57, a Malaysian with a post graduate/diploma Certificate in Marketing. He was appointed as the General Manager of the Consumer Products Division of the Group on 2nd February 2015. He is relatively responsible for the overall performance for Halex Woolton (M) sales coordination, production management and marketing strategies.

He has been in the FMCG business for more than 25 years, specialized in sales & marketing and production. Before he joined Halex Group, he was attached with several renowned market player such as Procter & Gamble, Triumph International, DKSH Malaysia and etc. Several of his forte in this business market are exposures in the South East Asia Region sales, trade market and sales launching related programs.

Mr. Koh 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.

Tan Boon Leng

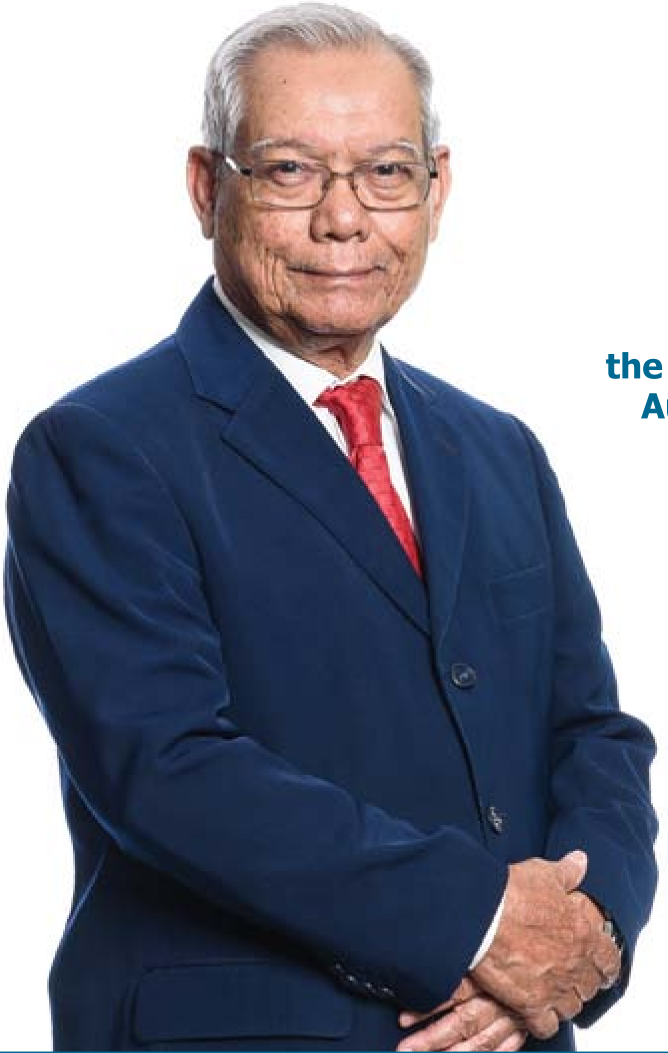
General Manager, Halex Biotechnologies Sdn. Bhd.

Mr Tan, aged 60, a Malaysian has been with the Group for more than 29 years. He joined the Group as a Horticulturist on 2nd February 1987 and was subsequently promoted to Landscaping and Farm Manager before assuming the post of General Manager of the Horticulture & Agro-Biotechnologies Division of the Group on 1st October 2013 until now.

He holds a Diploma in Ornamental Horticulture & Garden Design. He has vast experience and knowledge in horticulture, landscaping and farming. He is also experienced in analytical and comprehensive understanding in the field of tissue cultures, horticultures, and vermicultures as they are the several key drive in Halex Biotechnologies.

Mr. Tan 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.

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of Halex Holdings Berhad ("Halex" or the "Group"), I am pleased to present the Eighth Annual Report and the Audited Financial Statements for the year ended 31 December 2016 ("FYE2016").

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

It is to be noted that our FYE2016 is a twelve (12) months financial period from 1 January 2016 to 31 December 2016. As such there is no comparative period for the financial year under review. Further explanation on an overview of our performance and moving forward actions strategies will be exemplified in the Management, Discussion and Analysis segment of the annual report.

In March 2017, on behalf of the Board of Directors, I would like to inform that the board had received of notice from Kenanga Investment Bank on behalf of the Offeror, Waras Dinamik Sdn Bhd, a subsidiary of Hextar Holdings Sdn Bhd ('HHSB') in accordance with Paragraph 19.04(1)(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 ("Rules"), informing that the Offeror and joint ultimate offerors in Halex has exceeded 50% of the issued share capital of Halex and took control of the shareholdings and management of the Company. With effect to matters mentioned; I would like to welcome them to our company.

I would also 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. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS OPERATIONS, OBJECTIVES & STRATEGIES

Corporate History and Business

Halex were incorporated in Malaysia on 13th October 1990 under the Companies Act 1965 as a private limited company under the name of Halex Holdings Sdn Bhd. We are an investment holding company with subsidiaries principally involved in the trading and distribution of agrochemicals and fertilizers, manufacturing and trading of healthcare disposable products and agro-based technology as far back in the 1980's. On 11th January 2007, we are listed on the Main Market of Bursa Malaysia Securities Bhd. Halex Holdings Berhad was eventually listed on the Kuala Lumpur Stock Exchange on 16th September 2009.

Our factories are located in Johor Bahru with the business operation headquarters based in Kuala Lumpur, Malaysia. Today, while maintaining our core business in agrochemicals via its wholly owned subsidiary Halex (M) Sdn Bhd, the manufacture of healthcare disposable products via another wholly owned subsidiary Halex Woolton (M) Sdn Bhd and in the horticulture & agro biotechnologies via a third wholly owned subsidiary Halex Biotechnologies Sdn Bhd, we have expanded our horizons by propelling our business in foreign markets.

Over the years, we have carved out a niche in the agrochemical business, having secured and maintained the sole distributorship of certain specific products developed by multi-national companies.

Vision

We aim to be recognised as a market leader that is constantly staying ahead in managing change, create values and contribute to our shareholders.

Mission

We build shareholders' value by delivering high quality products and services, parallel with the assessment of safety aspects, conduct business to inspire and implement solutions to the environment needs.

DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS AND FINANCIAL CONDITIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

The year 2016 saw the Group ended with a decrease in revenue and profit before tax in all the three business segments viz. Investment Holdings (IH), Agriculture Supplies and Trading (AS&T), Consumer Products (CP), and Horticulture & Agro Biotechnologies (H&AB) compared to the same corresponding period of the preceding year of 12 months.

Financial Performance 2016 vs 2015

Division	IH	IH	AS&T	AS&T	CP	CP	H&AB	H&AB
	2016 RM ('000)	2015 RM ('000)	**2016 RM ('000)**	2015 RM ('000)	**2016 RM ('000)**	2015 RM ('000)	**2016 RM ('000)**	2015 RM ('000)
Sales	**-**	-	**33,502**	66,257	**30,883**	46,947	**4,265**	12,471
Profit/(Loss) before tax	**(15,601)**	12,218	**(1,869)**	3,261	**(2,242)**	1,235	**(1,546)**	(806)

In the beginning of the financial year 2016, there was an excitement of hopeful and cheerful sentiments for better economic performance. However, as the year progressed, the prospects somewhat dwindled as global growth fell off the expectations in 2016. The results of Brexit is still unclear. Lower oil prices are still in the backdrop. The slowdown in advanced economies persists and China's rebalancing of its economies continues. As a trading nation, Malaysia is affected by the global slowdown, directly or indirectly. The slowdown of Malaysia's trading partners directly influenced their demand for Malaysian exports.

On the domestic front, domestic demand fell as the value of the Ringgit depreciated to an all-time low in a decade. While consumers have yet to recover from the rising cost of goods and services brought about by the impact of GST implementation in 2015, the rising cost of imported raw materials coupled with the government implementation of the minimum wages for foreign workers and cut in government subsidies have seen inflationary cost spiralling with consumers cut back in their spending.

Under the aforesaid challenging economic environment, the Group's revenue in 2016 deteriorated as its AS&T division was most badly hit by the adverse effect of the El-Nino drought in the first half of the year when sales of its herbicides fell drastically. As consumers cut their spending to cope with the rising cost, lower consumers' demand in the CP division have also resulted in its production output to fall below its optimum production capacity, thus giving rise to a higher cost of production from unrecovered fixed cost which resulted in an operation loss before tax. The completion of a one off landscape development project amounting to RM7.424 million in 2015 from the H&AB division was the main reason for its lower revenue in 2016.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

To mitigate the above declining performance in the domestic market, the CP division has begun expanding its business by venturing into the overseas market with its consumer health care products under its "Tender Soft" brand entering into Singapore, Vietnam, Cambodia and India in 2016 to take advantage of the foreign exchange against USD.

In order to increase its market share in the domestic market, the AS&T and H&AB divisions of the Group will also be actively involved in the sales of its agro-chemicals and horticulture products in the public sectors via Government Linked Companies (GLCs) in 2016.

By the end of the financial year 2016, the Group's revenue took a dip with a recorded sales of only RM68.6 million as compared to RM100,536,000 million in the preceding year corresponding 12 months period with a reported loss before tax of RM21.5 million due to rising costs and after the provision for impairment and write off of certain Group's assets in particular the Group's investment in its associated company, Kensington Development Sdn Bhd, a property developer as a result of the softening in the property market and deferred on launching its development plan.

The Group will continue to trim down its expenses by cutting unnecessary cost through careful negotiation of prices with its suppliers and other cost savings initiatives such as reducing payroll cost and office expenses as we moved into 2017.

Liquidity Performance 2016 vs 2015

Financial Year ended 31/12	2016	2015
Functional Currency	**RM**	RM
Group Current Assets	**45,060**	50,911
Group Current Liabilities	**22,034**	20,687
Net Current Assets	**23,026**	30,224
Current Ratio	**2.04x**	2.46x

The Group's liquidity also suffered a slight set back in 2016 compared to the corresponding period of 2015 with its net current assets dropped by RM7,198 million. Current assets such as inventories have reduced significantly as efforts to write down or write off the slow moving stocks bear fruits. Liquidity was tight but thanks to the continued support from its financial institutions, creditors and suppliers, the Group was able to ride through some of the challenges and The Group's current liabilities have increased as it took advantage of the extended credit facilities granted from its suppliers.

CAPITAL EXPENDITURE

No major capital expenditure was incurred during the year 2016. There is also no plans to acquire any major capital expenditure in 2017.

REVIEW OF OPERATING ACTIVITIES

Agriculture Supplies & Trading Division

Product Registration

In 2016, the Group has a total of ninety-nine (99) products ranging from herbicides, pesticides to fungicides registered with the Malaysian Pesticide Board under the Pesticide Act 1974. The Group continues with its efforts to improve and innovate its products to bring about effective pest controls to planters and farmers.

Consumer Products Division

Machinery Operating Below Optimum Capacity

The healthcare disposable products saw a 17% drop in sales in 2016 as compared to the same corresponding period of 2015 due to declining demand. As a result, this division suffered a loss of RM1.68 million before tax during the year due to higher cost of production as its machinery are running below optimum capacity of 80%.

Expansion into Singapore and Vietnam Market

Following the appointment of DiethelmKellerSiberHegner (DKSH) Malaysia as its sole distributor for its healthcare disposable products in July 2015, the number of distribution outlets has increased from 700 to 1,792 outlets in 2016. The year 2016 saw Halex entered into a distribution agreement with DKSH Singapore and DKSH Vietnam to market its consumer products in Singapore in March 2016 and Vietnam in September 2016 respectively. With the weakening of the Ringgit, Halex is confident that its entrance into these two markets will improve its sales in 2017 as DKSH brings in additional new distribution outlets from these two nations for the Group. There is available existing production capacity to meet the increase in demand for Halex healthcare disposable products.

Launch of a New Product Brand – Adeeva

In July 2016, the Company launched a new brand for its tissue products – "Adeeva" which in Arabic means "Gentle & Pleasant" with the aim of capturing the Muslim market. The wet wipes has been certified "halal" by JAKIM and it is the first product that the Group launched to target the Muslim market.

Horticulture & Agro-Biotechnologies Division

Export sales which are mainly to Japan made up 89% of the total sales in 2016. In a move to increase sales in the domestic market, the Company has begun its expansion plans into the public sectors towards the last quarter of 2016 and managed to secure several contracts supplying cultured plant tissues to government-linked companies.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Property Development

Proposed Acquisition of the Balance 75% equity in Kensington Development Sdn Bhd ("KDSB")

On 25th April 2014, Halex Realty Sdn Bhd ("HRSB") a wholly owned subsidiary of HHB entered into a Share Acquisition Agreement ("SAA 1") to purchase 25% of the equity in KDSB. The SAA was completed in October 2014. In line with the Group's plan to diversify into the property development at that point in time, HRSB had on 20th March 2015 entered into another Sale Acquisition Agreement ("SAA 2") to acquire the balance 75% of the equity in KDSB. However, after more than 1 year, the conditions precedent stated in the SAA 2 was still not met. In view of the prolonged time taken and the global economic landscape has changed, the Board after careful analysis of the circumstances and in the best interest of the Company, had on 21st October 2016 decided not to proceed with the said acquisition after taken into consideration the following factors:

(i) the conditions precedent of the SAA 2 have not been satisfied by HRSB as at the Fulfilment Date;
(i) the current softening of the property market in Malaysia; and
(ii) the prevailing market and economic conditions to avoid further capital injection into the project so that the Group can focus on its core business.

The SAA 2 was subsequently terminated by mutual consent on 20 October 2016. In view of the softening in the property market, the Management decided to write down the investment in KDSB in the financial year 2016 to reflect the fair value of the investment based on the net worth of the net assets in KDSB as at 31 December 2016.

On 17 March 2017 the Vendor made an offer to HRSB to buy back the initial 25% shares in KDSB which HRSB had invested pursuant to the SAA 1 for a consideration of RM13 million. On 7 April 2017, the Board had decided to decline the offer and was annouced on the same day when the decision took place.

Future Prospects

On 23 March 2017, the Board announced that the Board has received a notice from Kenanga Investment Bank on behalf of the Offeror, Waras Dinamik Sdn Bhd, a subsidiary of Hextar Holdings Sdn Bhd ("HHSB"), in accordance with Paragraph 19.04(1)(a) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, 2016 ("Rules"), informing that the Offeror and joint ultimate offerors in Halex has exceeded 50% of the issued share capital of Halex and took control of the shareholdings and management of the Company.

Halex is expected to obtain greater flexibility to grow the Halex Group's business organically with HHSB expertise in the industry and inorganically. With the combined synergies and economies of scale of HHSB and the Halex Group, it is envisaged that costs will be optimised and productivity and efficiency in the Halex Group's agrochemical business will further improve.

Although the global and domestic economy in 2017 is not expected to be very promising, the Board is optimistic that moving forward into 2017, the Group's performance shall improve as preparation works to face the coming challenges have started as early as beginning of 2016. These include the formation of various subsidiary risk committees for its business operation units to identify any potential risks the Group is exposed to and take remedial measures to minimise such losses and to reap benefits to the Group such as by increasing its export sales to take advantage of the weakening of the Ringgit.

