FRESH FROM US TO YOU

FARM FRESH BERHAD

Co. Reg. No.: 201001010221 (894851-U)







ANNUAL REPORT 2022



COVER **RATIONALE**

Farm Fresh is a true blue Malaysian success story. From humble beginnings, we have grown to be a household name and Malaysia's leading dairy brand.

The success of our company is a reflection of our hard work and passion. We take great care to produce only the finest in quality. From wholesome diets for our cows to safe processes in our farms, we ensure only the best for your consumption. This includes our best-selling dairy-based Ready To Drink ("RTD") chilled, ambient and yoghurt products as well as plant-based products such as soy, almond and oat milk.

Our products are available nationwide and we also have our own e-commerce platform, Fresh Farm Mart, with over 900 home dealers and regional stockists in our network.

We hope to continue to grow and bring fresh natural goodness to all for a healthier and happier nation of dairy lovers.

This Integrated Report is available at **https://www.farmfresh.com.my/investor-relations/**

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ABOUT **THIS REPORT**

2022 is our first year as a public listed company. It also marks the publishing of our inaugural Integrated Annual Report ("<IR>").

We have chosen this format as it allows us to illustrate the holistic and cohesive way that strategies are formed and executed within Farm Fresh Berhad (otherwise referred to as "the Group" or "the Company"), thoroughly considering the needs of our stakeholders, our risks and opportunities, and the overarching drivers which we have identified as core to our growth.

We present this report in the hope that it will elucidate clearer understanding and trust in how we will leverage our strategies to create value over the short, medium and long term.

Reporting Framework

The disclosures in this report are guided by:

- The International <IR> Framework January 2021 issued by Value Reporting Foundation
- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Corporate Governance Guide (4th edition)
- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia
- Malaysian Companies Act 2016
- Malaysian Financial Reporting Standards

This <IR> also contains our second Sustainability Report, which provides a comprehensive report of our performance in relation to economic, environmental and social sustainability issues that are material to the Group and our stakeholders. Its disclosures are guided by:

- Bursa Malaysia's Sustainability Reporting Guide (2nd Edition)
- Bursa Malaysia Main Market Listing Requirements
- Global Reporting Initiative ("GRI") Sustainability Reporting Standards

Scope & Boundary:

- This report extends beyond financial reporting to include non-financial performance and our achievements as a Group
- It covers the reporting period of 1 April 2021 to 31 March 2022, unless otherwise stated

HOW TO NAVIGATE **THIS REPORT**

Our Six Capitals

- Financial Capital
- Human Capital
- Manufactured Capital
- Social & Relationship Capital
- Intellectual Capital
- Natural Capital

Our Material Matters

- Product Quality & Safety
- Producing Healthy Products
- Efficient Farm Management & Production
- Distribution Network Management
- Talent Attraction, Retention & Development
- Environmental Stewardship
- Community Impact
- Regional Growth

Forward-looking Statements:

- This report contains certain forward-looking statements, relating to information on future directions, strategies, potential risks, actions to mitigate risks and our performance
- These statements and forecasts involve uncertainty as they describe future events and are not conclusive. Actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable
- The inclusion of forward-looking statement in this report should not be regarded as a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise any forward-looking statements



Our Key Stakeholders

- Customers
- Distributors
- Employees
- Governments & Regulators
- Investors & Shareholders
- Local Communities
- Suppliers

Our Strategic Priorities

- Expansion
- Innovation
- Reputation



THE FARM FRESH STORY

From grass-to-glass to great success, the growth of Farm Fresh that has unfolded over the past 13 years is one of Malaysia's most remarkable business success stories.



In 2009, our founders Loi Tuan Ee and Loi Tuan Kin imported 60 Holstein Jersey cows from Australia, setting up a small farm in Mawai, Johor to produce dairy for the local Malaysian market. They ensured that all products were free of preservatives, artificial colourings and flavourings, and delivered freshly to supermarket shelves. This created a key competitive advantage compared to imported dairy brands, many of which offered products containing powdered or reconstituted milk.

Aided by the popularity of our fresh milk products and investment from Khazanah National Berhad, we subsequently undertook various expansions to our production capacity and product offerings. We also pioneered an innovative "home dealer programme", whereby micro-entrepreneurs in rural areas of Malaysia were appointed as stockists, dealers and agents of our products, providing income-generation opportunities while improving our penetration of some of Malaysia's most remote areas.

Today, we are a fully vertically integrated dairy producer, operating six dairy farms and three processing facilities across Malaysia and Australia, and marketing 135 SKUs across our various brands including Farm Fresh, Master Barista, Henry Jones, Yarra Farm, Yarra by Farm Fresh and Nubian Goat's Milk. We have established a presence in various product segments including Ready To Drink ("RTD") chilled, ambient and yoghurt products, plant-based products, and sauces. Furthermore, driven by our strong research and development capabilities, we were the first to introduce innovative products including kurma milk, organic milk, lactose-intolerant milk, oat and almond milk to the Malaysian market, catering to the evolving requirements and preferences of consumers.

Having evolved from a homegrown upstart to become Malaysia's largest integrated producer of dairy products made from fresh raw milk, our focus now lies in expanding our production capacity and capabilities even further, thereby enabling us to expand our reach to more markets across Asia and introduce dairy *just as nature intended* to even more consumers.



"We have established a presence in various product segments including Ready To Drink ("RTD") chilled, ambient and yoghurt products, plant-based products, and sauces."

A SNAPSHOT OF FY2022

FINANCIAL HIGHLIGHTS

Revenue ▲ 2%

RM501.9 million
(2021: RM490.5 million)

Profit Before Tax ▼ 3%

RM65.7 million
(2021: RM67.6 million)

Net Profit ▲ 139%

RM78.6 million
(2021: RM32.8 million)

Earnings Per Share ▲ 119%

4.87 sen
(2021: 2.22 sen)

Shareholders' Equity ▲ 153%

RM611.0 million
(2021: RM241.0 million)

Net Gearing Ratio ▼ 56%

0.43 times
(2021: 0.98 times)

OPERATIONAL HIGHLIGHTS

78.6 million
litres of finished goods sold
(2021: 75.5 million litres)

Total landbank size of
5,416 acres
(2021: 4,916 acres)

13 (Total 135 SKU)
new products commercialised
(2021: 9 products)

10,309 dairy cows and bulls
(2021: 9,066 dairy cows and bulls)



SUSTAINABILITY HIGHLIGHTS

335.0 million litres
of Farm Dairy Effluent (FDE) recycled and removed from waste discharge
FY2021: 289.6 million litres

428.8 million litres of municipal water saved through rainwater harvesting and tube well pumping
FY2021: 401.5 million litres

RM133.9 million income generated for stockists, dealers and agents under our home dealer programme
FY2021: RM151.5 million

86.4 million kg
of solid waste recycled and removed from waste discharge
FY2021: 64.8 million kg

28% of turnover from products using fully recyclable, sustainably sourced packaging
FY2021: 33%

RM3.2 million in income generated for our partner farmers
FY2021: RM8.6 million

687,876 kg of chemical fertiliser removed from our cycle
FY2021: 573,000 kg

The carbon emissions intensity of our Malaysian farms is **27% lower** than the average Asian dairy farm

72% of our total workforce across farms and processing facilities recruited from rural communities in Malaysia
FY2021: 72%

AWARDS & RECOGNITION



1. **Certified Humane® Accreditation**
for all our completed Malaysian farms from Humane Farm Animal Care (HFAC)

2. **Asia Corporate Excellence & Sustainability Awards 2021**
Asia's Best Performing Companies

3. **Putra Brand Awards 2021**
   - Putra Most Enterprising Brand of the Year
   - Platinum Award in the Beverage – Dairy category

OUR **PRODUCTS**

We serve the Malaysian as well as export markets with a diverse product portfolio of dairy and plant-based products, catering to a range of consumer preferences and dietary restrictions. All our products are produced in-house using fresh milk that is free of preservatives, artifical colourings and flavourings, and other foreign substances, and marketed under brands that are fully owned by the Group.



OUR BRANDS



Malaysia's largest homegrown dairy brand

Our brand of Australia-farmed milk, freshly flown and free of preservatives

Our brand of organic milk from Australia, available in both fresh and UHT varieties

Specialist milk formulated for the most exacting of coffee creators

A nutritionally wholesome alternative for those with lactose intolerance

Gourmet sauces and marinades for home chefs

OUR COMPETITIVE ADVANTAGE

In order to deliver on our proposition of offering high quality fresh milk-based products, we have invested extensively in refining in-house practices and developing an extensive owned network across the dairy value chain. As a result, we boast several key competitive advantages within the Malaysian dairy market.



ONE OF THE LARGEST AND FASTEST GROWING PLAYERS IN THE MALAYSIAN DAIRY INDUSTRY

We are now Malaysia's largest integrated producer of dairy products made from fresh raw milk.



AN ATTRACTIVE AND DIVERSIFIED PORTFOLIO OF PROPRIETARY BRANDS

We boast the largest portfolio of locally manufactured dairy products amongst Malaysian integrated dairy companies, all of which are based on our fresh milk proposition.



A VERTICALLY INTEGRATED "GRASS-TO-GLASS" MODEL

Our presence across the value chain from farming to distribution provides us with greater economies of scale and enables us to exercise a high degree of control over product quality.



GENE BANK OWNERSHIP AND ESTABLISHED FARM MANAGEMENT PRACTICES

We own one of the largest remaining gene banks of the original Australian Friesian-Sahiwal cattle globally, employing proven practices across our farms to maximise herd health and milk yield.