The Board will be prudent in 2017 and will focus only on the Group's existing core business with no major expansion plans in other activities. The Group will further consolidate its business in 2017 and prepare itself for a quantum leap when the economy improves.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors in presenting this statement wishes to provide 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.

The 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 financial year ("financial year") ended 31 December 2016.

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 is 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 the Company Secretary 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 is 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 the Board 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.
- Overseeing 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

CORPORATE GOVERNANCE STATEMENT CONT'D

- Borrowings/financing for the Group's activities
- Corporate restructuring or exercises
- 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

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.

Details of the responsibilities and activities of the Executive Committee are detailed as follows:

Executive Committee ("EXCOM")
The EXCOM was established on 24 August 2015.
The EXCOM is comprised of 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. The EXCOM holds regular monthly meetings to address all operational and financial matters. Any matters that requires the attention of the Board will be raised at the Board meetings for decisions.

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 30 to 34 of this Annual Report.

Risk Management Committee ("RMC")
The RMC was established on 14 January 2016.
The RMC assists the Board in the identification and the implementation of appropriate systems to manage the risks faced by the Group. The minimum number of RMC members is three (3) with the majority of members comprising independent non-executive directors who possess knowledge of business activities, processes, risks appropriate to the size and scope of the enterprise, as well as the time, energy and willingness to serve as active contributors with the Chairman of the RMC who is appointed by the Board and who is an independent non-executive director.

The roles and responsibilities of the RMC include the following:

a. develop and recommend group risk policies and objectives aligned with Halex's strategic business objectives;
b. communicate Board's risk policies, objectives, responsibilities, and reporting lines to all employees across the Group;
c. identify and communicate to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks;
d. perform risk oversight and review risk profiles (Company and the Group) and regularly review and update

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the business units risk management processes; and

e. provide guidance to the business units on the Group's and business unit's risk appetite and capacity, and other criteria which, when exceeded, trigger an obligation to report upward to the Board; and

f. to consider the appointment of the service of such advisers or consultants as it deems necessary to fulfill its functions.

During the year the RMC had two (2) meetings and appointed a Group Chief Risk Officer ("GCRO") who is responsible for developing and implementing risk management strategy. As at the date of this report the RMC has established a holistic Risk Management Framework with the management. Various Subsidiary Risk Committees ("SRC") headed by business units managers were subsequently formed to identify, evaluate, manage and mitigate emerging risks within the Group which report to GCRO. The GCRO to date is Encik Mohd Faisal Kaim Bin Abdullah.

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 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 Group Managing Director/Cheif Executive Officer ('GMD'). The LOA is cascaded to the senior management team.

There is a clear division of responsibilities between the Chairman and the CEO/GMD. 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/GMD and the Company Secretary 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.

CEO/GMD 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/GMD will assess all potential business opportunities.

The GMD is supported by the Management Committees set up for each major business division, whose duties are defined in their Charter.

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The CEO/GMD 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. 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 will meet on 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. During the financial year changes in the GMD position occurred twice. Mr Michael Chan Yee Keen who joined as the Group CEO on 1 October 2015 decided not to renew his contract after serving for 1 year. Mr Chan was replaced by Ms Sarah Chew Cheng Suan after careful appraisal by the NC but unfortunately Ms Chew's stay with the Company was short lived as she decided to pursue her personal interest and left the Company on 30 September 2016. The current CEO/GMD Encik Mohd Faisal Kaim Bin Abdullah took over the helm on 24 October 2016.

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 year upon under review, the NC had been 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 will engage to plan IR activities for the Company with the investing community. These include roadshows, investors' conferences and analyst meetings.

The Company is still in the midst of formulating its Corporate Communication Policy and expects to put one in place soon.

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. ("IA"). The 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,

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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 pages 35 to 36 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 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 is available in the company's website www.halex-group.com. 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. Any concerns are to be reported to the Chairman of the Whistle-blowing Committee, 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 before 2018. 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 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 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

CORPORATE GOVERNANCE STATEMENT CONT'D

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 no.10 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 were 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 on 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 year, the outsourced IA firm and panel lawyers were appointed to provide opinions to the Board on governance issues.

1.6 Qualified and Competent Company Secretaries

The Company Secretary of the Company is qualified to act as company secretary under Section 235 of the Companies Act 2016 and is licensed by the Companies Commission of Malaysia. The appointment and removal of the company secretary are matters for the Board to decide collectively.

The Company Secretary 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 Secretary 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 Secretary also brief the Board on the contents and timing of material announcements to be made to Bursa Malaysia.

The Company Secretary 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.
(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 to 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

CORPORATE GOVERNANCE STATEMENT CONT'D

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 legislations.

(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 Secretary constantly keep himself 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 CCM 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 constantly updated and reviewed to ensure its consistency with the practices and adherence to the relevant rules, regulations and governance. A copy of Charter is available 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 and appointments and 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:

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 the Board and Board Committee vacancies as and when they arise;

2. Establish the criteria for the 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;

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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 Board Committees and the contribution of each director;

6. Assess the training needs of each Director;

During the financial year, 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 Executive Directors 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 Independent Directors, NEDs and EDs.
v. 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 year under review the NC met 6 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 from 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's background, 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 Secretary. 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 February 2017, for their deliberation and to identify areas for improvement. The NC, on review of the summary, would provide suggestions on highlighted 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 year ended 31 December 2016 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 the Company.

As 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 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-election 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 annual general meeting ("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.

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At the 25th AGM of the Company held on 23 June 2016, General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd) who is above of age of 70 years old was re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the 26th AGM. His term will end at the conclusion of the 26th AGM and he had offered himself for re-appointment. However, under the Companies Act 2016, which was enforced on 31 January 2017, there is no maximum age limit for Directors.

In view thereof, the Nomination Committee of the Company, had assessed the criteria and contribution of General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd) and had recommended for his re-appointment under the Companies Act 2016. If re-appointed at the 26th AGM of the Company, General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd) will be subject to the normal rotation of directors at least once every three (3) years in accordance with Company's Article of Association of the Company.

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 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. Re-appointment of General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd), pursuant to Companies Act, 2016;
ii. Re-election of Mr Leong Kah Mun, pursuant to Article 86 of the Articles of Association of the Company;
iii. Re-election of Sr. Teh Teik Bin, pursuant to Article 86 of the Articles of Association of the Company;

c. Gender Diversity Policy

The Company agrees with the importance of a diverse workforce and the Board. The Board will continue keeps in view the need to appoint suitable female Directors to the Board but 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.

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

2.3 Directors' Remuneration

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 Remuneration Committee ("RC") which comprises as follows:

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

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The Company Secretaries of the Company acts as the Secretary to the Committee and shall be attendance and 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 ('D&O') Insurance against any liability incurred by them in the discharge of their duties while in office. The Directors and Officers 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.

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 Remuneration Committee ("RC") considers market competitiveness, business results, accomplishment of strategic short and long term goals and individual performance against their KPIs in evaluation 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 year ended 31 December 2016 is calculated to be RM694,421 based on the proposal above and the composition of the Board for the financial year under review. The proposed adjustment would also align the Directors' remuneration to other comparable companies.

The above proposal would be tabled 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/GMD and EDs of the Company in accordance with their remuneration package.

CORPORATE GOVERNANCE STATEMENT CONT'D

Details of the Directors' Remuneration paid to Directors (including former Directors of the Company) for the financial year ended 31 December 2016 are as follows:

Financial Period Ended 31 December 2016	EDs	NEDs
Remuneration	**RM**	**RM**
Fees	69,055	625,366
Salary & Other Emoluments*	881,114	320,878
TOTAL	950,169	946,244

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

The number of Directors of the Company (including former Directors of the Company) whose total remuneration for the financial year ended 31 December 2016 which fall within the required disclosure bands are as follows:

Range of Remuneration	Financial year ended 31 December 2016	
RM	**EDs**	**NEDs**
0-50,000	1	2
50,001-100,000	2	4
100,001-150,000	2	3
150,001-200,000	-	1
200,001-250,000	1	-
250,001-300,000	-	-
300,001-350,000	1	-
350,001-400,000	-	-
400,001-450,000	-	-
450,001-500,000	-	-
>500,000	-	-

During the financial year 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 year the RC undertook the following:

i) Reviewed the remuneration package of the Directors 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.

CORPORATE GOVERNANCE STATEMENT CONT'D

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, if any. Should it be required, interested Directors shall excuse themselves from the meeting during deliberation on matters which 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' judgement.

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, 2016 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.

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 cumulative 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 1.2(b) above.

3.5 Composition of the Board

As at the date of this Statement, the Board consists of six (6) members, four of whom are Independent Non-Executive Directors ("NEDs") and the remaining two are Executive Directors. All the Directors are male and their profiles can be reviewed on pages 4 to 6 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

CORPORATE GOVERNANCE STATEMENT CONT'D

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

No.	Directors	Board		AC		NC		RC		RMC	
		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)	10/10	100.0	8/8	100.0	n/a	n/a	n/a	n/a	1/1	100.0
2.	LEFTENANT GENERAL DATO' WIRA HJ MASOOD BIN HJ ZAINAL ABIDIN (RTD)	9/10	90.0	n/a	n/a	n/a	n/a	4/4	100.0	n/a	n/a
3.	PHILIP A/L S.ANTHONYSAMY	10/10	100.0	n/a	n/a	6/6	100.0	4/4	100.0	1/1	100.0
4.	LEONG KAH MUN	10/10	100.0	8/8	100.0	6/6	100.0	4/4	100.0	n/a	n/a
5.	TEH TEIK BIN	10/10	100.0	8/8	100.0	6/6	100.0	n/a	n/a	1/1	100.0
6.	MUK SAI TAT (Resigned on 29.3.2016)	3/3	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
7.	CHAN YEE KEEN (Resigned On 5.7.2016)	7/7	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
8.	FOONG TUCK FAI (Appointed on 7.4.2016) (Resigned 7.2.2017)	6/6	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
9.	CHEW CHENG SUAN (Appointed on 11.7.2016) (Resigned on 15.9.2017)	1/1	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10.	MOHD FAIZAL KAIM BIN ABDULLAH (Appointed on 24.10.2016)	2/2	100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

CORPORATE GOVERNANCE STATEMENT CONT'D

4.2 Training

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.

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

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
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
Mohd Faisal Kaim Abdullah	Mandatory Accreditation Programme held on 4th & 5th November 2015
Leong Kah Mun	Updates of the 2014 & 2015 IFRS held on 1st – 2nd December 2015
Philip A/L Anthonysamy	Audit Committee Conference
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 to provide 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, 2016 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 year ended 31 December 2016 do not contain material misstatement. The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group is set out on pages 37 to 38 in the financial statements of the Company.

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

CORPORATE GOVERNANCE STATEMENT CONT'D

financial standards. During the financial year 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 Audit Committee also perform 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 year.

The AC was of the opinion that the EA have 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.

The AC, after having assessed the suitability and independence of the EA had recommended their reappointment 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 year.

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 year under review in this Annual Report the total fees paid to the outsourced IA 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 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.

CORPORATE GOVERNANCE STATEMENT CONT'D

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 Poll voting

All agenda items put forth for shareholders' approval at the coming AGM will be voted on by poll. Poll voting will be adopted for voting and an independent scrutineer shall be appointed to count the votes. The announcement of his decision shall be final.

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. The Company also releases announcements of its quarterly results, annual report, and key audit matters included in the Auditors' Report to the securities commision.

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 2017.

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)
- Sr. Teh Teik Bin (Member)
(Independent Non-Executive Director)
- General Tan Sri Dato' Sri Abdul Rahman bin Abdul Hamid (Rtd)
(Independent Non-Executive Director)

2. TERMS OF REFERENCE

The Terms of Reference of the AC are located in the Company's website at www.halex-group.com.

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 annually 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.

(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;

AUDIT COMMITTEE REPORT CONT'D

(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 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

AUDIT COMMITTEE REPORT CONT'D

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 Director 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.

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.

AUDIT COMMITTEE REPORT CONT'D

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 year ended 31 December 2016 the AC held meetings on 19 January 2016, 22 February 2016, 29 March 2016, 7 April 2016, 25 May 2016, 31 May 2016, 30 August 2016 and 28 November 2016 which were attended by the members. 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 three 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 22 February 2016, 29 March 2016, 7 April 2016 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 meeting and the recommendations made by the AC.

Besides the above, during the year 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 its 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, 2016, 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 whether there was any related party, recurrent related party or conflict of interest transactions.

(iii) External Audit

- Reviewed with the EA on 29 March 2016 their audit scope and audit plan for the financial period and their proposed fees for the statutory audit and reviewed the Statement of Risk Management and Internal Control and Audit Committee Report.
- Reviewed the audit report and areas of concern highlighted in the Audit Highlights 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.

AUDIT COMMITTEE REPORT CONT'D

- Held an adjourned meeting with the EA on 19 January 2016 without the presence of management and IA, to further reinforce the independence of the audit functions.
- Deliberated and recommended the change in EA based on better comparable experience, technical knowledge, time commitment, size of firm, performance and capability of the new EA.

(iv) Other Activities

The Audit Committee in carrying out their duties and responsibilities also discussed and 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.
- Unusual transactions including related party transactions
- Vacancy of Chief Financial Officer ("CFO").
- Independent Advice Letter on Accounting Treatment for Biological Assets and Agricultural Products of Halex Biotechnologies Sdn. Bhd. Particularly in relation to MFRS 141 Agriculture: Bearer Plants (Amendment to MFRS 116 and MFRS 141) (:the Addendum") on the valuation of biological assets (e.g. Fronds of leaves) and mother plant (Property Plant and Equipment)
- The accounting standard applications on the MIA queries on the former CFO.
- The Audit Review Memorandum of the External Auditors for the financial year ended 31 December 2016
- The updated Reporting Accountant's Report on the compilation of the pro forma Consolidated Statements of Financial Position of the Company and the Letter on Agreed Upon Procedures for the Adequacy of the Share Premium Account and Retained Earnings Account Available for Capitalisation.
- Findings of the annual assessment on the Company's auditors.
- The draft Audited Financial Statements for the Company and its subsidiaries for the financial year period ended 31 December 2015 and recommendation to the Board for approval.
- Report of Enterprise Risk Management and Internal Audit Plan of the Internal Auditors.
- The Audit Planning Memorandum of the External Auditors.
- The performance of the Internal Auditors.
- The performance of the External Auditors.

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 updated in 2016.

The internal audit reports presented will be deliberated by the AC and the recommendations will be communicated to the management for action. Members of management will be invited to AC meetings from time to time, where necessary, for further clarification purposes.

The total fee incurred on the Company's internal audit function for the financial year ended 31 December 2016 amounted to RM 81,000.

This report has been reviewed by the AC and approved by the Board on 7 April 2017.

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" *(Para. 32)*, 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;
- 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 Company has outsourced its internal audit function to GovernanceAdvisory.com Sdn. Bhd. The Internal Auditors ("IA") have also reported to the Audit Committee ("AC") 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.

For the financial period under review in this Annual Report the total fees paid to the outsourced Internal Audit firms amounted to RM26,000. The AC, at its meeting held on 21 February 2017 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.

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 21 February 2017 had, taken the AC's recommendation.

Risk Management Function

Risk management involves understanding, analysing and addressing risk to make sure organisations achieve their objectives. So it must be proportionate to the complexity and type of organisation involved. Because risk is inherent in everything we do, the type of roles undertaken by risk professionals are incredibly diverse.

The functions of risk management for the Company are:

- Supports the fulfilment of the Group's strategic objectives
- Optimise business opportunities and the returns to the Group, and protect the interests of, stakeholders including shareholders, customers and staff, within acceptable level of risks.
- Promote and embrace education and Risk Assurance Culture.
- Improve customer service whilst at the same time minimise risk exposure.

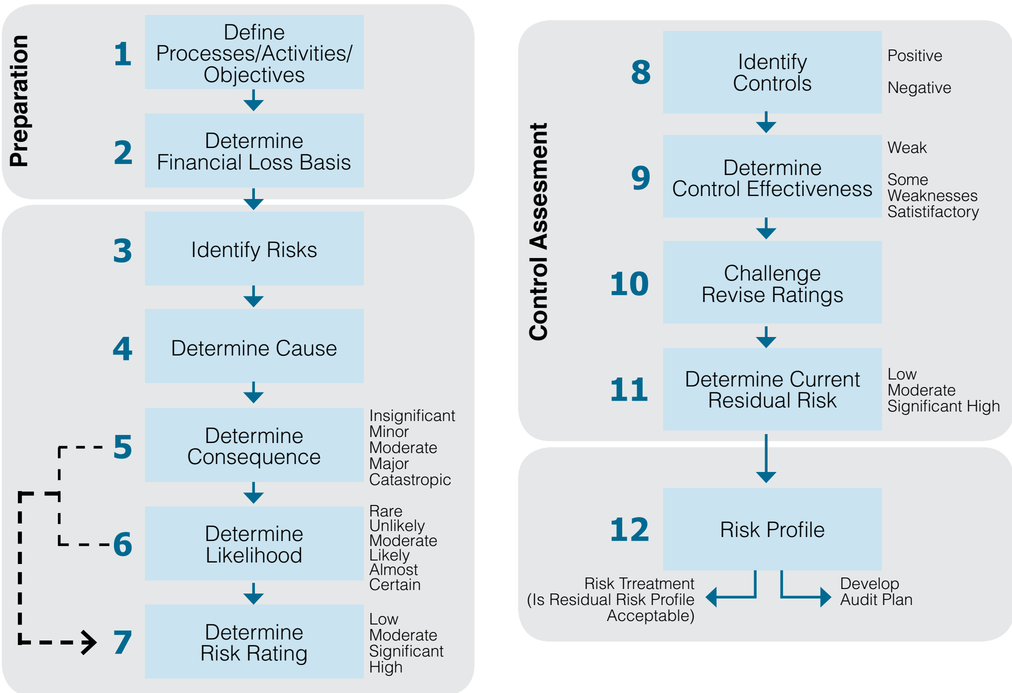
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

- Safeguard the Group's assets and maintain its reputation and brand values.
- Identify and assess operational risks and other related business risks in order to improve the Group's operating performance without compromising effectiveness of internal control procedures.
- Compliance to Group policies, regulations and statutory requirements, including timely reporting of performance.

The Board is assisted by Risk Management Committee in reviewing and assessing the risk governance framework and the risk management process of the Group in respect of their adequacy and effectiveness. The Board will receive formal feedback on the adequacy of the risk management and interest control on half year basis.

Framework of the Risk Management Process
A structured framework approach to risk management that incorporates all the steps that need to be considered is therefore developed. These steps are below and depicted in Figure 1. Appropriate tools and techniques should be continuously implemented in order to effectively manage the risks.

The risk assessment procedures is illustrated in the following diagram (Figure 1):



(Figure 1)

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 2016 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 included in the Annual Report" issued by the Malaysian Institute of Accountants 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 2016 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 of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and IC interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

		Effective dates for the financial year beginning on or after
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014–2016 Cycle		1 January 2017 and 1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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.

Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)
During the financial period, the Group has adopted Amendments to MFRS 141 and MFRS 116 which is effective on 1 January 2016.

The Amendment to MFRS 116 equates a bearer biological plant with a physical plant or machine that produces goods separately. A bearer plant within the scope of MFRS 116 is defined as "a living plant that:
(a) is used in the production or supply of agricultural produce;
(b) is expected to bear produce for more than one period; and
(c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

In Halex group's horticulture & agro-biotechnologies business, the fronds growing on mother bearer plants is the produce growing on a bearer plant, which is not a bearer plant. This means that the mother bearer plants would need to be bifurcated, a bare biological plant (excluding the growing produce) that is treated as manufacturing plant within the scope of MFRS 116, and fronds growing on trees are then treated as a consumable biological asset and remain within the scope of MFRS 141. The effect of this requirement is to convert the fronds growing on mother bearer plants to a stand-alone consumable biological asset for its separate accounting.

At the date of transition to the Amendment in MFRS 116, the Group had opted to measure the bare bearer plants at cost. The carrying amount of the bearer plants is subject to systematic depreciation and annual impairment test.

As the Amendments would result in changes in the recognition of produce growing on plants and the measurement of both mother bearer plants and produce growing on plants, the effects of the changes shall be accounted for as changes in accounting policies in accordance with MFRS 108. The requirement of MFRS

STATEMENT OF DIRECTORS' RESPONSIBILITIES CONT'D

108 is that the effects of the changes in accounting policies shall be applied retrospectively, as if the new policies have always been applied.

Note that any prior period adjustments to the opening retained profits shall net of the related deferred tax effect. Fair value gains of biological assets give rise to taxable temporary differences for which the related deferred tax liabilities, measured at the current income tax, is recognised or provided for.

On adoption of these Amendments to MFRSs, a prior year adjustment was made as follows:-

	2015 RM	2014 RM
Property, Plant & Equipment	935,847	862,078
Biological Assets	(25,914,490)	(26,778,678)
Inventories	(121,418)	(120,165)
Deferred Taxation liabilities	(5,856,852)	(6,103,396)
Reserves	(19,243,209)	(19,933,369)

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 year ended 31 December 2016 can be found on page 45 of this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

SHARE BUY-BACK

At the last AGM held on 23 June 2016 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 year ended 31 December 2016.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any depository receipt program during the financial year ended 31 December 2016.

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 year under review.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered to the Group by the Company's EA and its affiliated companies for the financial year ended 31 December 2016 are RM151,489 and RM5,000 respectively.

CORPORATE SOCIAL RESPONSIBILITY

Halex Group ("Halex") understands that responsible of corporate behavior operating internationally not only enhance chances for business success but can also contribute to broad-based economic benefits for the country. Investing and operating responsibly also plays an important role in promoting the Company values internationally as well as contributing to the sustainability and development of communities.

Halex also recognizes the obligation that extends beyond the statutory obligation to comply with the legislation; therefore voluntary actions were taken to improve the quality of life for employees and their families as well as for the local community and society.

Halex believe even the smallest action matters thus various initiatives were planned and implemented by the Company to bring about the Corporate Social Responsibility obligations as follows:

- **The Community**
  Halex arranges donations annually in the form of cash and tangible goods to various welfare bodies and Non-Governmental Organizations ("NGO") for welfare and disaster relief purposes. Halex also provides employment opportunities where possible, to people with special needs.

- **The Workforce**
  Halex puts effort in organizing recreational events whenever possible for the employees to generate unity between the individuals within the organization. It is also to nurture contented surrounding and productive workforce with a strong sense of belonging.

  One of the initiative for the year, Halex had organized an interactive activity among the staffs named Halex Amazing Race where contestants (ie. the staffs) strive to arrive first at "Pit Stops" at the end of each leg of the race to win prizes and to avoid coming in last, which carries the possibility of elimination. This was followed by a themed Annual Dinner for the staffs to unwind which includes talent show performances and photo sessions at a photography booth at the event itself.

- **The Environment**
  Halex attempts to adopt eco-friendly practices in its day-to-day work in order to minimize destructive impact on the environment, such as:-

  (i) Paperless environment
  Employees and clients are working towards fully maximizing the benefits of ICT (eg email, instant messaging, etc.) for mode of communications, operations and documentation to reduce the use of paper that is in line with saving trees.

  (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
  Halex encourages employees to instill a concept of every little thing counts when the employees consciously understand the impact of turning off lights and air-conditioners for rooms and areas which are not in use to aid in reducing the energy consumption. Halex also do allow a degree of flexibility on working hours for sales employees to minimize the time, effort and fuel consumption which would have otherwise been futile especially if it had been spent maneuvering through the rush hour traffic.

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DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITY

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

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Net loss for the financial year	(21,952,350)	(3,261,055)
Attributable to:		
Owners of the parent	(21,952,350)	(3,261,055)
Non-controlling interests	-	-
	(21,952,350)	**(3,261,055)**

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the date of the last report are:

GENERAL TAN SRI DATO'SRI ABDUL RAHMAN BIN ABDUL HAMID (RTD)	
LEFTENANT GENERAL DATO'WIRA HJ MASOOD BIN HJ ZAINAL ABIDIN (RTD)	
LEONG KAH MUN	
PHILIP A/L S. ANTHONYSAMY	
TEH TEIK BIN	
CHEW CHENG SUAN	(APPOINTED ON 11.07.2016; RESIGNED ON 15.09.2016)
FOONG TUCK FAI	(APPOINTED ON 07.04.2016; RESIGNED ON 07.02.2017)
MOHD FAISAL KAIM BIN ABDULLAH	(APPOINTED ON 24.10.2016)
CHAN YEE KEEN	(RESIGNED ON 05.07.2016)
MUK SAI TAT	(RESIGNED ON 29.03.2016)

DIRECTORS' REPORT CONT'D

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, there is no Director who is in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

OTHER STATUTORY INFORMATION

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

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

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

   (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

DIRECTORS' REPORT CONT'D

(d) In the opinion of Directors:

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

(ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statemens; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 20 April 2017.

LEFTENANT GENERAL DATO'WIRA
HJ MASOOD BIN HJ ZAINAL ABIDIN (RTD)

MOHD FAISAL KAIM BIN ABDULLAH

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 50 to 103 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 of 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 42 to the financial statements on page 103 have been compiled in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 of Directors in accordance with a resolution of the Directors dated 20 April 2017.

LEFTENANT GENERAL DATO'WIRA
HJ MASOOD BIN HJ ZAINAL ABIDIN (RTD)

MOHD FAISAL KAIM BIN ABDULLAH

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Mohd Faisal Kaim Bin Abdullah, 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 financial statements set out on pages 50 to 103 are correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named at Kuala Lumpur in the Federal Territory on 20 April 2017

Before me:

MOHD FAISAL KAIM BIN ABDULLAH

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HALEX HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HALEX HOLDINGS BERHAD, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 102.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Adoption of *Agriculture*: *Bearer Plants* (Amendments to MFRS 116 and MRS 141) In the current year, the Group adopted these amendments and this resulted in a change in the Group's accounting policy for biological assets as disclosed in Notes 2(a) and 3(l). The effects on adoption of these amendments and the restatement of comparatives are disclosed in Note 40. We considered the audit of this to be a key audit matter as the adoption of these amendments resulted in material adjustments made to a few account balances, including the restatement of comparatives.	We obtained an understanding of management's process for separating bearer plants from produce growing on bearer plants (i.e. fronds growing on mother plants). With respect to bearer plants, we obtained an understanding of management's identification of the costs that can be capitalised and test-checked the accuracy of costs amounts of bearer plants to supporting documents. For fronds growing on mother plants, we obtained an understanding of management's fair value measurement methodologies used to measure the fair value of these fronds and assessed the significant assumptions used in the valuation such as forecasted number of fronds to be harvested and average age of fronds. We checked that the adjustments to the respective account balances have been made in accordance with the requirements set out in the Amendments. We also assessed the adequacy of the disclosures related to the adoption of these amendments in Note 4 (Property, Plant and Equipment) and Note 13 (Biological Assets).

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures

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

in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 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 subsidiary companies 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 all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies 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 audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 103 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

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

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

The financial statements of the Group and of the Company as at and for the financial period ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 21 April 2016

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.

UHY
Firm Number: AF 1411
Chartered Accountants

LAI WONG CHUNG
Approved Number: 3277/08/18(J)
Chartered Accountant

KUALA LUMPUR
20 APRIL 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		GROUP		
			Restated	Restated
		31.12.2016	31.12.2015	01.10.2014
	Note	**RM**	RM	RM
Assets				
Non-Current Assets				
Property, plant and equipment	4	**61,248,037**	62,050,761	48,792,707
Investment properties	5	**5,054,350**	5,054,350	290,000
Investment in associate company	7	**10,530,944**	21,893,273	-
Investment in quoted securities	8	**252,111**	203,004	177,932
Other investments	9	**26,000**	26,000	26,000
Intangible assets	10	**123,222**	123,222	120,207
Development costs	11	**-**	465,058	566,157
		77,234,664	89,815,668	49,973,003
Current Assets				
Inventories	12	**18,636,869**	25,665,807	18,940,332
Biological assets	13	**2,469,265**	2,615,535	1,829,198
Trade receivables	14	**12,393,207**	11,965,048	13,082,472
Other receivables	15	**6,413,751**	6,295,304	12,589,738
Tax recoverable		**1,406,265**	665,326	169,096
Deposits with licensed banks	17	**1,771,424**	1,714,985	1,991,482
Cash and bank balances	18	**1,969,101**	1,989,375	25,591,574
		45,059,882	50,911,380	74,193,892
Total Assets		**122,294,546**	140,727,048	124,166,895
Equity and Liabilities				
Equity				
Share capital	19	**53,000,000**	53,000,000	53,000,000
Revaluation reserves	20	**20,208,276**	20,245,972	7,667,452
Share premium	20	**1,987,582**	1,987,582	1,987,582
Treasury shares	21	**(17,997)**	(17,997)	(17,997)
		75,177,861	75,215,557	62,637,037
Exchange reserves	20	**106,326**	116,461	29,440
Retained earnings		**8,503,566**	30,455,916	30,823,496
Total Equity		**83,787,753**	105,787,934	93,489,973
Non-Current Liabilities				
Term loans	22	**12,259,189**	10,374,560	12,993,698
Finance lease payables	23	**126,476**	104,704	180,365
Deferred tax liabilities	24	**4,086,634**	3,772,617	1,784,536
		16,472,299	14,251,881	14,958,599
Current Liabilities				
Trade payables	25	**10,159,255**	8,348,872	4,157,308
Other payables	26	**3,606,263**	2,857,515	3,723,052
Term loans	22	**1,915,515**	2,142,864	3,134,879
Finance lease payables	23	**48,639**	56,562	52,040
Bills payable	27	**2,363,041**	3,836,000	4,116,000
Bank overdrafts	27	**3,768,861**	3,304,336	475,503
Tax payables		**172,920**	141,084	59,541
		22,034,494	20,687,233	15,718,323
Total Liabilities		**38,506,793**	34,939,114	30,676,922
Total Equity and Liabilities		**122,294,546**	140,727,048	124,166,895