EXTENSIVE MARKET PENETRATION THROUGH OUR MULTI-CHANNEL DISTRIBUTION NETWORK

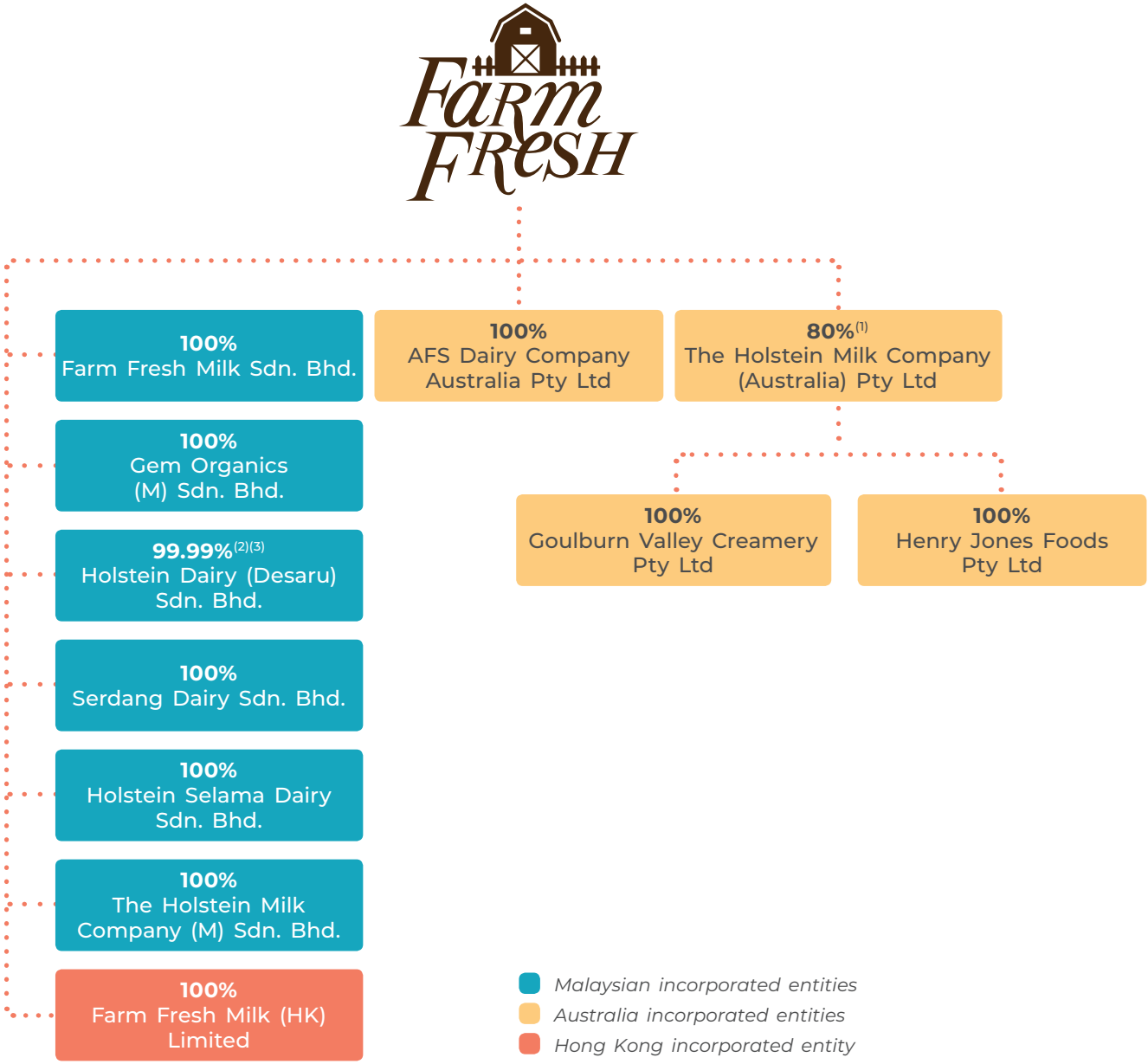
Our distribution network covers all states and key cities in Malaysia, while our unique home dealer network provides unrivalled penetration of rural areas of the country.



STRONG AND EXPERIENCED MANAGEMENT TEAM WITH SIGNIFICANT EMPHASIS ON ESG INITIATIVES

Our founder-led key senior management team have a combined 33 years of experience in the dairy industry, boasting a strong track record of delivering organic and inorganic growth since our founding.

GROUP STRUCTURE



Notes:

(1) Remaining 20% held by Dairy Livestock Exports Pty Ltd, which is wholly-owned by Adam Graeme Pretty. Dairy Livestock Exports Pty Ltd is the trustee for the Adam Pretty Family Trust. Adam Graeme Pretty is the Managing Director of the Australian Business.

(2) Loi Tuan Ee and Azmi Bin Zainal hold one share each in Holstein Dairy (Desaru).

(3) Pursuant to the terms of the joint venture agreement dated 23 February 2015 between Bio Desaru Sdn. Bhd. and our Company (as supplemented by the supplementary agreement dated 17 May 2018) ("JVA"), Bio Desaru Sdn. Bhd. will subscribe for 33% ordinary shares in Holstein Dairy (Desaru) to be satisfied by part of the rental under the registered lease for the Desaru Farm.

OUR FARMS & **PROCESSING FACILITIES**

With six farms and three processing facilities across Malaysia and Australia, we are equipped to meet the growing demand for dairy and plant-based products among consumers. Furthermore, through the proximity of processing facilities to farms as well as proximity of our processing facilities to our customers in various regions within Peninsular Malaysia (more so with our upcoming Taiping processing facility and our planned central region manufacturing hub), we are able to ensure speed-to-market in all areas of Peninsular Malaysia.





MUADZAM SHAH

Commenced Production:
December 2014
Area: 1,105 acres
Capacity: 3,100 dairy cows

A vertically integrated farm with processing and manufacturing facilities located on site. We have also obtained, on a 30-year lease basis, 500 acres of land from Pahang State Government, which we will develop into a farm with similar capacity to our current Muadzam Shah farm, bringing our total land size to 1,105 acres and a total capacity to 6,000 dairy cows.



DESARU

Commenced Production:
September 2017
Area: 325 acres
Capacity: 550 dairy cows

A full-scale dairy farm with facilities covering all facets of dairy farm operations including barns, milking stations, pasture areas, a feed mixing area and calf facilities.

Milk produced is processed at our Larkin facility.

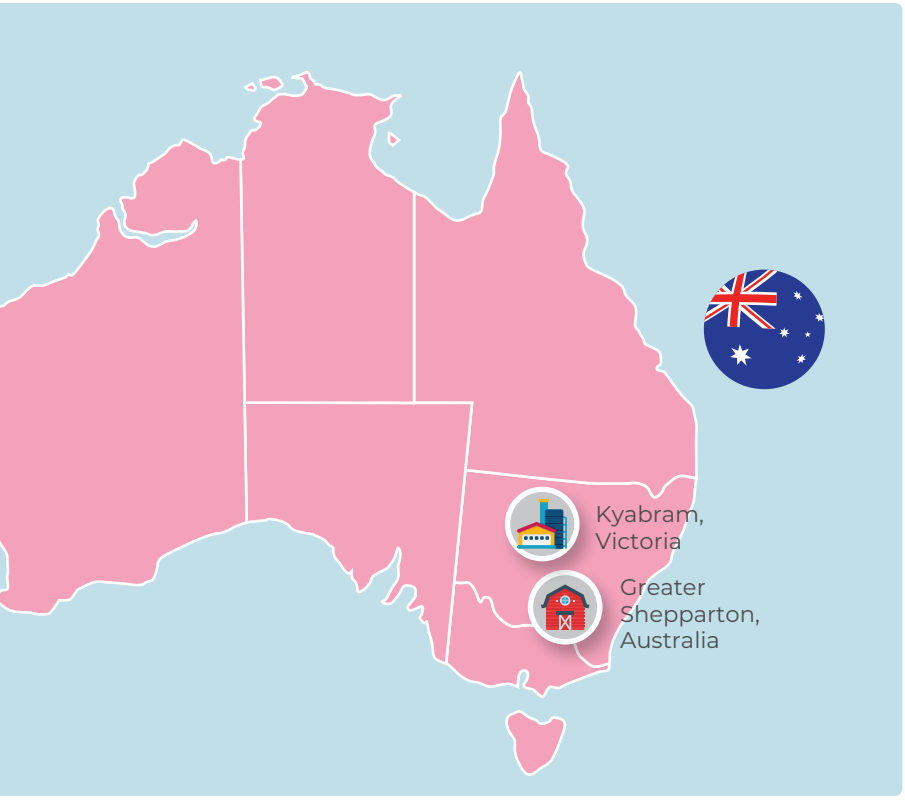


UPM

Commenced Production:
September 2018
Area: 100 acres
Capacity: 450 dairy cows

A full-scale dairy farm. Also serves as the location for the Industry Centre of Excellence for dairy farming ("ICoE"), which we have formed in collaboration with Universiti Putra Malaysia to enhance research in areas related to dairy products and farming. Houses a visitor centre to educate the public on dairy farming, the benefits of fresh milk, and our brands.

Milk produced will be processed on site pending completion of a milk processing facility in 2022.



5,416
acres of land

10,309
dairy cows and bulls

Annual capacity of

137.0 million litres
of finished goods

84.0 million litres
of processed milk



MAWAI

Commenced Production:
October 2019
Area: 471 acres
Capacity: 1,400 dairy cows

A full-scale dairy farm with facilities covering all facets of dairy farm operations including barns, milking stations, pasture areas, a feed mixing area and calf facilities.

Milk produced is processed at our Larkin facility.



TAIPING

Commenced Production:
September 2021
Area: 828 acres
Capacity: 1,400 dairy cows

Upon completion, our Taiping farm will be a full-scale dairy farm with a capacity to house 3,000 dairy cows, and will contain an on site processing facility.



GREATER SHEPPARTON, AUSTRALIA

Commenced Production:
December 2017, February 2019 & April 2019 (based on progressive landbank expansion)
Area: 2,587 acres
Capacity: 2,750 dairy cows

A full-scale dairy farm with facilities covering all facets of dairy farm operations including barns, milking stations, pasture areas, a feed mixing area and calf facilities.