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

STATEMENTS OF FINANCIAL POSITION CONT'D
AS AT 31 DECEMBER 2016

		COMPANY	
		31.12.2016	31.12.2015
Assets	Note	**RM**	RM
Non-Current Assets			
Investment in subsidiary companies	6	**55,823,062**	55,823,056
Current Assets			
Other receivables	15	**22,747**	491,493
Amount due from subsidiary companies	16	**27,805,941**	30,487,488
Tax recoverable		**41,435**	41,435
Cash and bank balances	18	**28,800**	361,998
		27,898,923	31,382,414
Total Assets		**83,721,985**	87,205,470
Equity and Liabilities			
Equity			
Share capital	19	**53,000,000**	53,000,000
Share premium	20	**1,987,582**	1,987,582
Treasury shares	21	**(17,997)**	(17,997)
		54,969,585	54,969,585
Retained earnings		**16,352,431**	19,613,486
Total Equity		**71,322,016**	74,583,071
Non-Current Liabilities			
Term loans	22	**8,920,937**	10,374,560
		8,920,937	10,374,560
Current Liabilities			
Other payables	26	**151,026**	104,975
Amount owing to subsidiary companies	16	**1,450,559**	-
Term loans	22	**1,877,447**	2,142,864
		3,479,032	2,247,839
Total Liabilities		**12,399,969**	12,622,399
Total Equity and Liabilities		**83,721,985**	87,205,470

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	GROUP		COMPANY	
			Restated		
		01.01.2016 to 31.12.2016	01.10.2014 to 31.12.2015	**01.01.2016 to 31.12.2016**	01.10.2014 to 31.12.2015
		RM	RM	**RM**	RM
Revenue	28	**68,649,659**	125,670,091	**-**	15,000,000
Cost of sales		**(56,524,369)**	(100,043,022)	**-**	-
Gross profit		**12,125,290**	25,627,069	**-**	15,000,000
Other income	29	**1,159,330**	927,546	**306**	2,239
Net gain arising from changes in fair value of biological assets		**1,564,519**	2,721,915	**-**	-
Selling and marketing expenses		**(7,618,099)**	(10,331,785)	**-**	-
Administrative expenses		**(27,017,189)**	(16,680,215)	**(3,260,818)**	(895,398)
(Loss)/Profit from operations		**(19,786,149)**	2,264,530	**(3,260,512)**	14,106,841
Finance costs	30	**(1,581,596)**	(1,629,630)	**-**	-
Share of results of an associate		**(99,306)**	(106,727)	**-**	-
(Loss)/Profit before taxation	31	**(21,467,051)**	528,173	**(3,260,512)**	14,106,841
Taxation	32	**(485,299)**	(895,753)	**(543)**	(1,025)
(Loss)/Profit after taxation		**(21,952,350)**	(367,580)	**(3,261,055)**	14,105,816
Other comprehensive (loss)/income :					
Items that may be subsequently reclassified to profit or loss					
- Foreign currency translation		**(10,135)**	87,021	**-**	-
Items that will not be subsequently reclassified to profit or loss					
- Impairment on property, plant and equipment	20	**(37,696)**	12,578,520	**-**	-
Other comprehensive (loss)/income for the year/period, net of tax		**(47,831)**	12,665,541	**-**	-
Total comprehensive (loss)/income for the year/period		**(22,000,181)**	12,297,961	**(3,261,055)**	14,105,816
(Loss)/Profit for the financial year/period attributable to:					
Owners of the parent		**(21,952,350)**	(367,580)	**(3,261,055)**	14,105,816
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(22,000,181)**	12,297,961	**(3,261,055)**	14,105,816
Loss per share	33				
Basic (sen)		**(20.71)**	(0.35)		
Diluted (sen)		**(20.71)**	(0.35)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		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
At 1 October 2014		53,000,000	7 ,667,452	1,987,582	29,440	(17,997)	50,756,865	113,423,342
Prior period adjustments	40	-	-	-	-	-	(19,933,369)	(19,933,369)
Restated balance at 1 October 2014		53,000,000	7,667,452	1,987,582	29,440	(17,997)	30,823,496	93,489,973
Loss after taxation		-	-	-	-	-	(367,580)	(367,580)
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	-	(367,580)	12,297,961
Balance at 31 December 2015		53,000,000	20,245,972	1,987,582	116,461	(17,997)	30,455,916	105,787,934

GROUP	Note	Share Capital RM	Revaluation Reserves RM	Share Premium RM	Exchange Reserves RM	Treasury Shares RM	Retained Earnings RM	Total RM
At 1 January 2016		**53,000,000**	**20,245,972**	**1,987,582**	**116,461**	**(17,997)**	**49,699,125**	**125,031,143**
Prior year adjustments	40	**-**	**-**	**-**	**-**	**-**	**(19,243,209)**	**(19,243,209)**
Restated balance at 1 January 2016		**53,000,000**	**20,245,972**	**1,987,582**	**116,461**	**(17,997)**	**30,455,916**	**105,787,934**
Loss after taxation		**-**	**-**	**-**	**-**	**-**	**(21,952,350)**	**(21,952,350)**
Other comprehensive loss for the year:								
- Foreign currency translation		**-**	**-**	**-**	**(10,135)**	**-**	**-**	**(10,135)**
- Revaluation of property, plant and equipment		**-**	**(37,696)**	**-**	**-**	**-**	**-**	**(37,696)**
Total comprehensive loss for the year		**-**	**(37,696)**	**-**	**(10,135)**	**-**	**(21,952,350)**	**(22,000,181)**
Balance at 31 December 2016		**53,000,000**	**20,208,276**	**1,987,582**	**106,326**	**(17,997)**	**8,503,566**	**83,787,753**

STATEMENTS OF CHANGES IN EQUITY CONT'D
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Non-Distributable		Distributable		
COMPANY	**Share Capital RM**	**Share Premium RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Total RM**
At 1 October 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
At 31 December 2015	53,000,000	1,987,582	(17,997)	19,613,486	74,583,071
Total comprehensive loss for the year	-	-	-	(3,261,055)	(3,261,055)
At 31 December 2016	**53,000,000**	**1,987,582**	**(17,997)**	**16,352,431**	**71,322,016**

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	GROUP 01.01.2016 to 31.12.2016 RM	GROUP Restated 01.10.2014 to 31.12.2015 RM	COMPANY 01.01.2016 to 31.12.2016 RM	COMPANY 01.10.2014 to 31.12.2015 RM
Cash flows from operation activities					
(Loss)/Profit before taxation		**(21,467,051)**	528,173	**(3,260,512)**	14,106,841
Adjustments for:					
Allowance for impairment					
- Receivables		**54,686**	271,891	**-**	-
- Investment in associates		**11,263,023**	-	**-**	-
Allowance for impairment written back		**(25,391)**	(40,893)	**-**	-
Amortisation of development cost		**80,881**	101,099	**-**	-
Bad debts written off		**160,000**	20,852	**-**	-
Biological assets written off		**-**	50,904	-	-
Depreciation of property, plant and equipment		**2,405,143**	2,820,037	**-**	-
Deposit written off		**260**	-	**-**	-
Development costs written off		**384,177**	-	**-**	-
Dividend income		**(2,676)**	(3,706)	**-**	-
Fair value gain on investment property		**-**	(20,000)	**-**	-
Fair value loss/(gain) on biological assets		**(1,564,519)**	(2,721,915)	**-**	-
Gain on disposal of property, plant and equipment		**(30,000)**	-	**-**	-
Loss/(Gain) on foreign exchange - unrealised		**538,027**	(131,547)	**-**	-
Gain on investment in quoted shares - unrealised		**(49,107)**	(25,072)	**-**	-
Impairment loss on property, plant and equipment		**53,803**	-	**-**	-
Interest expenses		**1,581,596**	1,629,630	**-**	-
Interest income		**(95,925)**	(128,788)	**(306)**	(2,239)
Inventories written down		**24,369**	1,875,037	**-**	-
Inventories written off		**544,320**	-	**-**	-
Plant and equipment written off		**340,658**	11,306	**-**	-
Share of associate company's results		**99,306**	106,727	**-**	-
Operating (loss)/profit before working capital changes		**(5,704,420)**	4,343,735	**(3,260,818)**	14,104,602
Changes in working capital:					
Biological assets		**1,710,789**	1,884,674	**-**	-
Inventories		**6,460,249**	(8,600,512)	**-**	-
Receivables		**(736,161)**	7,291,555	**468,746**	(391,725)
Payables		**548,145**	3,104,593	**46,051**	70,802
Subsidiary companies		**-**	-	**4,132,106**	(11,020,168)
		7,983,022	3,680,310	**4,646,903**	(11,341,091)
Cash generated from operations		**2,278,602**	8,024,045	**1,386,085**	2,763,511
Interest paid		**(1,581,596)**	(1,629,630)	**-**	-
Tax paid		**(880,385)**	(1,241,003)	**(543)**	(1,025)
		(2,461,981)	(2,870,633)	**(543)**	(1,025)
Net cash generated from operating activities		**(183,379)**	5,153,412	**1,385,542**	2,762,486
Cash flows from investing activities					
Acquisition of associate company		**-**	(22,000,000)	**-**	-
Dividend received		**2,676**	3,706	**-**	-
Interest received		**39,486**	128,788	**306**	2,239
Investment in subsidiary companies		**-**	-	**-**	(6)
Proceeds from disposal of property, plant and equipment		**2,380,000**	-	**-**	-
Purchase of property, plant and equipment	4(b)	**(4,318,276)**	(1,592,233)	**-**	-
Purchase of intangible assets		**-**	(3,015)	**-**	-
Purchase of investment properties		**-**	(4,744,350)	**-**	-
Purchase of additional share in subsidiary company		**-**	-	**(6)**	-
Placement of deposits with licensed banks		**-**	(54,614)	**-**	-
Net cash (used in)/generated from investing activities		**(1,896,114)**	(28,261,718)	**300**	2,233

STATEMENTS OF CASH FLOWS CONT'D

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	GROUP		COMPANY	
		Restated		
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Cash flows from financing activities				
Increased of term loan	**3,400,000**	-	**-**	-
Repayment of hire purchase payables	**(52,451)**	(71,139)	**-**	-
Repayment of term loans	**(1,742,720)**	(3,611,153)	**(1,719,040)**	(2,561,912)
Net cash generated from/(used in) financing activities	**1,604,829**	(3,682,292)	**(1,719,040)**	(2,561,912)
Net (decrease)/increase in cash and cash equivalents	**(474,664)**	(26,790,598)	**(333,198)**	202,807
Effect of foreign exchange rate changes	**(10,135)**	28,455	**-**	-
Cash and cash equivalents at the beginning of the financial year/period	**(1,314,961)**	25,447,182	**361,998**	159,191
Cash and cash equivalents at the end of the financial year/period	**(1,799,760)**	(1,314,961)	**28,800**	361,998
Cash and cash equivalents at the end of the financial year/period comprises:				
Cash and bank balances	**1,969,101**	1,989,375	**28,800**	361,998
Fixed deposits with licensed banks	**1,771,424**	1,714,985	**-**	-
Bank overdrafts	**(3,768,861)**	(3,304,336)	**-**	-
	(28,336)	400,024	**28,800**	361,998
Less: Fixed deposits pledged with licensed banks	**(1,771,424)**	(1,714,985)	**-**	-
	(1,799,760)	(1,314,961)	**28,800**	361,998

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

1. CORPORATE INFORMATION

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

The principal place of business of the Company is at No. 9, Jalan Taruka, Tampoi Industrial Estate, 81200 Johor Bahru and K-08-02, Level 8, Block K, No. 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur.

The registered office of the Company is at Unit 07-02, Level 7, Persoft Tower, 6B Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan.

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

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Adoption of new and amended standards

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

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	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
Amendments to MFRS 10, MFRS 12 and MFRS128	Investment Entities: Applying the Consolidation Exception
Annual Improvements to MFRSs 2012 – 2014 Cycle	

Adoption of above MFRSs and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company except for:

Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants remain in the scope of MFRS 141 and measured at fair value less costs to sell.

Upon adoption of the amendments, the Group measures bearer plants at cost less accumulated depreciation and impairment instead of fair value less costs to sell. See Note 40 for the effect on the Group financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

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

		Effective dates for the financial year beginning on or after
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Clarifications to MFRS15 Revenue from Contracts with Customers.		1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014–2016 Cycle		1 January 2017 and 1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements for the Group and the Company except as below:

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replace earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement.*

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

MFRS 15 *Revenue from Contracts Customers*

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 *Construction Contracts* and related IC Interpretations. The Group is in the process of assessing the impact of this standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises the revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

MFRS 16 *Leases*

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

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

The Group is currently assessing the financial impact that may arise from the adopting MFRS 16.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis other than as disclosed in Note 3.

(c) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Significant accounting judgments, estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

(d) Significant accounting judgments, estimates and assumptions (Cont'd)

Judgments

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment – including bearer plants

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above.

A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

Valuation of investment properties

The Group carries its investment properties at fair value. This requires the use of external valuers and assumptions that are based on unobservable inputs.

The key assumptions used to determine the fair value of the properties are provided in Notes 5.

Impairment of investment in associate company

The Group reviews its investment in associate company when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amount based on its nature and the industry in which the investment relates to.

The carrying amount at the reporting date for investment in associate company is disclosed in Notes 7.

Deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

2. BASIS OF PREPARATION (Cont'd)

(d) Significant accounting judgments, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the 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 amounts at the reporting date for loans and receivables are disclosed in Notes 14, 15 and 16 respectively.

Income taxes

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

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group has tax recoverable and payable of RM1,406,265 (2015: RM665,326) and RM172,920 (2015:RM141,084) respectively.

Valuation of biological assets

Management estimates the fair values of biological assets less costs to sell at the end of the reporting period with reference to the recent market prices of the underlying agricultural produce. Unexpected volatility in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets and result in fair value re-measurement changes in future accounting periods.

Forces of nature such as temperature, rainfall and diseases may affect harvest efficiency. Management considers adequate measures are in place, in minimise negative impacts from natural disaster, if any. Nevertheless, unexpected factors affecting harvestable agricultural produce may result in re-measurement or changes in harvests in future accounting periods. The key assumptions used and carrying amount of the Group's biological assets are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiary companies

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

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D

31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

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

(iv) Goodwill on consolidation

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

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

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's shares of net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is required.

An associate is equity accounted for from the date on which the date investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognised the Group's share of profit or loss and the other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognised further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profit or losses resulting from upstream and downstream transactions between the Group and its associate is recognised in the Group's consolidation financial statements only to the extent of unrelated investors' interest in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Investment in associates (Cont'd)

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognised any additional impairment loss with respect to its investment in the associate. When necessary, the entire carrying amount if the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

(c) Foreign currency translation

Foreign currency transactions and balances

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

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

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

Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost/revalued amount less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

(i) Recognition and measurement

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

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

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

Property, plant and equipment under the revaluation model

The Group revalues its properties comprising land and building every 3 or 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Freehold buildings	Over a period of 20 years to 47 years
Long-term leasehold land and buildings	Over a period of 39 years to 42 years
Buildings and structures	Over a period of 46 years to 50 years
Office premise	Over a period of 20 years
Plant and machinery	6 2/3 - 10%
Forklifts	20%
Motor vehicles	20%
Tools, equipment, furniture, fixture and fittings	10% - 50%
Bearer plant	2%

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Lease

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

As lessee

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or both.