Milk produced is processed at our Kyabram facility.

OUR PRESENCE
ACROSS THE DAIRY VALUE CHAIN

We operate a "grass-to-glass" model with a presence across the upstream, midstream and downstream segments of the dairy industry, and are today Malaysia's largest integrated producer of dairy products made from fresh milk.

This vertical integration provides us with traceability across our value chain, optimises cost-efficiency due to reduced import and third-party costs, and maximises our competitiveness in the markets in which we are present. This positions us ideally to scale our operations and further penetrate both the local Malaysian and regional markets.

Upstream	Midstream	Downstream
Systematic farm management, animal husbandry and milking practices	**Efficient processing of milk in line with global food safety and quality standards**	**Extensive market penetration through our multi-channel distribution network**
Six farms across Malaysia and Australia	Three processing facilities across Malaysia and Australia	Well established network comprising large-format retailers, modern trade outlets, distributor agents and home dealers
• Adoption of systematic breeding process via our dedicated IVF unit, delivering higher yields compared to similar breeds in other countries • Adoption of total mixed ration feeding regime to deliver a chemically and nutritionally balanced ration to our cows • Purpose-built barns with easy access to food and water and comfortable dry sand bedded areas, enabling greater well-being of our herd, increased raw milk yield and herd longevity • Adoption of strict biosecurity measures, overseen by a team qualified in veterinary science, animal science and husbandry • Optimisation of milking schedules and use of advanced milking stations	• Alignment of our processes with the Hazard Analysis Critical Control Points (HACCP) system to assist with the control of biological, chemical and physical hazards across our production chain • Adoption of the Good Manufacturing Practices (GMP) to further enhance food hygiene and safety standards • Development of and adherence to the Farm Fresh Food Safety Management System, which includes key food safety controls catered to the unique demands of our value chain	• Established relationships with large-format retailers including leading supermarkets and hypermarkets • Strong presence across modern trade outlets including convenience stores, mini markets and petrol kiosks • Sales to HORECA outlets through distributor agents • Strong penetration of rural areas in Malaysia through our home dealer programme, which comprises 45 stockists, 900 home dealers and 1,772 agents, spanning all states in Malaysia

Optimal product quality and operational efficiency

OUR **GROWTH STRATEGIES**

Leveraging internally-generated funds and the proceeds from our IPO, we are aggressively pursuing growth opportunities that will further strengthen our position as one of Malaysia's leading dairy producers and expand our market share within sizeable markets across Asia. We intend to achieve our goals by implementing the strategies below.

EXPAND OUR CAPABILITIES ACROSS THE VALUE CHAIN IN MALAYSIA	Expand our existing farms, install new filling and packaging lines, invest in a new manufacturing hub to be located in Negeri Sembilan, and set up a farm and integrated processing facility in East Malaysia.
GROW OUR PRODUCT PORTFOLIO	Launch new products – including a fortified growing up milk, plant-based yoghurts and UHT/ ambient dairy varieties – while deepening our penetration of the school and canteen market.
ACCELERATE REGIONAL EXPANSION OUTSIDE MALAYSIA	Increase the production capacity of our facility in Kyabram, Australia, to meet export demand across Asia-Pacific, while expanding into the Indonesia, Philippines and Hong Kong consumer dairy markets.

KEY **MILESTONES**

2009



- Commenced our dairy farming operations involving the rearing of goats and sale of goat milk.

2011

- Malaysian sovereign wealth fund Khazanah invests in The Holstein Milk Company Sdn. Bhd. (now known as Farm Fresh Berhad) via its wholly-owned vehicle, Agrifood Resources, acquiring a stake of 30%.



2012

- Commenced processing operations at our Larkin facility.
- Launched our first flavoured milk product, namely our Farm Fresh chocolate milk.
- Launched our Farm Fresh colouring-free yoghurt.



2014

- Commenced dairy farming activities at our Muadzam Shah farm.
- Appointed "Anchor Company" for the Muadzam Shah Cattle Research and Innovation Centre in Pahang.

2015

- Entered into an agreement for the acquisition of AFS Dairy Company, granting the Company ownership of one of the largest remaining gene banks of the AFS dairy breed to further increase our supply of the AFS dairy breed. The acquisition was completed in 2017.
- Awarded "Best Dairy Farm" by Asia Livestock.

2016

- Commenced distribution of our products in Singapore.
- Launched kurma (palm dates) RTD milk using pure kurma extract, becoming the first local player in Malaysia to do so.

2017

- Our Desaru Farm became fully operational, providing additional fresh milk supply to our Group's processing facilities.
- Acquired Petabern Dairies, granting us access to Australian Holstein's purebred herd and resulting in the establishment of our first dairy farm in Australia, our Greater Shepparton Farm 1.
- Achieved the Good Agricultural Practices Certification accreditation from the DVS for our Muadzam Shah Farm.

2018

- Launched our lactose-free milk, becoming the first local player in Malaysia to do so.
- Entered into an agreement, through THMC (Australia), to acquire our Greater Shepparton Farm 2, which is an additional dairy farm located adjacent to the Greater Shepparton Farm 1 in Australia to serve as additional landbank allowing further herd expansion.
- Commenced processing and manufacturing activities at our Muadzam Shah farm. Launched our fresh milk-based UHT milk.

2019

- Entered into an agreement, through THMC (Australia), to acquire the Greater Shepparton Farm 3, which is an additional dairy farm located within the same vicinity as Greater Shepparton Farm 1 and Farm 2 in Australia to serve as additional landbank allowing further herd expansion and AFS breeding.
- Completed the acquisition of our Kyabram facility through THMC (Australia), enhancing our capacity to process fresh milk in Australia and reducing our reliance on third parties for processed milk.

2020

- Received the ASEAN Inclusive Business Award.



- Launched our oat milk, almond milk and chocolate soy milk products.

2021

- Commenced farm operations at our Taiping farm.
- Established our UPM Facility which commenced operations in March 2022.
- Received the Certified Humane® farming accreditation from HFAC.
- Achieved the Good Agricultural Practices Certification accreditation from the DVS for our UPM farm.
- Received the Asia Corporate Excellence & Sustainability Awards 2021 (ACES) as one of Asia's Best Performing Companies in November 2021.

2022



- Received two awards at the Putra Brand Awards in January 2022: Platinum Award in the Beverage - Dairy category and Putra Most Enterprising Brand of the Year.
- As at 31 March 2022, we have 135 SKUs, including our newly launched A2 organic milk and banana milk.



- Farm Fresh Berhad is listed on the Main Board of Bursa Malaysia on 22 March 2022.

Chairman's statement



"DEAR STAKEHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS ("THE BOARD"), IT GIVES ME GREAT PLEASURE TO PRESENT TO YOU FARM FRESH BERHAD'S ("FARM FRESH" OR "THE GROUP") INTEGRATED ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022, WHICH IS ALSO OUR FIRST SINCE OUR LISTING ON THE MAIN BOARD OF BURSA MALAYSIA ON 22 MARCH 2022."

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas

Chairman

With our listing, this past year has been a truly momentous one for the Group, a culmination of 13 years of tireless work and dedication from the management team to build Farm Fresh into what it is today. It is therefore with a sense of great responsibility that I discharge my duties as Chairman, cognisant of the great opportunity Farm Fresh has to continue creating long-term value in Malaysia and across Asia.

In this statement, I shall outline the many ways in which we have aligned the trajectory of our operations with our duties to our stakeholders, as we seek to exemplify the spirit of *just as nature intended* not just through our products but also our actions across our diverse footprint.

DRIVING COMMUNITY DEVELOPMENT

Since our founding, generating shared value between our business and local communities has been central to our purpose. This imperative has guided our development of local-first policies, where we seek to meet the needs of our business within our surrounding communities, the majority of which are rural and relatively economically disadvantaged. This in turn led to the creation of our home dealer programme and local partner-farmer network, which provide sustainable economic opportunities to rural distributors and farmers respectively.

Today, these programmes have grown to become landmarks in the Malaysian dairy industry, providing entrepreneurs with an avenue to improve their livelihoods and attain incomes significantly in excess of comparable incomes in their geographical region. In the case of our home dealer programme, our network has helped thousands of micro-entrepreneurs, out of which 80% of them are worman, to gain financial independence and become pillars of their communities.

As at the end of FY2022, we had grown our home dealer network to 45 stockists, 900 home dealers and 1,772 agents, spanning all states in Malaysia and generating RM133.9 million in income across our home dealer network. That this economic value is circulated within local communities to drive rural development is a source of continuing pride for us.

Our community development efforts also span our hiring practices, and at present, our total workforce across our farms and production facilities comprise 93.8% local staff and 72% staff who are recruited from rural and undersaved communities, including the indigenous *Orang Asli* community.



With an eye to nurturing the next generation of leaders, our focus is equally trained on providing opportunities for society's most under-represented to achieve career advancement. In FY2022, we launched the Farm Fresh Scholarship Programme, whereby we are providing academically strong *Orang Asli* students with educational and financial support for their studies all the way from primary to university level, with guaranteed employment for all graduates who meet pre-stipulated performance standards. While the programme is currently in its pilot phase with 20 students, we hope to expand its reach in the coming years in order to deliver greater impact in rural areas and build a sustainable pipeline of future leaders for the Group.

During the past year, we also rolled out a timely philanthropic response to COVID-19 and its devastating impact on families and communities. Through a donation of RM500,000 to Yayasan Didik Negara (YDN) and a further RM360,000 from public donations which we facilitated via our website, we were able to help students affected by the loss of parents due to the pandemic, providing the financial support they need to continue their studies in spite of mounting difficulties.