(ii) Operating lease

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

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

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

As lessor

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

(f) Investment properties

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.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Investment properties (Cont'd)

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which it arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditures that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(g) Intangible assets

(i) Internally-generated intangible assets – research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:
- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during the development.

The amount initially recognised for internally-generated assets is the sum of the expenditure incurred from the date when the intangible asset can be recognised criteria listed above. Where no Internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost losses accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Intangible assets (Cont'd)

(iii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(h) Financial assets

Financial assets are recognised on 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.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

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

Financial assets at fair value through profit or loss include financial assets held for trading, contingent consideration in a business combination or financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gain or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Financial assets (Cont'd)

(ii) Loans and receivables (Cont'd)

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

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in the profit or loss.

(i) Financial liabilities

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

Financial liabilities are recognised on 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.

The Group and the Company classify their financial liability at initial recognition, into the following categories:

(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, contingent consideration in a business combination or financial liabilities designated into this category upon initial recognition.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives financial instruments that are not designated as effective hedging instruments. Separated embedded derivatives are also categories as held for trading unless they are designated as effective hedging instruments.

Gains or losses on financial liabilities held for trading are recognized in profit or loss.

(ii) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings 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.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

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

(i) Financial liabilities (Cont'd)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

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

Cost of raw material is determined on a first-in-first out basis. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads.

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

(l) Biological assets

A biological asset is measured at fair value less costs to sell as it grows. In the absence of an active open market and alternative fair value measurements are determined to be clearly unreliable, a biological asset is stated at cost less accumulated impairment loss on initial recognition. Once the fair value of such a biological asset becomes reliably measurable, it is measured at its fair value less costs to sell.

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

Agricultural produce harvested from the biological assets is measured at its fair value less costs to sell at the point of harvest.

(m) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment of assets

(i) Non-financial assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

(ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, and investments in subsidiary companies and associates, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

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

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

(o) Share capital

Ordinary shares

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. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

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

Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognized in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount the treasury shares is recognized in equity.

(p) Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

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

(s) Revenue

(i) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Income taxes

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

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

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

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

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

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

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

(u) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(v) Contingencies

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation				At Cost					
	Freehold land and buildings RM	Long-term leasehold land and buildings RM	Office premise RM	Building and structures RM	Forklifts RM	Motor vehicles RM	Tools, equipment, furniture, fixtures, and fittings RM	Plant and machinery RM	Bearer plant RM	Total RM
GROUP										
31.12.2016										
Valuation/Cost										
At 1 January 2016	39,150,000	11,460,535	120,000	2,923,264	319,720	1,136,839	8,323,381	17,596,360	959,843	81,989,942
Additions	-	-	3,883,309	420	-	76,839	420,208	3,800	-	4,384,576
Disposals	(2,350,000)	-	-	-	-	-	-	-	-	(2,350,000)
Written off	-	-	-	-	-	-	(1,499)	-	(348,047)	(349,546)
At 31 December 2016	36,800,000	11,460,535	4,003,309	2,923,684	319,720	1,213,678	8,742,090	17,600,160	611,796	83,674,972
Accumulated depreciation										
At 1 January 2016	-	375,048	22,500	837,281	255,503	972,833	6,188,533	11,263,487	23,996	19,939,181
Charge for the financial year	300,000	246,827	44,833	105,680	25,236	79,029	586,960	997,381	19,197	2,405,143
Written off	-	-	-	-	-	-	(187)	-	(8,701)	(8,888)
At 31 December 2016	300,000	621,875	67,333	942,961	280,739	1,051,862	6,775,306	12,260,868	34,492	22,335,436
Accumulated impairment										
At 1 January 2016	-	-	-	-	-	-	-	-	-	-
Impairment for the financial year	-	-	91,499	-	-	-	-	-	-	91,499
At 31 December 2016	-	-	91,499	-	-	-	-	-	-	91,499
Carrying amount										
At 31 December 2016	36,500,000	10,838,660	3,844,477	1,980,723	38,981	161,816	1,966,784	5,339,292	577,304	61,248,037

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

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

	At Valuation				At Cost					
	Freehold land and buildings RM	Long-term leasehold land and buildings RM	Office premise RM	Building and structures RM	Forklifts RM	Motor vehicles RM	Tools, equipment, furniture, fixtures, and fittings RM	Plant and machinery RM	Bearer plant RM	Total RM
GROUP										
Restated										
31.12.2015										
Valuation/Cost										
At 1 October 2014	27,963,869	10,147,435	120,000	2,946,126	319,720	1,136,839	7,860,257	16,708,534	862,078	68,064,858
Additions	-	-	-	15,780	-	-	590,862	887,826	97,765	1,592,233
Revaluation surplus/(deficit)	11,186,131	1,313,100	-	(30,000)	-	-	-	-	-	12,469,231
Written off	-	-	-	(8,642)	-	-	(127,738)	-	-	(136,380)
At 31 December 2015	39,150,000	11,460,535	120,000	2,923,264	319,720	1,136,839	8,323,381	17,596,360	959,843	81,989,942
Accumulated depreciation										
At 1 October 2014	639,785	987,760	15,000	852,145	242,246	831,301	5,571,029	10,132,885	-	19,272,151
Charge for the financial period	319,893	306,358	7,500	142,963	13,257	141,532	733,936	1,130,602	23,996	2,820,037
Elimination of accumulated depreciation on revaluation	(959,678)	(919,070)	-	(149,185)	-	-	-	-	-	(2,027,933)
Written off	-	-	-	(8,642)	-	-	(116,432)	-	-	(125,074)
At 31 December 2015	-	375,048	22,500	837,281	255,503	972,833	6,188,533	11,263,487	23,996	19,939,181
Carrying amount										
At 31 December 2015	39,150,000	11,085,487	97,500	2,085,983	64,217	164,006	2,134,848	6,332,873	935,847	62,050,761

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

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

(a) Assets pledged as securities to financial institutions

The carrying amount of certain property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Notes 22 and 27 to the financial statements are:

	GROUP	
	31.12.2016 RM	31.12.2015 RM
Leasehold land and buildings	**6,163,459**	6,300,000
Freehold land and buildings	**35,000,000**	37,100,000
	41,163,459	43,400,000

(b) The aggregate additional cost for the property, plant and equipment of the Group under finance lease financing and cash payments are as follows:

	GROUP	
	31.12.2016 RM	Restated 31.12.2015 RM
Aggregate costs	**4,384,576**	1,592,233
Less: Finance lease financing	**(66,300)**	-
Cash payments	**4,318,276**	1,592,233

(c) Included in property, plant and equipment of the Group are motor vehicles acquired under financial lease arrangements at net book value of RM156,997 (2015: RM159,787).

(d) Revaluation of land and buildings

Land and buildings of a subsidiary company were revalued in December 2015, by Messrs. Savills (Johor) Sdn. Bhd., an independent professional valuer. The fair value of building is within level 2 of the fair value hierarchy. The fair value was determined using the market comparable approach that reflects recent transaction price for similar properties.

Had the revalued properties been carried at historical cost less accumulated depreciation and impairment loss, their carrying amounts would have been:

	GROUP	
	31.12.2016 RM	31.12.2015 RM
Freehold land and buildings	**19,894,579**	20,024,367
Long-term leasehold land and buildings	**4,385,252**	4,489,357
Office premises	**3,903,326**	61,050
Buiding and structures	**1,980,723**	2,085,983
	30,163,880	26,660,757

5. INVESTMENT PROPERTIES

Group	**Freehold land and building RM**	**Long-term leasehold land and building RM**	**Total RM**
31.12.2016			
Valuation			
At 1 January/31 December 2016	**310,000**	**4,744,350**	**5,054,350**
At 1 October 2014	290,000	-	290,000
Changes in fair value/Addition	20,000	4,744,350	4,764,350
At 31 December 2015	310,000	4,744,350	5,054,350

Fair value basis of investment properties

The investment properties are valued annually at fair value based on market value determined by independent qualified valuers. The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximately are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square feet of comparable properties.

In year 2015, an increase in the fair values of RM20,000 has been recognized in the profit or loss during the financial period.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

6. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	31.12.2016	31.12.2015
In Malaysia:	**RM**	RM
Unquoted shares, at cost	**55,823,056**	55,823,050
Add: Acquisition during the year/period	**6**	6
	55,823,062	55,823,056

Details of the subsidiary companies are as follows:

Name of Company	Country of incorporation	Effective Interest 31.12.2016 %	Effective Interest 31.12.2015 %	Principal activities
Direct holding:				
Halex (M) Sdn. Bhd.	Malaysia	**100**	100	Manufacturing distribution and agency of agrochemicals
Halex Woolton (M) Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and distributions of disposable healthcare products
Halex International Sdn. Bhd.	Malaysia	**100**	100	Dormant
Nusa Suasa Sdn. Bhd.	Malaysia	**100**	100	Dormant
Halex Link Sdn. Bhd. (Formerly known as "Ruby Avenue Sdn. Bhd.")	Malaysia	**100**	100	Dormant
Halex Venture Sdn. Bhd.	Malaysia	**100**	-	Dormant
Halex Trading Sdn. Bhd.	Malaysia	**100**	-	Dormant
Halex Management Sdn. Bhd.	Malaysia	**100**	-	Dormant
Indirect holding through Halex (M) Sdn. Bhd.:				
Halex Industries (M) Sdn. Bhd.	Malaysia	**100**	100	Manufacturing and importing agrochemicals and fertilisers
Halex Realty Sdn. Bhd.	Malaysia	**100**	100	Investment in landed property and investment holding
Halex Chemicals (S) Pte. Ltd. #	Singapore	**100**	100	Trading of fertilisers and agrochemicals
Halex Engineering Sdn. Bhd.	Malaysia	**100**	100	Trading of agricultural chemicals and fertilisers. Ceased business operation since July 2010
Halex Biotechnologies Sdn. Bhd.	Malaysia	**100**	100	Horticulture and agro-biotechnology
Pengedaran Beras Lestari Sdn. Bhd.	Malaysia	**100**	-	Dormant

Audited by other firm of auditors

On 5 May 2016, the Company has acquired the entire issued and paid-up capital of three companies, namely Halex Management Sdn. Bhd., Halex Trading Sdn. Bhd. and Halex Ventures Sdn. Bhd. from third parties for RM2 each.

7. INVESTMENT IN ASSOCIATE COMPANY

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
At cost		
Unquoted shares in Malaysia	**22,000,000**	22,000,000
Share of post-acquisition reserves	**(206,033)**	(106,727)
Impairment loss during the financial year	**(11,263,023)**	-
	10,530,944	**21,893,273**

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

7. INVESTMENT IN ASSOCIATE COMPANY (CONT'D)

Details of the associate are as follows:

Name of Company	Country of incorporation	Effective Interest 31.12.2016 %	Effective Interest 31.12.2015 %	Principal activity
Kensington Development Sdn. Bhd.#	Malaysia	25	25	Property development

Audited by other firm of auditors

During the year, the Group performed an impairment assesment following a valuation carried out on KDSB's development projects pursuant to its proposal to acquire remaining 75% equity interest in KDSB. The recoverable amount of RM10.531 million was determined based on fair value less costs of disposal. An impairment loss of RM11.263 million was recognised during the year. The fair value was derived using adjusted net assets method, which resulted in level 3 fair value. The most significant input used is price per square foot of comparable lands.

	GROUP	
	31.12.2016	31.12.2015
Summarised financial information	**RM**	RM
Non-current assets	**3,116,186**	3,117,746
Current assets	**6,395,158**	3,521,020
Current liabilities	**(11,047,010)**	(7,777,208)
Net assets	**(1,535,666)**	(1,138,442)
Loss after taxation/Total comprehensive loss	**(397,224)**	(426,908)
Reconcilliation on net assets to carrying amount		
Group's share of net assets	**(383,917)**	(284,611)
Goodwill	**10,914,861**	22,177,884
Carrying amount	**10,530,944**	21,893,273

8. INVESTMENT IN QUOTED SECURITIES

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
Quoted securities in Malaysia, at cost	**128,897**	128,897
Add: Gain on investment in quoted shares - Unrealised	**123,214**	74,107
Carrying amount	**252,111**	203,004
Quoted Securities - at market value	**252,111**	203,004

9. OTHER INVESTMENTS

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
At cost		
Club membership	**26,000**	26,000

10. INTANGIBLE ASSETS

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
Trademark- At Cost		
At 1 January/1 October	**123,222**	120,207
Addition during the period	**-**	3,015
At 31 December	**123,222**	123,222

Trademark of RM26,662 and RM96,560 allocated to Halex (M) Sdn. Bhd. and Halex Woolton (M) Sdn. Bhd. respectively were tested for impairment using the value-in-use ("VIU") method. The recoverable amounts of CGUs in respect of the trademark were determined based on VIU calculation. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five-year period. Key assumption used is pre-tax discount rates of 6.75% (2015: 6.75%). Based on the impairment test, no impairment is required for the trademark. A reasonable possible change in the key assumptions would not result in any impairment.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

11. DEVELOPMENT COSTS

	GROUP	
	31.12.2016	31.12.2015
Cost	**RM**	RM
At 1 January 2016/1 October 2014	**808,794**	808,794
Written off	**(808,794)**	-
At 31 December	**-**	808,794
Accumulated amortisation		
At 1 January 2016/1 October 2014	**343,736**	242,637
Charge for the financial year/period	**80,881**	101,099
Written off	**(424,617)**	-
At 31 December	**-**	343,736
Carrying amount		
At 31 December	**-**	465,058

12. INVENTORIES

	GROUP	
		Restated
	31.12.2016	31.12.2015
	RM	RM
Raw material	**7,533,847**	7,812,184
Work in progress	**1,025,320**	535,336
Finished goods	**3,445,222**	4,400,404
Goods for resale	**5,719,742**	11,928,745
Consumables	**912,738**	989,138
	18,636,869	25,665,807
Recognised in profit or loss:		
Inventories written down	**24,369**	1,875,037
Inventories written off	**544,320**	-
Recognised as costs of sales	**55,955,680**	98,167,985

13. BIOLOGICAL ASSETS

	Fronds	**Trees**	**Tissue culture**	**Total**
	RM	**RM**	**RM**	**RM**
At 1 October 2014, restated	832,086	824,790	172,322	1,829,198
Written off	-	-	(50,904)	(50,904)
Total gain from changes in fair value less costs to sell	2,402,315	319,600	-	2,721,915
Decreases due to harvest	(1,884,674)	-	-	(1,884,674)
At 31 December 2015, restated / At 1 January 2016	1,349,727	1,144,390	121,418	2,615,535
Addition	-	-	114,474	114,474
Total gain from changes in fair value less costs to sell	1,564,829	(22,359)	22,049	1,564,519
Decreases due to harvest	(1,825,263)	-	-	(1,825,263)
At 31 December 2016	**1,089,293**	**1,122,031**	**257,941**	**2,469,265**

Included in tissue culture is an amount of RM166,387 (2015: RM121,418) stated at cost less accumulated impairment loss. This is because no quoted market prices are available for early stage of tissue plants and parameters used in any alternative fair value measurement are clearly unreliable. Grow-out period of tissue culture is between 6-8 months.

Fair value of tissue culture at the final stage become reliably measurable as there is an active open market. The effect of the change is RM22,049 (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS CONT'D
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13. BIOLOGICAL ASSETS (CONT'D)

a) Consumable Biological Assets and Nature of Activities

The consumable biological assets of the Group comprise fronds growing on mother bearer plants, decorative plants and tissue culture.

In relation to fronds growing on plants, the nature of activity involves cultivating mother bearer plants for harvesting of mature fronds for sales. For the decorative plants, the nature of activity involves cultivating the decorative plants that are harvested by uprooting an entire plant for sales as a whole plant. For the tissue culture, the nature of activity involves growing plant cells and tissue under sterile conditions on a nutrient culture medium that are to be sold as tissue culture plants.

b) Non-financial Measures and Physical Quantities

	Fronds	Trees
2016		
Number of plants	**763,132**	**2,163**
Quantity of fronds harvested	**4,171,203**	**-**
Number of plants uprooted for sales	**-**	**-**
2015		
Number of plants	859,499	2,158
Quantity of fronds harvested	4,445,621	-
Number of plants uprooted for sales	-	-

c) Disclosures about fair value measurement

	Frond on plants	Decorative plants	Tissue Culture
Valuation technique	Observed price or price in a recent transaction	Observed price or price in a recent transaction	Observed price or price in a recent transaction
Inputs	Estimated quantity of fronds on plants & fair value less costs to sell per unit	Actual number of plants & fair value less costs to sell per plant	Actual number of tissue plants & fair value less costs to sell per plant
Level in the fair value hierarchy	Level 3	Level 3	Level 3
Significant Assumptions	Grow-out period of fronds is between 4-8 months. Fronds formation is continuous. Average age of fronds on plants is one-half of the grow out period. Quantity estimated is based on past experiences and supplemented with actual post-harvest experiences. Prices observed at the measurement date or recent transactions.	Actual number of decorative plants. Price in recent transactions	Actual number of tissue plants. Price in recent transactions
Sensitivity Analysis	The fair value of the fronds growing on plants is affected by possible changes in the estimated quantity and prices. If the estimated quantity were to change by 10%, the value of the fronds on plants will change by RM108,899 (2015: RM134,972). If the estimated fair value less costs to sell were to change by 5%, the value of the fronds will change by RM54,450 (2015: RM67,486)	The fair value of the decorative plants is affected by possible changes in the estimated price. If the Price were to change by 5%, value of the decorative plants will change by RM56,102 (2015: RM57,220)	The fair value of the tissue plants is affected by possible changes in the estimated price. If the Price were to change by 5%, value of the decorative plants will change by RM4,578 (2015: Nil)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
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14. TRADE RECEIVABLES

	GROUP	
	31.12.2016 RM	31.12.2015 RM
Trade receivables	**12,848,436**	12,389,683
Less: Allowance for impairment	**(455,229)**	(424,635)
	12,393,207	11,965,048

Trade receivables are non-interest bearing and normal trade credit term ranges from 30 to 90 days (2015: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	GROUP	
	31.12.2016 RM	31.12.2015 RM
At 1 January 2016/1 October 2014	**(424,635)**	(169,957)
Add: Charge during the year/period	**(54,686)**	(271,891)
Add: Charge to Goods and services tax	**(3,056)**	(23,770)
Less: Reversal of impairment loss	**27,148**	40,983
At 31 December	**(455,229)**	(424,635)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	GROUP	
	31.12.2016 RM	31.12.2015 RM
Neither past due nor impaired	**3,413,876**	6,197,772
Past due not impaired:		
Less than 30 days	**3,268,894**	2,910,108
31 to 60 days	**1,071,824**	1,567,113
61 to 90 days	**1,419,205**	449,565
more than 90 days	**3,219,408**	840,490
	8,979,331	5,767,276
	12,393,207	11,965,048
Impaired	**455,229**	424,635
	12,848,436	12,389,683

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM455,229 (2015: RM424,635), related to customers that are in financial difficulties and have defaulted on payment.

The currency exposure profile of trade receivables are as follows:

	GROUP	
	31.12.2016 RM	31.12.2015 RM
Japanese Yen	**209,539**	179,967
Ringgit Malaysia	**11,274,733**	10,644,399
Singapore Dollar	**574,456**	749,156
United States Dollar	**789,708**	816,161
	12,848,436	12,389,683

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

15. OTHER RECEIVABLES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	RM	RM	**RM**	RM
Other receivables	**227,363**	352,281	**10,158**	-
Deposits	**5,263,991**	4,937,950	**1,300**	1,300
Prepayments - others	**775,603**	891,526	**11,289**	490,193
Goods and services tax receivables	**146,794**	113,547	**-**	-
	6,413,751	6,295,304	**22,747**	491,493

Included in the deposits of the Group is a deposit paid for acquisition of 3,750,000 ordinary shares of RM1 each, representing remaining 75% equity interest in Kensington Development Sdn. Bhd. amounting to RM3,830,000 (2015: RM3,830,000). The acquisition was terminated on 20 October 2016.

16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	COMPANY	
	31.12.2016	31.12.2015
	RM	RM
Amount due from subsidiary companies :		
Current	**27,805,941**	30,487,488
Amount due to subsidiary companies :		
Current	**(1,450,559)**	-

Amount due from/(to) subsidiary companies are with non-interest bearing are unsecured and repayable on demand.

17. DEPOSITS WITH LICENSED BANKS

The effective interest rates of deposits of The Group are range from 3.10% to 3.20% (2015: 3.10% and 3.20%) per annum and the maturity periods of 31 to 90 days to 365 days (2015: 90 days to 365 days).

The fixed deposits of the Group are pledged to licensed banks as securities for credit facilities granted to subsidiary companies as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	RM	RM	**RM**	RM
Cash in hand	**21,568**	42,172	**360**	360
Cash at banks	**1,947,533**	1,947,203	**28,440**	361,638
	1,969,101	1,989,375	**28,800**	361,998

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

	GROUP		COMPANY	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	RM	RM	**RM**	RM
Ringgit Malaysia	**1,038,778**	1,449,743	**28,800**	361,998
United States Dollar	**152,290**	379,724	**-**	-
Singapore Dollar	**778,033**	159,908	**-**	-
	1,969,101	1,989,375	**28,800**	361,998

19. SHARE CAPITAL

	GROUP AND COMPANY			
	Number of Shares		Amount	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	Unit	Unit	**RM**	RM
Authorised				
Ordinary shares of RM0.50 each	**200,000,000**	200,000,000	**100,000,000**	100,000,000
Issued and fully paid				
Ordinary shares of RM0.50 each	**106,000,000**	106,000,000	**53,000,000**	53,000,000

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

20. RESERVES

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

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

(b) Revaluation reserves

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
At 1 January 2016/1 October 2014	**20,245,972**	7,667,452
Revaluation of land and building	**-**	12,469,231
Reversal of accumulated depreciation	**(37,696)**	2,027,933
Transferred to deferred taxation	**-**	(1,918,644)
At 31 December	**20,208,276**	20,245,972

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

20. RESERVES (Cont'd)

(b) Revaluation reserves (Cont'd)

The revaluation reserve represents increases in the fair value of land and buildings, and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(c) Exchange reserves

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

21. TREASURY SHARES

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 2016, the Company has 27,500 (2015: 27,500) of ordinary shares held as treasury shares.

22. TERM LOANS

The term loans is repayable by between 69 and 240 monthly instalments and interests are chargeable from 2.20% per annum below the bank's base lending rate ("BLR") to 2.00% per month above the bank's effective cost of fund (2015: 2.00% per month 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:

(a) Legal charge over certain freehold and leasehold land and buildings of the Group (Note 4); and
(b) Corporate guarantee of the Company.

23. FINANCE LEASE PAYABLES

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
Minimum lease payments		
- Not later than one year	**57,290**	65,196
- Later than one year and not later than five years	**118,910**	119,787
- Later than five years	**19,703**	-
	195,903	184,983
Less: Amount representing finance charges	**(20,788)**	(23,717)
Present value of minimum lease payment	**175,115**	161,266
Represented by:		
Current		
- Not later than one year	**48,639**	56,562
Non-current		
- Later than one year and not later than five years	**107,590**	104,704
- Later than five years	**18,886**	-
	175,115	161,266

The finance lease payables bear effective interest rate of 2.72% to 3.3% (2015: 3.3% to 5.40%) per annum.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

24 DEFERRED TAX LIABILITIES

The deferred tax liabilities is made up of the followings:

	GROUP	
		Restated
	2016	2015
	RM	RM
At 1 January 2016/1 October 2014	**3,772,617**	1,784,536
Recognised in profit or loss	**314,017**	69,437
Transfer from revaluation reverse	**-**	1,918,644
At 31 December	**4,086,634**	3,772,617

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

Group	Property, plant and equipment RM	Investment properties RM	Biological assets RM	Total RM
Deferred tax liability				
At 1 October 2014, restated	1,376,886	10,000	397,650	1,784,536
Recognised in profit or loss	(132,501)	1,000	200,938	69,437
Recognised in other comprehensive income	1,918,644	-	-	1,918,644
At 31 December 2015, restated / At 1 January 2016	3,163,029	11,000	598,588	3,772,617
Recognised in profit or loss	411,001	-	(96,984)	314,017
At 31 December 2016	**3,574,030**	**11,000**	**501,604**	**4,086,634**

25. TRADE PAYABLES

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
Trade payables	**10,159,255**	8,348,872

The normal trade credit term granted to the Group and the Company is 7 to 120 days (2015: 30 days to 90 days) depending on the terms of the contracts.

The currency exposure profile of trade payables are as follows:

	GROUP	
	31.12.2016	31.12.2015
	RM	RM
Ringgit Malaysia	**3,946,863**	2,229,030
Singapore Dollar	**5,453**	554,826
United States Dollar	**6,206,939**	5,565,016
	10,159,255	8,348,872

26. OTHER PAYABLES

	GROUP		COMPANY	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
	RM	RM	**RM**	RM
Other payables	**2,452,219**	1,310,149	**42,838**	6
Accruals	**1,154,044**	1,547,366	**108,188**	104,969
	3,606,263	2,857,515	**151,026**	104,975

NOTES TO THE FINANCIAL STATEMENTS CONT'D

31 DECEMBER 2016

27. BILLS PAYABLE AND BANK OVERDRAFTS

(a) The bills payable bear interest between 1.00% to 1.50% (2015: 1.25%) per annum.

(b) Bank overdrafts

The bank overdrafts bear interest between 1.00% to 1.50% (2015: 1.00% to 1.50%) per annum above bank's base lending rate are secured by the following:

(i) A corporate guarantee from the Company;
(ii) Charge over the Group's property, plant and equipment as disclosed in Notes 4; and
(iii) Fixed deposit pledged with a licensed bank of RM1,771,424 (2015: RM1,714,985) as disclosed in Note 17.

28. REVENUE

	GROUP		COMPANY	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Sales of goods	**68,649,659**	125,670,091	**-**	-
Gross dividends from subsidiary companies	**-**	-	**-**	15,000,000
	68,649,659	125,670,091	**-**	15,000,000

29. OTHER INCOME

	GROUP		COMPANY	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Allowance for impairment written back	**25,391**	40,983	**-**	-
Fair value gain on investment property	**-**	20,000	**-**	-
Gain on disposal of property, plant and equipment	**30,000**	-	**-**	-
Gain on investment in quoted shares - unrealised	**49,107**	25,072	**-**	-
Gain on foreign exchange - realised	**216,577**	469,367	**-**	-
Gain on foreign exchange - unrealised	**7,507**	227,213	**-**	-
Gross dividend received from quoted investments	**2,676**	3,706	**-**	-
Insurance on commission received	**20,789**	7,579	**-**	-
Interest on fixed deposits	**-**	106,876	**-**	-
Interest received	**95,925**	21,912	**306**	2,239
Rental income	**-**	4,070	**-**	-
Sales incentives	**705,255**	-	**-**	-
Sundry income	**6,103**	768	**-**	-
	1,159,330	927,546	**306**	2,239

30. FINANCE COSTS

	GROUP	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM
Interest expenses on:		
Term loans	**1,143,112**	1,126,121
Bank overdrafts	**264,591**	111,531
Bills discounting charges	**155,727**	374,213
Hire purchase	**15,472**	10,356
Letter of credit and trust receipt charges	**2,694**	7,409
	1,581,596	1,629,630

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

31. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is derived after charging/(crediting):

	GROUP	GROUP	COMPANY	COMPANY
		Restated		
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Allowance for impairment				
- receivables	**54,686**	271,891	**-**	-
- investment in associates	**11,263,023**	-	**-**	-
Allowance for impairment written back	**(25,391)**	(40,983)	**-**	-
Amortisation of development cost	**80,881**	101,099	**-**	-
Auditor remuneration				
- statutory audit	**151,489**	135,408	**45,000**	40,000
- non-audit service	**5,000**	-	**-**	-
Bad debts written off	**160,000**	20,852	**-**	-
Bank overdraft interest	**264,591**	111,531	**-**	-
Banker acceptance discounting charges	**155,727**	374,213	**-**	-
Biological assets written off	**-**	50,904	-	-
Deposit written off	**260**	-	**-**	-
Depreciation of property, plant and equipments	**2,405,143**	2,820,037	**-**	-
Development costs written off	**384,177**	-	**-**	-
Director's remuneration				
- directors' fees	**694,421**	774,539	**263,051**	352,160
- salaries and other emoluments	**1,201,992**	1,363,304	**812,268**	91,000
Net gain arising from changes in fair value of biological assets	**(1,564,519)**	(2,721,915)	**-**	-
Gain on foreign exchange				
- realised	**(216,577)**	(469,367)	**-**	-
- unrealised	**(7,507)**	(227,213)	**-**	-
Hire purchase interest	**15,472**	10,356	**-**	-
Impairment loss on property, plant and equipments	**53,803**	-	**-**	-
Inventories written down	**24,369**	1,875,037	**-**	-
Inventories written off	**544,320**	-	**-**	-
Letter of credit and trust receipt charges	**2,694**	7,409	**-**	-
Loss on foreign exchange				
- realised	**332,277**	796,178	**-**	-
- unrealised	**545,534**	95,666	**-**	-
Preliminary expenses	**-**	7,046	**-**	-
Property, plant and equipments written off	**340,658**	11,306	**-**	-
Rental of premise	**455,274**	567,248	**-**	-
Rental of equipment and warehouse	**23,660**	41,976	**-**	-
Rental of land	**20,120**	23,400	**-**	-
Rental of motor vehicle	**60,000**	47,400	**-**	-
Staff costs	**12,624,981**	18,471,685	**516,176**	-
Term loan interest	**1,143,112**	1,126,121	**-**	-