CHAIRMAN'S STATEMENT

CONTRIBUTING TO A HEALTHIER PLANET

Our operations are necessarily land- and resource-intensive, and as a responsible dairy company we have taken proactive steps to reduce our climate impact and operate more harmoniously with natural environments.

Our efforts in this area date back to 2014, when we first introduced regenerative agricultural practices at our Muadzam Shah farm. These practices, as detailed in our Sustainability Statement, aim to achieve circularity at our farms by recycling organic or animal waste for reuse across key functions such as pasture irrigation, fertilisation and barn washing, and by maximising our use of rainwater and groundwater. Collectively, they serve to reduce our reliance on municipal sources of water and minimise the waste that we discharge into the surrounding environment.

In FY2021, we took our commitment to environmental and climate action further by undertaking our inaugural carbon footprint inventory exercise based on the GHG Protocol Corporate Accounting and Reporting Standard. The exercise provided us with a complete picture of our emissions across the Group, illuminating strategies that we can employ to achieve progressive reductions in this area over time. The exercise yielded positive results compared to regional benchmarks as issued by the Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019. Our Malaysian farms have an emissions intensity 27% lower than the average of Asian dairy farms, and our Australian farms are doing even better, with an emissions intensity 47% lower than the corresponding average in the Oceania region.

Accordingly, we have begun the process of implementing key climate action strategies including the adoption of renewable energy, with our solar PV projects for Muadzam Shah and Larkin already complete. I'm proud to highlight that in several hours during the day, our Muadzam Shah facility runs completely on solar power and does not draw any electricity from the grid. Soon, we will also have a solar PV system at our Taiping farm, on top of our first biogas plant which is planned for our Muadzam Shah farm.

In seeking to stand as an example of environmental responsibility within our industry and Malaysia as a whole, the sustainability of our packaging is yet another key focus area. Currently, 37% of our turnover comes from products that use fully recyclable and sustainably forested packaging, a proportion which we aim to increase significantly in the coming years.

However, we understand that introducing recyclable packaging is only half of the equation. To encourage the adoption of recycling within the Malaysian populace, we have opened an education centre at our UPM farm in 2022 which will spread awareness of the importance of recycling and teach consumers best practices which they can apply in their everyday lives.

Looking forward, as we continue to strengthen our approach to environmental sustainability, we aim to develop sustainability-linked supplier criteria that will guide our supplier selection process, enabling even greater positive impact across the entire dairy value chain.

DELIVERING SUSTAINABLE GROWTH

As a newly public listed company, the execution of our ambitious expansion plans rests greatly on our ability to maintain the trust of consumers and our stakeholders at large.

In implementing a robust approach to governance, FY2022 saw the introduction of a range of new policies and codes including our Code of Conduct and Business Ethics, Conflict of Interest Policy, Ethical Trading Policy and our Whistle Blowing Policy. Developed in line with the recommendations of the Malaysian Code on Corporate Governance (MCCG) 2021, these policies and codes uphold the utmost importance of ethical business practices and enshrine the principles of non-discrimination, anti-bribery and anti-corruption, and transparency at all levels of our business and across our supply chain.



In enabling the Group to deliver responsible and balanced growth, I am further heartened by the appointment of a diverse group of individuals to our inaugural Board of Directors. Its seven members collectively bring to the table a wealth of experience across dairy farming and production, investment management, risk management, corporate governance, government relations and more, and will maximise our ability to achieve our near-to-long-term targets while safeguarding the interests of our stakeholders.

I am deeply aware of the responsibility that the Board carries in delivering on our long-term objectives and look forward to working with my fellow Board members in a collaborative spirit in order to further drive the Group's value creation and growth trajectory.

> **"Thanks to your energy and belief, we have achieved what many thought impossible and led a homegrown company to become Malaysia's favourite dairy provider"**





ACKNOWLEDGEMENTS

On behalf of the Group, I would like to express my sincere appreciation to our diverse and dedicated workforce – spearheaded by the vision of our Founder, Group Managing Director and Group Chief Executive Officer Loi Tuan Ee – for their efforts in helping Farm Fresh Berhad achieve its goals since the company's founding in 2009. Thanks to your energy and belief, we have achieved what many thought impossible and led a homegrown company to become Malaysia's favourite dairy provider. Equally, I would like to thank our many partners – spanning our suppliers, distributors and government authorities – for their unstinting support and collaborative efforts.

As we look forward towards a future filled with possibility, we will strive to enhance the ability of our business to generate shared value for our stakeholders at every turn.

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas
Chairman

Group Chief Executive Officer's statement



DEAR STAKEHOLDERS,

FROM A HOMEGROWN DAIRY COMPANY FOUNDED WITH 60 COWS IN A SMALL FARM IN JOHOR, FARM FRESH BERHAD HAS GROWN LEAPS AND BOUNDS OVER THE PAST 13 YEARS TO BECOME MALAYSIA'S LARGEST VERTICALLY INTEGRATED DAIRY COMPANY, CULMINATING IN OUR LISTING ON THE MAIN BOARD OF BURSA MALAYSIA ON 22 MARCH 2022.

LOI TUAN EE

Group Managing Director
and Chief Executive Officer

RATHER THAN BEING AN ENDPOINT IN OUR EVOLUTION, THIS IS JUST THE BEGINNING OF A WHOLE NEW CHAPTER IN OUR HISTORY; ONE WHERE WE WILL LEVERAGE THE CAPABILITIES WE HAVE DEVELOPED AND KNOWLEDGE WE HAVE GAINED TOWARDS CEMENTING OUR LEADERSHIP POSITION IN THE MALAYSIAN DAIRY INDUSTRY AND EXPAND TO NEW MARKETS ACROSS THE ASIA-PACIFIC REGION. IT IS A TIME OF GREAT PROMISE AND EXPECTATION.



Nevertheless, as we gear up to capitalise on the opportunities of the modern day, we are conscious that we are operating in a market environment and global context that is unprecedented in the scale of its challenge. With conflict returning to the developed world and global economic uncertainty looming, commodity and logistics prices have surged, causing many global companies to cut spending and adopt caution.

While we have undoubtedly been affected by this turbulent macro environment, its impact has been limited due to the internalisation of our operations as a vertically integrated dairy company. Indeed, our "grass-to-glass" model – with a presence across the upstream, midstream and downstream segments of the dairy industry – is our greatest strength, providing us with the flexibility to adapt to operational challenges and scale to meet demand alike, all while minimising costs of farming, processing and distribution.

REVENUE
RM501.9 million
(2.3% YoY ▲)

PROFIT BEFORE TAX (PBT)
RM65.7 million
(2.8% YoY ▼)

EBITDA
RM104.1 million
(5.4% YoY ▲)

In this statement, I will outline the various strategies we have employed to drive expansion, enable innovation and enhance our reputation as an organisation, while detailing the ambitious plans we have formulated to accelerate growth in future.

CHIEF EXECUTIVE OFFICER'S STATEMENT



RECORDING A RESILIENT FINANCIAL PERFORMANCE

In spite of supply chain and commodity price increases, the Group registered a solid financial performance in FY2022 with revenue of RM501.9 million (2.3% YoY increase) and a slight decline in our Profit Before Tax to RM65.7 million (3% YoY decrease). Our results were depressed by losses incurred and the consequent rationalisation of our IXL fruit jam business in Australia, an increase in input costs as well as the normalisation of demand in FY2022.

It is important to view these results in the context of the COVID-19 pandemic and its effect on consumer behaviour. As the pandemic spread in early 2020 and the first Movement Control Order ("MCO") was introduced in mid-March 2020, consumers sought to stock up on household essentials, leading to a surge in demand that was most noticeable in the sales of our UHT/ambient milk products in FY2021. As the pandemic extended to FY2022, there has been a natural decline as buying behaviour normalised, reflected in reduced sales figures across our product range.

Notwithstanding the immediate uncertainties prevailing currently, the Group remains confident that with the future plans in place, it is poised to register long term growth in its sales, market share and profitability. As our 5-year financial performance illustrates, our revenue and EBITDA has grown from FY2018 to FY2022 by a CAGR of 45.1% and 39.4% respectively, a commendable increase that reflects the impact of growing our brand as well as proactive expansions to our landbank and processing facilities which we have executed over the preceding years.

FARM AREA

5,416

ACRES

8,938

dairy herd size across Malaysia and Australia

Providing long-term career advancement opportunities for local communities

72% of our staff at our farms and processing facilities are hired from within local communities

INNOVATING TO CAPTURE INCREASED MARKET SHARE

In a positive prognosis for the future, the success of our products continues to be reflected in our growing dominance across key segments. From 3 January 2021 to 2 March 2022, our market share in the Chilled RTD segment increased from 40.7% to 49.4%, while we currently hold a market share of 8.6% in the ambient RTD segment, resulting in a market share of 23.2% in the overall RTD milk segment, up by 2.3% from the 20.9% market share we achieved in 2021.

Just as importantly, we have established ourselves as the clear market leader in fresh-milk based products with 54% and 48% market shares in the fresh-milk sub-segments of the chilled RTD and ambient RTD segments respectively. This positions us ideally to capitalise on increased consumer preference for fresh and unadulterated products. Furthermore it substantiates our core proposition of offering dairy processed without preservatives, artificial colourings or flavourings, and other foreign substances, just as nature intended.

At the same time, we place considerable focus on innovating new products that cater to the evolving dietary restrictions and preferences of consumers. Within the past two years alone, we have become the first company to introduce organic milk, oat milk and almond milk products in Malaysia. These new products have been received well by consumers and have served to widen our addressable market, providing a strong foundation for the continued innovation and introduction of new products, flavours and varieties in future.