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

32. TAXATION

	GROUP		COMPANY	
		Restated		Restated
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Provision for current year/period	**217,014**	730,994	**-**	-
Deferred taxation	**314,017**	196,637	**-**	-
Under provision in prior year/period	**(45,732)**	(31,878)	**543**	1,025
	485,299	895,753	**543**	1,025

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

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

	GROUP		COMPANY	
		Restated		Restated
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
(Loss)/Profit before taxation	**(21,467,051)**	528,173	**(3,260,512)**	14,106,841
At Malaysian statutory tax rate of 24% (2015: 25%)	**(5,152,092)**	132,043	**(782,500)**	3 ,526,710
Expenses not deductible for tax purposes	**4,826,452**	1,916,166	**248,800**	223,290
Income not subject to tax	**(20,329)**	(347,894)	**-**	(3,750,000)
Deferred tax assets not recognised	**877,000**	-	**533,700**	-
Utilisation of previous years unrecognised tax losses and unutilised capital allowances	**-**	(772,684)	**-**	-
Under/(Over) provision in respect of prior years				
- taxation	**(45,732)**	95,322	**543**	1,025
- deferred tax	**-**	(127,200)	**-**	-
Tax expense for the financial year/period	**485,299**	895,753	**543**	1,025

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

	GROUP		COMPANY	
	31.12.2016 RM	31.12.2015 RM	**31.12.2016 RM**	31.12.2015 RM
Unutilised tax losses	**3,558,701**	532,823	**2,223,768**	-
Unabsorbed capital allowances	**1,363,857**	735,562	**-**	-
	4,922,558	1,268,385	**2,223,768**	-

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

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33. LOSS PER SHARE

(a) Basic loss per share

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

	GROUP	
		Restated
	31.12.2016	31.12.2015
	RM	RM
Loss for the year/period	**(21,952,350)**	(367,580)
Weighted average number of ordinary shares in issue	**105,972,500**	105,972,500
Basic loss per ordinary share (in sen)	**(20.71)**	(0.35)

(b) Diluted loss per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

34. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Salaries and allowance	**6,106,002**	16,071,092	**426,896**	-
EPF and Socso contributions	**1,007,725**	1,595,613	**55,444**	-
Other staff related expenses	**5,511,254**	804,980	**33,836**	-
	12,624,981	18,471,685	**516,176**	-

Excluded in staff costs is aggregates amount of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	GROUP		COMPANY	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Fees	**694,421**	774,539	**263,051**	352,160
Salaries and other emoluments	**1,201,992**	1,363,304	**812,268**	91,000
	1,896,413	2,137,843	**1,075,319**	443,160

Included within salaries and other emoluments of the Group and of the Company are contribution to Employees Provident Fund amounting to RM123,786 (2015:RM140,399) and RM79,305 (2015: Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

35. CONTINGENT LIABILITIES

	COMPANY	
	31.12.2016 RM	31.12.2015 RM
Corporate guarantees given to banks for credit facilities granted to subsidiary companies	**52,163,000**	48,263,000

36. RELATED PARTY DISCLOSURES

(a) Identifying related parties

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

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

The Group has related party relationships with its subsidiary companies, related parties and key management personnel.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in Note 16, the significant related party transactions of the Group and of the Company are as follows:

	GROUP		COMPANY	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM	**01.01.2016 to 31.12.2016 RM**	01.10.2014 to 31.12.2015 RM
Dividend received from subsidiary company:				
- Halex (M) Sdn. Bhd.	**-**	-	**-**	15,000,000

(c) Compensation of key management personnel

Key management personnel of the Group and of the Company are the directors of which their compensation has been disclosed in Note 34.

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37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable segments as follow:

- Investment holding
- Agriculture supplies and trading
- Consumer products
- Horticulture and agro-biotechnologies

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

	Investment Holding	Agriculture Supplies and Trading	Consumer Products	Horticulture and Agro-Biotechnologies	Elimination	Total
	RM	RM	RM	RM	RM	RM
Group						
At 31 December 2016						
REVENUE AND EXPENSES						
Revenue						
External sales	-	33,502,358	30,882,846	4,264,455	-	68,649,659
Inter-segment sales	-	7,159,046	34,808	2,890	(7,196,744)	-
Total revenue	-	40,661,404	30,917,654	4,267,345	(7,196,744)	68,649,659
Results						
Segment results	(14,438,876)	(1,611,751)	(2,068,030)	(1,555,028)	(208,389)	(19,882,074)
Finance costs	(1,063,484)	(340,415)	(177,697)	-	-	(1,581,596)
Finance income	306	82,823	3,389	9,407	-	95,925
Share of results of an associate	(99,306)	-	-	-	-	(99,306)
Loss before taxation	(15,601,360)	(1,869,343)	(2,242,338)	(1,545,621)	(208,389)	(21,467,051)
Taxation						(485,299)
Loss for the financial year						(21,952,350)
Attributable to:						
Owners of the parent						(21,952,350)
ASSETS AND LIABILITIES						
Segment assets	104,319,167	46,480,997	67,107,372	12,789,508	(108,402,498)	122,294,546
Segment liabilities	46,222,571	23,197,283	13,110,749	860,958	(44,884,768)	38,506,793
OTHER INFORMATION						
Allowance for impairment	11,263,023	108,489	-	-	-	11,371,512
Amortisation	-	-	-	80,881	-	80,881
Depreciation	-	577,983	1,608,150	219,010	-	2,405,143
Fair value gain on biological assets	-	-	-	(1,564,519)	-	(1,564,519)
Inventories written down and written off	-	24,369	544,320	-	-	568,689
						12,861,706

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

37. SEGMENT INFORMATION (Cont'd)

	Investment Holding RM	Agriculture Supplies and Trading RM	Consumer Products RM	Horticulture and Agro-Biotechnologies RM	Elimination RM	Total RM
Group						
At 31 December 2015						
Restated						
REVENUE AND EXPENSES						
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	92,117	(16,119,306)	2,135,742
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)	-	-	-	-	(106,727)
Loss before taxation	12,111,745	3,260,604	1,235,142	39,988	(16,119,306)	528,173
Taxation						(895,753)
Loss for the financial period						(367,580)
Attributable to:						
Owners of the parent						(367,580)
ASSETS AND LIABILITIES						
Segment assets	119,134,882	45,555,443	64,974,234	15,374,698	(104,312,209)	140,727,048
Segment liabilities	45,356,568	20,287,656	8,093,246	2,206,740	(41,005,096)	34,939,114
OTHER INFORMATION						
Allowance for impairment	-	33,519	212,981	25,391	-	271,891
Amortisation	-	-	-	101,099	-	101,099
Depreciation	-	445,089	2,003,295	371,653	-	2,820,037
Fair value gain on biological assets	-	-	-	(2,721,915)	-	(2,721,915)
Inventories written down	-	1,875,037	-	-	-	1,875,037
						2,346,149

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

37. SEGMENT INFORMATION (Cont'd)

Geographical information

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

	GROUP	
	01.01.2016 to 31.12.2016 RM	01.10.2014 to 31.12.2015 RM
Local	**47,826,099**	100,845,495
Export	**20,823,560**	24,824,596
Total	**68,649,659**	125,670,091

Major customers

There is no significant concentration of revenue from any major customers.

38. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	Fair value through profit or loss RM	Loan and receivables RM	Financial liabilities measured at amortised costs RM	Total RM
Group				
31.12.2016				
Financial Assets				
Investment in quoted securities	**252,111**	**-**	**-**	**252,111**
Trade receivables	**-**	**12,393,207**	**-**	**12,393,207**
Other receivables and deposits	**-**	**5,638,148**	**-**	**5,638,148**
Deposits with licensed banks	**-**	**1,771,424**	**-**	**1,771,424**
Cash and bank balances	**-**	**1,969,101**	**-**	**1,969,101**
	252,111	**21,771,880**	**-**	**22,023,991**
Financial Liabilities				
Trade payables	**-**	**-**	**10,159,255**	**10,159,255**
Other payables and accruals	**-**	**-**	**3,606,263**	**3,606,263**
Term loans	**-**	**-**	**14,174,704**	**14,174,704**
Finance lease payables	**-**	**-**	**175,115**	**175,115**
Bills payable	**-**	**-**	**2,363,041**	**2,363,041**
Bank overdrafts	**-**	**-**	**3,768,861**	**3,768,861**
	-	**-**	**34,247,239**	**34,247,239**

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

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

	Fair value through profit or loss RM	Loan and receivables RM	Financial liabilities measured at amortised costs RM	Total RM
Group				
31.12.2015				
Financial Assets				
Investment in quoted securities	203,004	-	-	203,004
Trade receivables	-	11,965,048		11,965,048
Other receivables and deposits	-	5,403,778	-	5,403,778
Deposits with licensed banks	-	1,714,985	-	1,714,985
Cash and bank balances	-	1,989,375	-	1,989,375
	203,004	21,073,186	-	21,276,190
Financial Liabilities				
Trade payables	-	-	8,348,872	8,348,872
Other payables	-	-	2,857,515	2,857,515
Term loans	-	-	12,517,424	12,517,424
Finance lease payables	-	-	161,266	161,266
Bills payable	-	-	3,836,000	3,836,000
Bank overdrafts	-	-	3,304,336	3,304,336
	-	-	31,025,413	31,025,413

	Loan and receivables/ (Financial liabilities measured at amortised costs) 31.12.2016 RM	Loan and receivables/ (Financial liabilities measured at amortised costs) 31.12.2015 RM
Company		
Financial Assets		
Other receivables and deposits	**11,458**	1,300
Amount due from subsidiary companies	**27,805,941**	30,487,488
Cash and bank balances	**28,800**	361,998
	27,846,199	30,850,786
Financial Liability		
Other payables and accruals	**(151,026)**	(104,975)
Amounts owing to subsidiary companies	**(1,450,559)**	-
Term loans	**(10,798,384)**	(12,517,424)
	(12,399,969)	(12,622,399)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

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

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loan and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain 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 year represents the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks and non-financial institutions for credit facilities granted to certain subsidiary companies. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profiles of the Group's trade receivables is disclosed in Note 14. The Company has no significant concentration of credits risks except for loans to it subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
31.12.2016						
Non-derivative financial liabilities						
Trade payables	**10,159,255**	**-**	**-**	**-**	**10,159,255**	**10,159,255**
Other payables	**3,606,263**	**-**	**-**	**-**	**3,606,263**	**3,606,263**
Bills payables	**2,363,041**	**-**	**-**	**-**	**2,363,041**	**2,363,041**
Term loans	**3,046,284**	**3,046,284**	**8,594,626**	**6,422,503**	**21,109,697**	**14,174,704**
Finance lease liabilities	**57,290**	**57,290**	**61,620**	**19,703**	**195,903**	**175,115**
Bank overdrafts	**3,768,861**	**-**	**-**	**-**	**3,768,861**	**3,768,861**
	23,000,994	**3,103,574**	**8,656,246**	**6,442,206**	**41,203,020**	**34,247,239**
Group						
31.12.2015						
Non-derivative financial liabilities						
Trade payables	8,348,872	-	-	-	8,348,872	8,348,872
Other payables	2,857,515	-	-	-	2,857,515	2,857,515
Bills payables	3,836,000	-	-	-	3,836,000	3,836,000
Term loans	3,046,284	3,046,284	11,377,150	6,686,263	24,155,981	12,517,424
Finance lease payables	65,196	65,196	54,591	-	184,983	161,266
Bank overdrafts	3,304,336	-	-	-	3,304,336	3,304,336
	21,458,203	3,111,480	11,431,741	6,686,263	42,687,687	31,025,413
Company						
31.12.2016						
Non-derivative financial liability						
Other payables and accruals	**151,026**	**-**	**-**	**-**	**151,026**	**151,026**
Amount owing to subsidiary companies	**1,450,559**	**-**	**-**	**-**	**1,450,559**	**1,450,559**
Term loan	**2,782,524**	**2,782,524**	**7,803,346**	**-**	**13,368,394**	**10,798,384**
31.12.2015						
Non-derivative financial liability						
Other payables and accruals	104,975	-	-	-	104,975	104,975
Term loan	2,782,524	2,782,524	10,585,870	-	16,150,918	12,517,424

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(iii) Market risk

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD), Singapore Dollar (SGD), and Japanese Yen (JPY).

The Group and the Company have not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in			
	USD RM	**SGD RM**	**JPY RM**	**Total RM**
Group				
31.12.2016				
Trade receivables	**789,708**	**574,456**	**209,539**	**1,573,703**
Cash and bank balances	**152,290**	**778,033**	**-**	**930,323**
Trade payables	**(6,206,939)**	**(5,453)**	**-**	**(6,212,392)**
	(5,264,941)	**1,347,036**	**209,539**	**(3,708,366)**
31.12.2015				
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)

Foreign currency sensitivity analysis

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

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

	31.12.2016		31.12.2015	
	Change in currency rate RM	**Effect on profit before tax RM**	Change in currency rate RM	Effect on profit before tax RM
Group				
USD	**Strengthened 5%**	**(263,247)**	Strengthened 5%	(218,457)
	Weakened 5%	**263,247**	Weakened 5%	218,457
SGD	**Strengthened 5%**	**67,352**	Strengthened 5%	17,712
	Weakened 5%	**(67,352)**	Weakened 5%	(17,712)
JPY	**Strengthened 5%**	**10,477**	Strengthened 5%	8,998
	Weakened 5%	**(10,477)**	Weakened 5%	(8,998)

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

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

(iii) Market risk (Cont'd)

(ii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

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

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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

	GROUP		COMPANY	
	31.12.2016 RM	31.12.2015 RM	**31.12.2016 RM**	31.12.2015 RM
Floating rate instruments				
Term loans	**(14,174,704)**	(12,517,424)	**(10,798,384)**	(12,517,424)
Bills payables	**(2,363,041)**	(3,836,000)	**-**	-
Bank overdrafts	**(3,768,861)**	(3,304,336)	**-**	-
Fixed rate instruments				
Deposits with licensed banks	**1,771,424**	1,714,985	**-**	-
Financial lease payables	**(175,115)**	(161,266)	**-**	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do 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.

Cash flow sensitivity analysis for floating rate instruments

A change in interest rates by 1% at the end of the reporting period would have increased / (decreased) the Group' and the Company's profit before tax by RM203,066 and RM107,984 (2015: RM196,578 and RM125,174) respectively.

(iii) Market price risk

Market price 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 prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss. Management of the Group monitors investments in quoted instruments on a portfolio basis.

Market price risk sensitivity analysis

As market price risk arising from the Group's operations is not material, sensitivity analysis is hence not presented.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

38. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value of financial instruments

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

The table below analyses financial instruments not carried at fair value, together with their fair values and carrying amounts shown in the statements of financial position.

	Level 1 RM	Carrying amount RM
31.12.2016		
Group		
Financial asset		
Investment in quoted securities	**252,111**	**252,111**
31.12.2015		
Financial asset		
Investment in quoted securities	203,004	203,004

(i) Policy on transfer between levels

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

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

(ii) Level 1 fair value

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

(iii) Level 2 fair value

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

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

39. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

	GROUP		COMPANY	
	31.12.2016 RM	31.12.2015 RM	**31.12.2016 RM**	31.12.2015 RM
Bank borrowings (excluding bank overdrafts)	**16,712,860**	16,514,690	**10,798,384**	12,517,424
Trade, other payables and accruals	**13,765,518**	11,206,387	**1,601,585**	104,975
Total liabilities	**30,478,378**	27,721,077	**12,399,969**	12,622,399
Less: Cash and cash equivalents	**1,799,760**	1,314,961	**(28,800)**	(361,998)
Net debt	**32,278,138**	29,036,038	**12,371,169**	12,260,401
Total equity	**83,787,753**	105,787,934	**71,322,016**	74,583,071
Net debt	**32,278,138**	29,036,038	**12,371,169**	12,260,401
Capital and net debt	**116,065,891**	134,823,972	**83,693,185**	86,843,472
Gearing ratio	**28%**	22%	**15%**	14%

40. COMPARATIVE FIGURES

Financial information and disclosures were restated upon adoption of *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141). Accordingly, the comparative figures have been restated as below:

	As previously stated RM	**Prior year adjustments RM**	**As restated RM**
Group			
As at 1 October 2014			
Statements of financial position			
Non-current assets			
Property, plant and equipment	47,930,629	862,078	48,792,707
Biological assets	28,607,876	(26,778,678)	1,829,198
Current asset			
Inventories	19,060,497	(120,165)	18,940,332
Non-current liability			
Deferred taxation	7,887,932	(6,103,396)	1,784,536
Equity attributable to owners of the parent			
Retained earnings	50,756,865	(19,933,369)	30,823,496

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

40. COMPARATIVE FIGURES (Cont'd)

	As previously stated RM	Prior year adjustments RM	As restated RM
Group			
As at 31 December 2015			
Statements of financial position			
Non-current assets			
Property, plant and equipment	61,114,914	935,847	62,050,761
Biological assets	28,530,025	(25,914,490)	2,615,535
Current asset			
Inventories	25,787,225	(121,418)	25,665,807
Non-current liability			
Deferred taxation	9,629,469	(5,856,852)	3,772,617
Equity attributable to owners of the parent			
Retained earnings	49,699,125	(19,243,209)	30,455,916
Group			
For the period ended 31 December 2015			
Statements of comprehensive income			
Cost of sales	(98,046,171)	(1,996,851)	(100,043,022)
Fair value gain/(loss) on biological assets	(144,423)	2,866,338	2,721,915
Depreciation	(2,796,041)	(23,996)	(2,820,037)
Taxation	(740,422)	(155,331)	(895,753)
Loss per share (sen): Basic and diluted	(1.00)	0.65	(0.35)
For the period ended 31 December 2015			
Statements of cash flows			
Net cash from operating activities	5,055,647	97,765	5,153,412
Net cash used in investing activities	(28,163,953)	(97,765)	(28,261,718)

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 April 2017.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
31 DECEMBER 2016

42. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised (accumulated losses)/retained earning of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	31.12.2016 RM	31.12.2015 RM	**31.12.2016 RM**	31.12.2015 RM
Total (accumulated losses) / retained earnings of the Company and its subsidiary companies				
- realised	**10,001,424**	31,229,303	**16,352,431**	19,613,486
- unrealised	**(1,357,330)**	(812,648)	**-**	-
	8,644,094	30,416,655	**16,352,431**	19,613,486
Total share of retained earnings from associate company				
- realised	**(99,306)**	(106,727)	**-**	-
Add/(Less): Consolidation adjustments	**(41,222)**	145,988	**-**	-
Total (accumulated losses) /retained earnings	**8,503,566**	30,455,916	**16,352,431**	19,613,486

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2016

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Built-up Area (Sq m)	NBV As at 31/12/2016 (RM'000)	Market Value (RM'000)	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	36 years	Freehold	32	0.001 (1)	—	12.04.2012^
HS(D) 215977 PTD No. 19116 Town & District of Johor Bahru, Johor	3 storey factory cum office building/ Manufacturing and office	17 years	60 years lease expiring on 26.12.2053	4,860/ 4,768	6,163	6,300(2)	28.12.2015^
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/ Manufacturing office	7 years	Freehold	45,033/ 13,656	30,700	31,000(2)	28.12.2015^
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/ Industries premise	18 years	60 years lease expiring on 21.01.2050	14,008	4,890	5,000(2)	15,01,2016^
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)/ cultivation	8 years	Freehold	57,109/ 1,826	6,284	6,100(2)	23.12.2015^
Geran 98315 Lot 369 Mukim Ulu Sungai Johor District of Kota Tinggi, Johor	Nursery/ Cultivation	N/A	Freehold	47,702	1,500	1,500(2)	22.12.2015^
Unit K-08-01/02/03 /03A Blok K, No. 2, Jalan Solaris, Solaris Mont Kiara	Office Unit	N/A	Freehold	408	3,845	4,200(3)	11.05.2016^

LIST OF PROPERTIES CONT'D
AS AT 31 DECEMBER 2016

Property	Description/ Existing Use	Approximate Age of Building	Tenure	Land/ Built-up Area (Sq m)	NBV As at 31/12/2016 (RM'000)	Market Value (1) (RM'000)	Date of Acquisition (or CFO)* / Valuation^
Lot 249, GM 202 EMR 124, Mukim of Ulu Sungei Sedili Besar, District of Kota Tinggi, Johor	Agriculture land / Vacant	N/A	Freehold	26,280	310	310	31.12.2016^
Lot no. A-5-3A, Block A, Level 5, Unit No. 3A, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit	Vacant possesion: 17.01.2017	99 years lease	190	1,066	1,107	03.03.2016^
Lot no. A-5-6, Block A, Level 5, Unit No. 6, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit	Vacant possesion: 17.01.2017	99 years lease	168	930	970	03.03.2016^
Lot no. A-6-5, Block A, Level 6, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit	Vacant possesion: 17.01.2017	99 years lease	263	1,366	1,406	03.03.2016^
Lot no. A-8-5, Block A, Level 8, Unit No. 5, Jade Residence Condominium. Held Under CL 015101461 District of Kota Kinabalu	Intermediate Condominium Unit	Vacant possesion: 17.01.2017	99 years lease	263	1,382	1,422	03.03.2016^

ANALYSIS OF SHAREHOLDINGS

Total Issued Shares As At 05 April 2017 : 106,000,000

Treasury Shares As At 05 April 2017 : 27,500

Adjusted' Capital After Netting Treasury Shares As At 05 April 2017 : 105,972,500

Distribution of Shareholdings as at 05 April 2017

Size of Holdings	No. of Holders	%	No. of Shares	%
Less Than 100	73	5.944	2,906	0.002
100-1,000	225	18.322	87,820	0.082
1,001-10,000	470	38.273	2,617,857	2.470
10,001-100,000	389	31.677	12,548,178	11.840
100,001-5,298,625*	70	5.700	37,588,144	35.469
Over 5,298,625**	1	0.081	53,127,595	50.133
TOTAL	**1,228**	**100.000**	**105,972,500**	**100.000**

** Less Than 5% Of Issued Shares*
*** 5% And Above Of Issued Shares*

Substantial Shareholders as at 05 April 2017

Name	Holdings	%
Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Waras Dinamik Sdn Bhd (05-00054-000)	53,127,595	50.133

ANALYSIS OF SHAREHOLDINGS CONT'D

List Of Top 30 Holders As At 05 April 2017

No.	Name	Shareholdings	%
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Waras Dinamik Sdn Bhd (05-00054-000)	53,127,595	50.133
2	Lim Chee Lip	2,826,300	2.667
3	Soo Huey Yi	2,802,600	2.644
4	Chung Pel Keon	2,605,600	2.458
5	Ronny Ng	2,604,200	2.457
6	Sundat (S) Pte Ltd	2,569,677	2.424
7	Middlemount International Limited	1,355,000	1.278
8	Fong Hoo Meng	1,247,018	1.176
9	Fong Chiu Wan	1,208,600	1.140
10	Lo Mun Tat	1,017,400	0.960
12	Hew Sen Kian	812,750	0.766
13	Vo Nghia Huu	810,000	0.764
14	Kwok Hon Wun	753,500	0.711
15	Kow Song Tong	750,000	0.707
16	Farmcochem Sdn Bhd	730,000	0.688
17	Yew Tuck Kai	696,700	0.657
18	Kenny Tan Keng Seng	606,600	0.572
19	Hui Soon Oi @ Sun Oi	600,000	0.566
20	Ng Boon Sin	600,000	0.566
21	Lim Mui Miaw	541,000	0.510
22	Ng Boon Hong	506,000	0.477
23	Mohd Said Bin Ibrahim	502,008	0.473
24	Lo Mun Tat	500,000	0.471
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yip Tuck Leong (E-Klc)	450,000	0.424
26	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ling Leong Hea	390,000	0.368
27	Cimsec Nominees (Tempatan) Sdn Bhd Cimb Bank For Ang Eng Chuan (Mm1124)	373,000	0.351
28	Lau Sam Siong	358,000	0.337
29	Quantum Expansion Sdn Bhd	353,182	0.333
30	Tan Boon Leng	335,275	0.316
		82,982,005	**78.305**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of the Company will be held at Tanjung Room, Tanjong Puteri Golf Resort, Jalan Tanjong Puteri 1, 81700 Pasir Gudang, Johor on Monday, 22 May 2017 at 10.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. [Refer to Explanatory Note 1]

2. To re-elect the following Directors who retire in accordance with Article 86 of the Company's Articles of Association:

   a) Mr. Leong Kah Mun; and (Ordinary Resolution 1)

   b) Sr. Teh Teik Bin (Ordinary Resolution 2)

3. To re-elect En. Mohd Faisal Kaim Bin Abdullah, who retires in accordance with Article 93 of the Company's Articles of Association. (Ordinary Resolution 3)

4. To re-appoint General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd) as Director of the Company. [Refer to Explanatory Note 2] (Ordinary Resolution 4)

5. To approve the following payments to Directors:-

   a) Directors' Fees of RM649,421 in respect of the financial year ended 31 December 2016; (Ordinary Resolution 5)

   b) Directors' Fees up to RM800,000 in respect of the financial year ending 31 December 2017; and (Ordinary Resolution 6)

   (c) Directors' allowances payable to Directors of the Company not exceeding RM 300,000 for the financial year ending 31 December 2017. (Ordinary Resolution 7)

6. To re-appoint Messrs. UHY Chartered Accountants as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 8)

SPECIAL BUSINESS

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

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 75 (1) AND 76 (1) AND (3) OF THE COMPANIES ACT, 2016** (Ordinary Resolution 9)

   "THAT, pursuant to Sections 75 and 76 of the Companies Act, 2016, the Articles of Association of the Company and the approvals of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company at any time and upon such terms and conditions and for such 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 total number of 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 4]

8. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** (Ordinary Resolution 10)

   "THAT subject always to Companies Act, 2016 ("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 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:-

NOTICE OF
ANNUAL GENERAL MEETING CONT'D

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 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 is hereby authorised to decide at its discretion either to retain the Purchased Shares as treasury shares 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 of Directors be and is 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 5]

9. To transact any other business for which due notice shall have been given.

By Order of the Board
NG YIM KONG (LS 0009297)

Company Secretary

28 April 2017
Kuala Lumpur

NOTICE OF ANNUAL GENERAL MEETING CONT'D

Notes:-

i) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

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 is 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, 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 May 2017 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.

Explanatory Notes to the Agenda:-

<u>Item 1 of the Agenda</u>

1. The proposed Agenda 1 above is meant for discussion only. The provisions of Section 248(2) and 340 (1)(a) of the Companies Act, 2016 ["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.

<u>Item 2 of the Agenda – Ordinary Resolution 4</u>

2. Under the Companies Act 2016 which was enforced on 31 January 2017, there is no maximum age limit for Directors.

   At the 25th AGM of the Company held on 30 May 2016, General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd), who is above the age of 70, was re-appointed pursuant to Section 129 of the Companies Act 1965 to hold office until the conclusion of the 26th AGM. His term will end at the conclusion of the 26th AGM and he had offered himself for re-appointment.

   The proposed Ordinary Resolution 1, if passed, will enable General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd) to continue to act as Director of the Company and he shall be subject to retirement by rotation at a later date.

NOTICE OF
ANNUAL GENERAL MEETING CONT'D

The Nominating Committee ("NC") of the Company has assessed the criteria and contribution of General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd) and recommended for his re-appointment. The Board endorsed the NC's recommendation that General Tan Sri Dato' Sri Abdul Rahman Bin Abdul Hamid (Rtd) be re-appointed as Director of the Company.

Item 5 of the Agenda – Ordinary Resolution 5 & 6

3. Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at the general meeting.

   In view of the above, the Board wishes to seek shareholders' approval for the following payments to Directors at the 26th AGM in three (3) separate resolutions as below:-

   Resolution 5 on payment of Directors' Fees amounting to RM694,421 in respect of the financial year ended 31 December 2016; and

   Resolution 6 on Payment of Directors' Fees of up to RM800,000 in respect of financial year ending 31 December 2017, if approved, will allow fees to paid to the Directors during the year.

   Resolution 7 on payment of directors' allowances payable to Directors of the Company not exceeding RM 300,000 and directors fee of up to RM 800,000 in respect of the financial year ending 31 December, 2017, if approved, will allow allowances to be paid to Directors during the year.

Item 7 of the Agenda – Ordinary Resolution 9
Authority to Allot Shares Pursuant to Section 75 and 76 of the Companies Act, 2016

4. The proposed Ordinary Resolution 8 is primarily to give authority to the Directors of the Company 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 8 of the Agenda – Ordinary Resolution 10
Proposed Renewal of Authority for Share Buy-Back

5. The proposed Ordinary Resolution 10, 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 2016 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

There is no person seeking election as Director of the Company at this Annual General Meeting.

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 26th 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 **Monday, 22 May 2017** at **10.30 a.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
Ordinary Resolution 1	– Re-election of Mr. Leong Kah Mun as Director		
Ordinary Resolution 2	– Re-election of Sr. Teh Teik Bin as Director		
Ordinary Resolution 3	– Re-election of En. Mohd Faisal Kaim Bin Abdullah as Director		
Ordinary Resolution 4	– Re-appoint General Tan Sri Dato' Abdul Rahman Bin Abdul Hamid (Rtd)		
Ordinary Resolution 5	– Payment of Directors' Fees 2016		
Ordinary Resolution 6	– Payment of Directors' Fees 2017		
Ordinary Resolution 7	–Payment of Directors' Allowance 2017		
Ordinary Resolution 8	– Re-appointment of Messrs. UHY Chartered Accountants and Authority for Directors to Fix Their Remuneration.		
Ordinary Resolution 9	– Authority for Directors to Issue and allot shares.		
Ordinary Resolution 10	– Proposed Renewal of Authority for Share Buy Back		

Dated this______________day of______________2017

For appointment of two (2) proxies, number of shares and percentage of shareholding to be represented by each proxy :

	No. of Shares	Percentages
Proxy 1	____________	______
Proxy 2	____________	______
Total		100%

____

Signature of Member/Common Seal

NOTES:-

i) A proxy need not be a member of the Company. There is no restriction as to the qualification of the proxy.

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, 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 15 May 2017 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)
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