Chilled RTD Market Share
49.4% ▲ 8.7pp

RTD Milk Market Share
23.2% ▲ 2.3pp

Looking ahead, we're excited by the potential presented by our entry into new and underpenetrated product segments. In July 2022, we are slated to launch our own brand of growing up milk for children aged two to six years old, made from fresh milk with fortification such as DHA, inulin, zinc, iron and vitamins, such as A and D, and does not contain preservatives, artifical flavouring, vegetable oil, calcium carbonate (from limestone) and most importantly hidden sugar in the form of maltodextrin. This product offers parents a healthier alternative compared to powder-based products, in line with our goal to nurture healthier future generations. Concurrently, we aim to meet demand for quality dairy from lower-income populations through our Yarra by Farm Fresh range of products, which utilises whole milk powder as a base and will be positioned at a lower price point than our existing RTD product range. 2022 will also see the launch of a new range of plant-based yoghurt products, a further extension of our plant-based line which will offer additional options for consumers with lactose-intolerance and other dietary restrictions.

Ultimately, by continuously innovating to fulfil evolving consumer needs while remaining steadfast in our commitment to using pure ingredients in line with our fresh milk proposition, we have steadily gained market share and brand loyalty. This culminated in us receiving two awards at the Putra Brand Awards in 2022, namely the Platinum Award in the Beverage – Dairy category and the Putra Most Enterprising Brand of the Year award. The Putra Brand Awards is an annual premier brand awards event in Malaysia endorsed by the Malaysia External Trade Development Corporation, with winners determined using a robust consumer research methodology in which 11,000 consumers vote for their favourite brands within multiple categories, thereby establishing Malaysian consumers themselves as the judges and award-givers of this distinguished event.

Attaining top spot in the Beverage – Dairy category, where we bested other established players including multinational brands which have been in the market for decades longer than us, gives us immense satisfaction. Meanwhile, the Putra Most Enterprising Brand of the Year award recognises the outstanding work that we have done in product innovation and in ensuring shared value between our business, local communities and natural environment. These are accolades that we hold close to heart.

CHIEF EXECUTIVE OFFICER'S STATEMENT

SCALING UP OUR PRODUCTION CAPACITY

To meet increasing demand as our product portfolio grows, we have executed several key expansions to our farms and processing facilities over the past few years.

In FY2022, our total farm area increased from 4,088 acres to 5,416 acres, bolstered by the opening of our fifth Malaysian farm in Taiping. The farm is one of our largest to date – with the ability to house 3,000 dairy cows upon completion – and has enabled us to increase our herd size from 7,922 to 8,938. Through its on-site processing facility, it will also enable greater speed-to-market as we seek to grow our market share in the Northern region of Malaysia, while freeing up our Larkin processing facility to focus on increasing exports to the Singapore market. We have also obtained, on a 30-year lease basis, 500 acres of land from Pahang State Government, which we will develop into a farm with similar capacity to our current Muadzam Shah farm.

In the midstream segment, we have set a goal of increasing our production capacity from 137.0 million litres to 201.1 million litres of finished goods annually. Most immediately, this will involve the installation of new filling and packaging lines at our Muadzam Shah and Larkin facilities, and the launch of two new processing facilities based on-site at our UPM and Taiping farms.

While these expansions will allow us to meet near-term demand, our longer-term plans promise an even more transformative outcome. Currently, we are in the planning phase of developing a new manufacturing hub in Bandar Enstek, Negeri Sembilan, which will function as a central processing facility for our products in Peninsular Malaysia. By integrating our research and product development capabilities, we intend to use the facility to develop and test new product offerings for the Malaysian market.

We have also earmarked East Malaysia as a growing market for our products and aim to set up a farm and integrated processing facility which will allow for raw milk to be processed and a greater volume of our products delivered to key market centres in this region of Malaysia.



LAYING THE GROUNDWORK FOR REGIONAL EXPANSION

While we anticipate that the various Malaysia-based expansions detailed above will strengthen our position in the domestic market, I am most excited to share our bold plans for regional expansion.

As a part of the world that does not have a heritage in dairy farming, Asian countries have historically relied upon imports – primarily from Australia – to meet their dairy needs. Due to the vast distance needed to be covered in the importation process, however, the dairy reaching these countries' shores have mostly consisted of powdered or reconstituted dairy,

This is a gap which we intend to address through our fresh-milk based products. Furthermore, we believe that we possess a compelling competitive advantage due to our superior breeding capabilities, whereby we have leveraged our ownership of one of the largest gene banks of the original Australian Friesian-Sahiwal cattle to deliver unrivalled milk yield and cattle resilience in tropical climates.



> **Indonesia and the Philippines are rapidly developing economies with large populations, and both offer the potential to replicate our highly successful home dealer network to drive penetration in rural areas, while Indonesian consumers furthermore have a high demand for Halal products which we intend to capitalise on through our strong reputation in Malaysia.**

Presently, we have identified three key markets in Asia-Pacific: Indonesia, the Philippines and Hong Kong.

Both Indonesia and the Philippines are rapidly developing economies with large populations, and both offer the potential to replicate our highly successful home dealer network to drive penetration in rural areas, while Indonesian consumers furthermore have a high demand for Halal products which we intend to capitalise on through our strong reputation in Malaysia. In both countries, we plan to establish processing facilities and manufacture our products locally by importing milk ingredients from our Kyabram facility, enabling the production of chilled products. Our initial focus will be on the Greater Jakarta and Metro Manila areas.

We will employ a different model in Hong Kong, where we have already incorporated a subsidiary (FFM HK) to drive the importation, marketing and FDA approval of some of our dairy and plant-based products. As such, we expect that sales of our products in this market will commence by end-2022.

Our entry into new markets will also be enabled by the planned AUD30 million expansion of our Kyabram processing facility in Australia. This will involve the purchase and installation of additional filling and packaging lines, enabling the production of UHT/ ambient products and Extended Shelf Life (ESL) milk for exports throughout the Asia-Pacific region.

CHIEF EXECUTIVE OFFICER'S STATEMENT

DELIVERING SHARED VALUE

As we execute on our ambitious growth strategies, the interests of our stakeholders and the health of our planet will remain at the very heart of our mission and at the centre of our considerations.

Sustainable value creation is more than just an obligation for us; it is the foundation upon which our business operates – to deliver healthy and nutritious products, we must maintain the highest standards in animal welfare, produce in harmony with the land, and leverage the unique talents and skills offered by local communities.

The Sustainability Statement contained within this Integrated Annual Report details the many ways in which the interests of our business are aligned with our social and environmental responsibilities, and here I shall provide an overview of the progress that our initiatives have made during the past year.

One of the key pillars of our sustainability agenda is our home dealer network. Comprising micro-entrepreneurs located across rural areas in Malaysia, they provide a channel for the distribution of our products to remote regions of the country and during the pandemic played a crucial role in ensuring households in these regions were able to secure nutritious dairy for consumption. As a result of their contributions, a total of RM133.9 million in income was generated in FY2022 for stockists, dealers and agents under the programme, 80% of which are women.

Within the upstream segment of our business, our network of partner-farmers deliver a similar impact. Empowered with ongoing mentorship and technical support from the Group, they are relied upon to produce raw milk which we purchase at a fair market price, and generated RM3.2 million in income through their dealings with us during FY2022. As we continue to expand our product portfolio and distribution network within Malaysia in the years to come, their role and the income they can generate will only grow.

These two networks represent unique ways in which our business has become integrated with the economic needs of local communities. We believe that they are unparalleled in the Malaysian dairy industry and we will continue to invest in their expansion with the aim of empowering small business owners and advancing community development.

Similarly, we are committed to providing long-term career advancement opportunities to members of local communities, with 72% of our staff at our farms and processing facilities at present recruited from nearby settlements. With the aim of enriching our talent pool locally, we also launched the Farm Fresh Scholarship Programme in FY2022, a first-of-its-kind initiative in partnership with the East Coast Economic Region Development Council (ECERDC) that will provide Standard 5 and 6 students from *Orang Asli* communities with full sponsorship of their education until university level and guaranteed employment upon graduation subject to meeting agreed academic criteria. This is an exciting new step in our ongoing mission to bridge the rural-urban economic divide.

In the coming years, we also expect to make significant progress on our robust environmental agenda, reducing waste generated from our operations, our use of municipal water and our Group-wide carbon emissions.

Guided by our first carbon footprint inventory exercise, which was carried out in FY2021, we identified and committed to emission reduction strategies that will involve large-scale investments in renewable energy across our farms and processing facilities. Currently, solar PV is already operational in our Muadzam Shah and Larkin facilities, with a further solar PV installation currently being planned for our Taiping facility. We are also finalising plans for our biogas plant in Muadzam Shah, which will then be followed by an additional biogas plant at our Taiping farm.





Just as significantly, we plan to roll out regenerative agriculture practices across all our farms by 2024. These are practices involve the recycling and reuse of liquid and solid waste generated by our herd for key functions across our farms, including irrigation, pasture fertilisation and barn washing. By enhancing the circularity of our farming practices, we are not only reducing the waste that we generate and minimising harmful side effects to the environment and local communities, but nourishing the land upon which we produce, thereby safeguarding the productive capacity of our landbanks and the sustainability of our farm-based operations.

As our business footprint grows, we will continue to seek out ways of lessening our environmental footprint on the planet we call home.

ACKNOWLEDGEMENTS

FY2022 was a truly momentous year in the Group's history, and we owe our progress to date to the unfailing faith and confidence shown by our stakeholders through the years.

First and foremost, I would like to personally thank our customers for making our products their preferred choice for fresh dairy and for believing in the abilities of a local company to produce to the highest levels. I would also like to express my appreciation to our varied business partners for their unstinting support and collaboration, and to our shareholders for their continued faith in our long-term vision.

Most of all, I wish to recognise the outstanding contributions of our loyal employees, many of whom have witnessed our evolution from the earliest days. Thanks to your dedication and teamwork, we stand on the cusp of our greatest era yet.

Loi Tuan Ee
Group Managing Director & Group Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS
OUR VALUE CREATING BUSINESS MODEL

Our value creation business model describes how we develop strategies for value creation, and the outcomes of our actions. By consulting closely with our valued stakeholders, monitoring trends relevant to our industry and assessing prevailing risks to our operations, we identify material matters which in turn form the focus of our value creation efforts.

KEY INPUTS

FINANCIAL CAPITAL
- Market capitalisation: RM3.1 billion
- Total assets: RM1.0 billion
- Low net gearing ratio: 0.43 times
- Strong net operating cash flow and capital management

MANUFACTURED CAPITAL
- Six farms and three processing facilities across Malaysia and Australia
- Fully vertically integrated supply chain
- Modern and efficient farm and milk processing equipment
- Practices that promote animal health and welfare

INTELLECTUAL CAPITAL
- Collective skillsets and knowledge of our experienced team
- Access to key cattle gene banks for optimal breeding
- Systematic farm management and milk processing practices
- Access to insights through our home dealer programme
- Five well-established and reputable brands

HUMAN CAPITAL
- 771 employees across the Group
- 72% of employees at farms and processing facilities hired from local communities
- Effective occupational health and safety practices
- Founder-led senior management team with 33 years of industry experience
- Home dealer network spanning 45 stockists, 900 home dealers and 1,772 agents across rural Malaysia

SOCIAL & RELATIONSHIP CAPITAL
- Strong collaborative relationships with government bodies
- Mutually beneficial relationships with stockists, dealers and agents
- Long track record of contributing to local communities

NATURAL CAPITAL
- Sustainable farming practices that minimise waste discharge
- Rainwater harvesting and tube well pumping for reduced municipal water usage
- Use of sustainably sourced, recyclable packaging

UPSTREAM

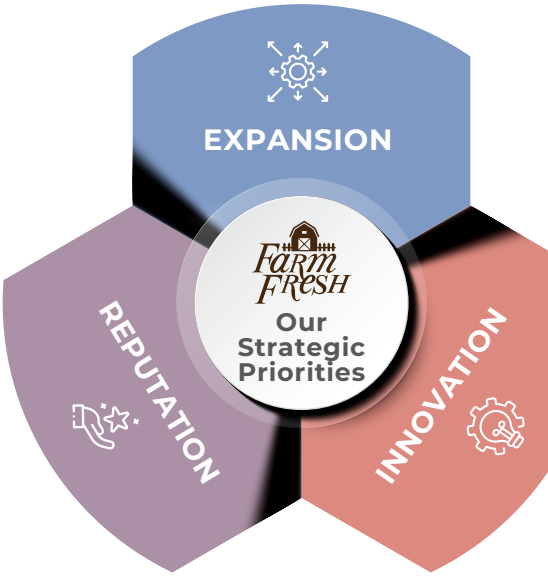
MIDSTREAM

DOWNSTREAM

STRATEGIC CONSIDERATIONS

KEY MARKET TRENDS
- Global Economic Uncertainty
- Transition to a Low-Carbon Economy
- Health & Wellness
- Digitalisation & Industry 4.0

STAKEHOLDERS
- Customers
- Distributors
- Employees
- Governments & Regulators
- Local Communities
- Shareholders & Investors
- Suppliers



RISKS
- Production & Supply Chain Disruption
- Non-Compliance with Regulations
- Fluctuations in Raw Material Prices
- Fluctuations in Foreign Currency Exchange Rates
- Technological Risk
- Biosecurity

MATERIAL MATTERS

- PRODUCT QUALITY & SAFETY
- PRODUCING HEALTHY PRODUCTS
- EFFICIENT FARM MANAGEMENT & PRODUCTION
- DISTRIBUTION NETWORK EXPANSION
- TALENT ATTRACTION, RETENTION & DEVELOPMENT
- ENVIRONMENTAL STEWARDSHIP
- COMMUNITY IMPACT
- REGIONAL GROWTH

OUTCOMES

FINANCIAL CAPITAL
- Revenue: RM501.9 million
- Profit Before Tax: RM65.7 million
- Earnings Per Share: 4.87 sen
- Shareholders' Equity: RM611.0 million
- Cash and cash equivalents: RM28.1 million

MANUFACTURED CAPITAL
- 78.6 million litres of finished goods sold
- 500 acres of land leased from Pahang State Government

INTELLECTUAL CAPITAL
- 13 new products commercialised
- Received two awards at the Putra Brand Awards 2022
- All our completed Malaysian farms have been Certified Humane® by the Humane Farm Animal Care ("HFAC")

HUMAN CAPITAL
- RM50.9 million paid towards directors' and employees' remuneration and benefits
- 100% of our employees trained in the latest occupational health and safety practices
- Zero work-related fatalities and serious injuries
- Subsidised meals and free accommodation provided to 80% and 50% of farm employees respectively

SOCIAL & RELATIONSHIP CAPITAL
- RM3.2 million in income generated for local farmers
- RM133.9 million in income generated for stockists, dealers and agents under our home dealer programme

NATURAL CAPITAL
- 335.0 million litres of Farm Dairy Effluent (FDE) recycled and removed from waste discharge
- 86.4 million kg of solid waste recycled and removed from waste discharge
- 28% of turnover from products using fully recycle, sustainably sourced packaging
- 428.8 million litres of municipal water saved through rainwater harvesting and tube well pumping
- 687,786 kg of chemical fertiliser removed from our cycle

MARKET LANDSCAPE – KEY MARKET TRENDS

In developing value creation strategies, we undertake detailed consideration of global megatrends and industry-based trends which have the potential to affect our operations. Our response to these trends is detailed below:

MACROECONOMIC CHALLENGES



DESCRIPTION

The International Monetary Fund (IMF)'s Global Uncertainty Index has risen sharply to levels on par with the September 11 attacks and the UK's vote in 2016 to leave the European Union[1]. This reflects a turbulent macroeconomic environment, where the Russia-Ukraine conflict has exacerbated existing imbalances caused by the COVID-19 pandemic, leading to a sharp increase in inflation[2] and in the price of oil[3] and commodities[4].

In addition, global trade has been affected by supply chain bottlenecks caused by the pandemic and its resultant labour shortages[5], with the Malaysian National Shippers' Council (MNSC) reporting that sea freight rates have increased by up to 800% on some routes when compared to pre-pandemic levels[5].

While demand for our products has remained stable during this period, we have been adversely affected due to the increasing price of inputs, placing pressure on our margins, and have witnessed a sharp rise in logistics costs in importing raw milk from Australia to Malaysia.

OUR RESPONSE

- To protect our margins, we increased the prices of our chilled and ambient RTD products by 5% in September and December 2021 respectively
- As a vertically integrated dairy company, we benefit from an internal supply chain which allows us to mitigate against price increases across many of our inputs
- We will continue to monitor prices and stock levels of raw materials to pre-emptively manage against volatility in supply and demand
- We will continue to centrally procure our raw materials in order to achieve economies of scale and mitigate against price increases

LINK TO

1. https://blogs.imf.org/2022/04/15/global-economic-uncertainty-surging-amid-war-may-slow-growth/
2. https://tradingeconomics.com/united-states/inflation-cpi
3. https://edition.cnn.com/2022/06/03/energy/oil-prices-what-next/index.html
4. https://www.worldbank.org/en/news/press-release/2022/04/26/food-and-energy-price-shocks-from-ukraine-war
5. https://themalaysianreserve.com/2022/02/17/sea-freight-rates-rise-800-on-reduced-capacity

TRANSITION TO A LOW-CARBON ECONOMY



As a resource- and land-intensive industry, dairy production makes a significant contribution to global emissions through the land it uses, the methane produced by cows, nitrous oxide from fertilisers, carbon dioxide from tillage, and the burning of fossil fuels to power farming and processing activities. It is therefore incumbent upon us to reduce the carbon footprint of our operations wherever possible, including by adopting energy-efficient practices across our value chain and increasing the contribution of renewable sources to our energy mix.

DESCRIPTION

The need for collective action on global warming has never been greater, with the latest Intergovernmental Panel on Climate Change (IPCC) Report showing that Planet Earth is close to exceeding the 1.5˚C temperature limit to avoid irreversible impact on our climate[6].

OUR RESPONSE

- Following our first carbon footprint inventory exercise carried out in July 2021, we have implemented various measures to reduce carbon emissions, including replacing existing anaerobic lagoons with anaerobic digestion tanks and installing solar thermal systems to reduce the use of diesel for our boiler and generator units
- We recently launched solar PV projects at our Muadzam Shah and Larkin processing facilities, with a further installation planned for our Taiping farm
- In 2022, we are set to launch our first biogas plant at our Muadzam Shah farm, followed by a biogas plant at our Taiping farm
- By adopting regenerative agriculture practices across our Muadzam Shah and UPM farms, we have reduced our reliance on chemical fertilisers and our methane emissions from animal waste
- We plan to implement regenerative agriculture practices across all our farms by 2024

LINK TO

6. https://www.ipcc.ch/assessment-report/ar5/

MARKET LANDSCAPE – KEY MARKET TRENDS

HEALTH & WELLNESS



DESCRIPTION

Global consumer demand for healthy food options has increased significantly over the past decade, and recent research suggests that this trend has accelerated in Malaysia.

GrabFood's Food Trends Report 2020/2021 shows that seven out of 10 Malaysians want to eat healthier and 44% are willing to pay more for healthier food[7], while a study by Herbalife Nutrition found that in 2020, 61% of Malaysians surveyed were eating more plant-based foods[8]. In response, many leading internationally food brands have introduced plant-based food alternatives which have seen strong market uptake.

As awareness of the impact of diet on health and wellness grows, this trend will continue to accelerate in the years ahead, reflecting in growing demand for nutritious and additive-free options across a wider variety of product categories, and especially in products for children.

OUR RESPONSE

- As Malaysia's largest producer of dairy products from fresh raw milk, we have developed a reputation for healthy and nutritious products which are free of preservatives, artificial flavourings and colourings, and foreign substances
- In 2022, we are slated to launch a new growing up milk for children aged two to six years old, made from fresh milk with fortification such as DHA, inulin, zinc, iron and vitamins, such as A and D, and which does not contain preservatives, artifical flavouring, vegetable oil, calcium carbonate (from limestone) and most importantly hidden sugar in the form of maltodextrin
- Building upon our plant-based line and our A2 organic milk, we will continue to introduce new products which cater to consumer dietary restrictions and preferences
- We will continue to seek out ways that we can improve our food safety and quality standards towards ensuring healthy and nutritious products

LINK TO

7. https://www.thestar.com.my/food/food-news/2022/01/08/food-trends-to-look-out-for-in-2022
8. https://www.nst.com.my/lifestyle/heal/2021/04/680500/shift-towards-plant-based-foods

DIGITALISATION & INDUSTRY 4.0



DESCRIPTION

Digital technology is transforming how goods are produced, marketed and consumed and, with the pace of innovation only increasing, will continue to disrupt the FMCG and dairy sectors in the years and decades to come.

At the farm level, automation is reducing the reliance on human labour, driving time- and cost-efficiencies which can be seen in the bottom line. Furthermore, with the widespread adoption of data and analytics in farm operations, owners are now better able to make accurate predictions regarding weather, crop conditions, animal health and other key areas, enabling better decision making.

Looking further downstream, FMCG companies have widely adopted digital sales and marketing channels, minimising distribution costs and engaging a new generation of consumers. The emphasis placed on digital channels only increased in the wake of the COVID-19 pandemic, as daily life transitioned online, and will continue to be a major area of growth moving forward.

In considering the sustainability of our operations, it is therefore vital that we explore and implement technologies wherever practicable that enable us to enhance efficiencies in how we produce and distribute our products. Doing so will mitigate against the risk presented by advanced technologies introduced by new market entrants or existing players.

OUR RESPONSE

- We have adopted Industry 4.0 technology – including automated milking stations and an automated palletising system – to fulfil selected functions, with an eye to increasing adoption in the near future
- We will continue to invest in improving the efficiency of our processing facilities by integrating advanced technology
- We will continue to invest in Farm Fresh Mart – our digital customer acquisition channel – to capture new customers and bolster the growth of our home dealer network

LINK TO

STAKEHOLDER **ENGAGEMENT**

We engage with our stakeholders in an open and transparent matter, with the aim of gaining a more holistic view of the impacts of our business. Our engagements form a key part of the materiality determination process, which in turn impacts our product development and investment strategies.

How We Engage

Customers

Quality of Engagement:

- Our corporate website
- Our social media channels
- Customer surveys and focus groups
- Face-to-face interactions at roadshows and other on-ground marketing events

Distributors

Quality of Engagement:

- Periodic visits and assessments
- Distributor training courses
- Face-to-face interactions and calls
- Circulars and periodic e-mail communication

Employees

Quality of Engagement:

- Regular employee townhalls
- Training courses
- Team building events
- Employee appraisals
- Circulars and periodic e-mail communication

Governments & Regulators

Quality of Engagement:

- Periodic e-mail communication
- Face-to-face interactions and calls
- Seminars, training sessions and dialogues
- On-site inspections and audits
- Our Integrated Annual Report

Key Concerns	How We Address Their Expectations
• Healthy and nutritious products that are safe to consume • Products which cater to their dietary restrictions and preferences • Being a socially and environmentally responsible organisation	• Ensuring our products are free from preservatives, artificial colourings and flavourings, and other foreign substances • Introducing alternative milk products such as our organic A2 milk, kurma milk, lactose-free varieties and plant-based milk • Ensuring all our production facilities continue to adhere to GMP and HACCP food safety and quality principles • Continuing to invest in community and environmental initiatives
Large format & on-trade retailers: • Full and updated information on our products • Clarity on distribution area and product resale price Stockists and dealers under our home dealer programme: • Full and updated information on our products • Clarity on distribution area and product resale price • Support in business development and sales	• Clear and open communication on products, resale prices and distributor regulations • Penetrating the rural school and canteen market, thereby opening new sales opportunities within our home dealer programme • Our Farm Fresh Mart, which connects interested buyers directly to our home dealers and agents
• A safe and respectful working and environment and culture • Maintaining a robust approach to anti-bribery and anti-corruption • Fair opportunities for career advancement and growth • Clarity and inclusion on company initiatives and growth plans	• Handling employee complaints through clear and open communication • Our Code of Conduct and Business Ethics and Whistle Blowing Policy, with an external party to be engaged to operate an independent hotline, thereby ensuring confidentiality and providing additional confidence to parties who wish to lodge a report • Training courses curated to deliver role-specific knowledge and professional development • Our Employee Share Option Scheme (ESOS), which rewards employee performance and promotes staff retention • Maintaining high standards in occupational health and safety
• Operating in compliance with all local, state and federal laws and regulations • Contributing to community and environmental initiatives that support national development • Providing sustainable, long-term job opportunities to local communities	• Clear and open communication on all policies and practices • Swiftly addressing any instances of non-compliance • Continuing to invest in community and environmental initiatives, many of which are in collaboration with government departments • Continuing to support local communities through preferential hiring practices • Supporting the Malaysian economy through income taxes and foreign currency receipts

STAKEHOLDER ENGAGEMENT

Quality of Engagement:

●○○○○ No existing relationship

●●○○○ Relationship established, but much work to be done to improve quality of relationship

●●●○○ Relationship established, value-generating connection, but with some room for improvement

●●●●○ Good-quality, mutually beneficial relationship, with some room for improvement

●●●●● Strong relationship of mutual benefit

How We Engage

Investors & Shareholders

Quality of Engagement: ●●●○○

- Periodic e-mail communication
- Periodic investor briefings
- One-on-one meetings
- Site visits
- Our quarterly financial result briefings and our Annual General Meeting
- Our Integrated Annual Report

Local Communities

Quality of Engagement: ●●●○○

- Community initiatives and outreach programmes
- Face-to-face interactions and calls
- Periodic visits to local communities

Suppliers

Quality of Engagement: ●●●○○

- Periodic supplier visits and assessments
- Face-to-face interactions and calls
- Ongoing e-mail communication

Key Concerns	How We Address Their Expectations
• Delivering sustainable and profitable long-term growth • Safeguarding against any reputational damage from non-compliance, food safety issues and other issues	• Maintaining timely and transparent disclosure of our performance • Maintaining open dialogue with major investors via one-on-one meetings • Maintaining our high standards in governance and our stringent internal controls • Continuing to invest in community and environmental initiatives
• Providing sustainable, long-term job and income opportunities to local citizens • Helping to drive local community development through appropriate initiatives • Ensuring that our farms and processing facilities minimise negative impacts on the environment	• Creating job opportunities in rural areas near our farms and processing facilities, with preference given to hiring locals, including indigenous populations • Providing income-generation opportunities to micro-entrepreneurs through our home dealer programme • Transferring knowledge to local farmers through mentorship and access to technical support • Launching internship programmes in collaboration with local universities • Funding scholarships for students from indigenous populations through the Farm Fresh Scholarship Programme • Maintaining sustainable farming practices that minimise waste discharge from our farms
• Maintaining a fair and robust procurement system • Maintaining a robust approach to anti-bribery and anti-corruption • Supporting the local Malaysian business ecosystem	• Our comprehensive Code of Conduct and Business Ethics and Whistle Blowing Policy • Maintaining a policy of hiring local suppliers wherever possible

KEY RISKS AND MITIGATION

Given the vertically integrated and geographically diverse nature of our operations, we are exposed to a variety of risks which can have severe impacts throughout our value chain. We adopt a stringent approach to assessing and mitigating against such risks, as detailed below.

Risk	Description	Mitigation Actions
Production & Supply Chain Disruption *Link to Material Matters:*  *Link to Capitals:* 	From milking to bottling to transportation of finished goods to points of sale, improper handling of our products or other production deficiencies can lead to a severe drop in quality and even threaten consumer health.	• All staff are provided with comprehensive product familiarisation training to promote correct handling of products • All staff, suppliers and third-party distributors undergo a bi-annual food handling course • Production machinery is regularly checked for defects and quality levels • Our processes are aligned with the GMP and HACCP food safety and quality principles, assisting in the control of biological, chemical and physical hazards • Our processes strictly adhere to the strictures of our internally-developed Farm Fresh Food Safety Management System
Non-Compliance with Regulations *Link to Material Matters:*  *Link to Capitals:* 	Given the public and capital-intensive nature of our business, any instances of non-compliance with regulations – whether related to product specifications, labour or environmental footprint – can incur a substantial financial cost and lead to severe reputational damage.	• Our Internal Audit & Risk department performs thorough and regular audits on national regulations to ensure compliance • We maintain active communication with local, state and national authorities to ensure we remain appraised of any changes to regulations relevant to our business
Fluctuations in Raw Material Prices *Link to Material Matters:*  *Link to Capitals:* 	As we operate in a competitive marketplace and sell our products across multiple jurisdictions, substantial fluctuations in raw material prices can have a major effect on our profit-generating abilities.	• We continuously monitor prices and stock levels of raw materials to pre-emptively manage against volatility in supply and demand • We continuously optimise our animal feed to mitigate against rising input costs, most recently by increasing our use of spent grain as the price of corn grain rose due to the Russia-Ukraine conflict • To optimise our cost base and drive efficiency, our raw materials are centrally procured, thus achieving greater economies of scale

Risk	Description	Mitigation Actions
Fluctuations in Foreign Currency Exchange Rates *Link to Material Matters:*  *Link to Capitals:* 	We purchase most of our milk ingredients from Australia and sell the majority of our finished goods in Malaysia. Therefore, significant fluctuations in the exchange rate between AUD and MYR may negatively impact our profitability.	• We continuously monitor the AUD to MYR exchange rate to facilitate pre-emptive planning • We hedge our exposure to exchange rate fluctuations by entering into forward contracts, whereby we lock in a purchase price for certain ingredients at a fixed price
Technological Risk *Link to Material Matters:*  *Link to Capitals:* 	In the competitive dairy and plant-based markets, new players may enter with advanced technology which provides an advantage – whether in terms of quality, cost or production capacity – thereby eroding our market share. Cybersecurity forms another part of the technological risk facing our business, as our increasingly digitalised production systems and sales channels may be subject to cyber-attacks if not adequately protected.	• Our dedicated IVF unit continually carries out research and development with the aim of breeding cows with a higher productive capacity and resilience to our tropical climate • We continually explore new and improved farm management and production methods with the aim of enhancing product quality and operational efficiency • We continually invest in improving the efficiency of our processing facilities by introducing new and advanced lines, and improving our existing production lines • All staff are encouraged to attend training related to cyber security and personal data protection • With the guidance of external experts, we conduct regular IT system health checks and security updates
Biosecurity *Link to Material Matters:*  *Link to Capitals:* 	Our farms are a space shared by up to thousands of our cows at once, and any infection that is not properly contained has the potential to severely deplete our resources and affect product quality and safety. In turn, this can have a devastating impact on our bottom line and our reputation.	• Strict herd biosecurity measures have been implemented across all our farms, including adherence to the Good Animal Husbandry Practices (GAHP) manual which governs our farm practices, and the MyGAP certification, which certifies our compliance with good agricultural practices for livestock • Measures are overseen by a qualified team comprising veterinarians as well as animal science and husbandry graduates, who have primary responsibility for the health of our herd • Regular vaccinations are administered on our herd, especially the scheduled Foot Mouth Disease (FMD) vaccinations

MATERIAL MATTERS

Our material matters represent the issues that are most important to our business. They are the result of a robust materiality determination process that takes into account our strategies, risks and the input of our stakeholders.

1 Identification

Using credible external sources and collective internal knowledge of our business, a list of material topics was created. Factors considered included trends relevant to our industry, pertinent risks and our future growth plans.

2 Assessment

Our Board of Directors undertook a thorough assessment of each topic, gauging their importance to our financial and non-financial performance.

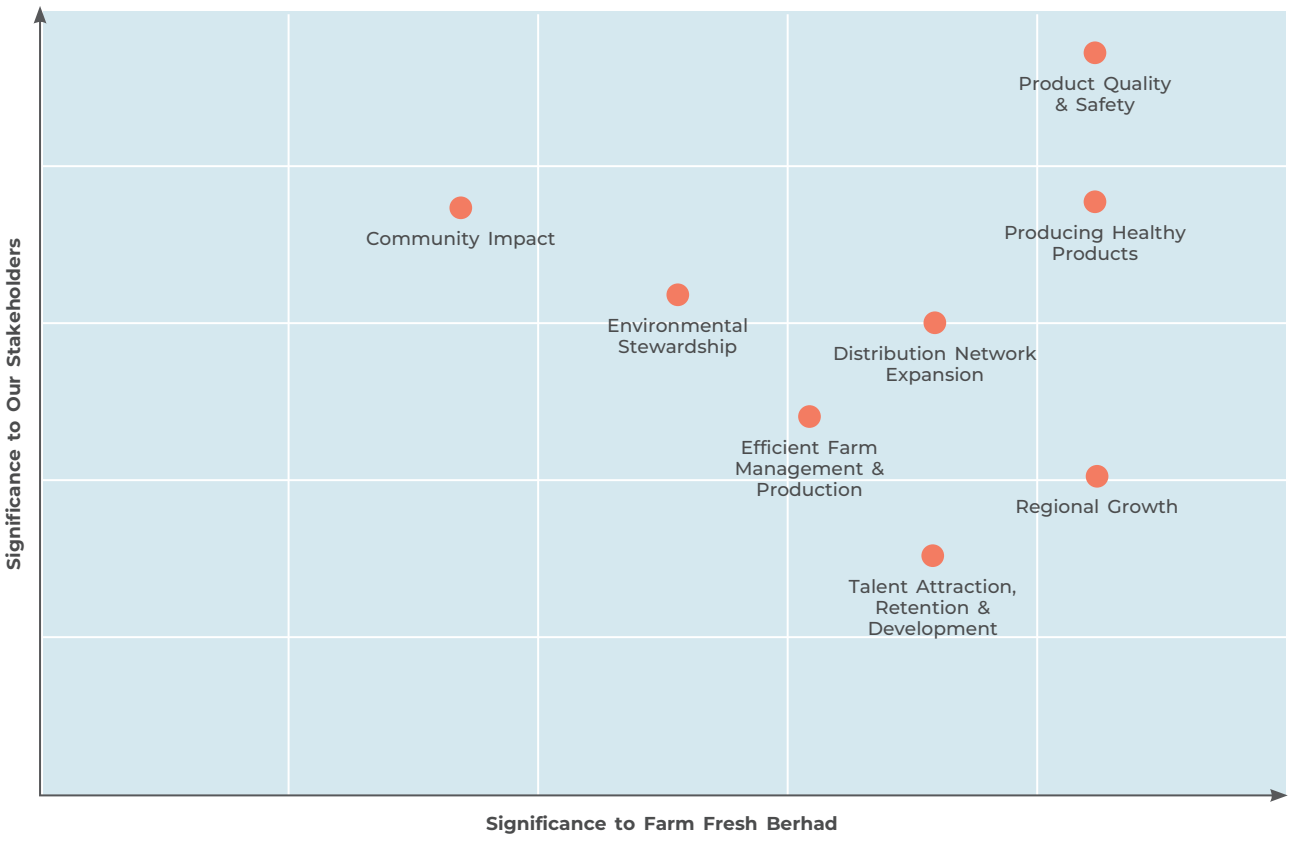
3 Stakeholder Engagement

The same list of topics was presented to key stakeholders through a survey. Respondents were asked to evaluate the degree to which each topic would affect their relationship with Farm Fresh Berhad.

4 Determination

Based on the outcome of the two previous phases, our material topics were mapped on a matrix, revealing the topics which would become our material matters for FY2022.

The materiality matrix shown below reveals how each material matter was evaluated by our Board and our stakeholders.



PRODUCT QUALITY & SAFETY

WHY IT MATTERS

We have built a reputation for high quality products which are safe to consume, with zero product recalls due to safety reasons since 2014. Any negative incidents would severely impact sales, the loyalty of our customer base and our ability to execute our future growth plans.

HOW WE ADDRESS IT

- Operating all our production facilities in accordance with the GMP and HACCP food safety and quality principles
- Adhering to an established system of checks and controls at each stage of the production process
- Carrying out thorough maintenance of existing equipment to ensure they are functioning to the highest possible standards

Future Plans:

- Invest in state-of-the-art equipment to progressively upgrade our facilities, especially in equipping our upcoming central manufacturing hub

LINK TO

Stakeholders: 

Capitals: 

PRODUCING HEALTHY PRODUCTS

WHY IT MATTERS

In an age when consumers are becoming more health conscious, our reputation as a producer of healthy products positions us ideally to capture additional market share across our existing product segments and through new products in the pipeline.

HOW WE ADDRESS IT

- Delivering the highest standards in health and nutrition across all our products, including by maintaining our proposition of offering products made from fresh milk with no preservatives, artificial colourings and flavourings, or other foreign substances
- Offering healthy products that meet growing niches in the market, like our kurma milk and A2 organic milk
- Practising full transparency in our labelling and marketing

Future Plans:

- Continue to invest in developing healthy products that meet the nutritional needs of consumers, including through our planned development of a fresh milk-based growing up milk

LINK TO

Stakeholders: 

Capitals: 

OUR MATERIAL MATTERS

EFFICIENT FARM MANAGEMENT & PRODUCTION

WHY IT MATTERS

By continually refining our well-established farm management and production practices, we can produce to a high quality and price our products affordably, not just within Malaysia but across export markets.

HOW WE ADDRESS IT

- Leveraging our "grass-to-glass" business model to unlock greater cost efficiencies in production
- Driving continual improvement in our IVF practices, thereby propagating better genetics faster
- Leveraging our feeding, biosecurity and milking practices to maximise the productive capacity of our cows
- Investing in advanced barns and other farm-based technologies to improve the welfare of our cows
- Investing in state-of-the-art production technologies to produce high quality milk more efficiently

Future Plans:

- Continue to improve upon our humane farming practices in line with Certified Humane® standards
- Continue to work with tertiary institutions and research firms in developing improved animal health and welfare practices catered to tropical climates
- Unlock greater production efficiency through our central manufacturing hub

LINK TO

Stakeholders: 

Capitals: 

DISTRIBUTION NETWORK EXPANSION

WHY IT MATTERS

Our existing multi-channel distribution network provides unparalleled reach across urban, suburban and rural areas of Malaysia. However, there remain regions of the country where we can increase our presence. We also see the potential to replicate our home dealer programme model in Indonesia upon our regional expansion.

HOW WE ADDRESS IT

- Continually refining our home dealer incentive plan to improve their livelihoods and drive increased sales
- Actively recruiting new stockists and home dealers to improve our reach in underpenetrated areas of Malaysia
- Continuing to develop relationships with new distributors to increase our reach amongst large-format and on-trade retail outlets

LINK TO

Stakeholders: 

Capitals: 

TALENT ATTRACTION, RETENTION & DEVELOPMENT

WHY IT MATTERS

Our valued team members bring a wealth of experience in dairy farming and production to the table, helping to ensure that we meet the highest standards in food safety, quality and animal welfare. Maintaining and growing this pool of talent will be crucial as we seek to expand our capabilities, offer new products and access new markets.

HOW WE ADDRESS IT

- Providing competitive compensation to attract new talents and retain our experienced team
- Launching our Employees' Share Option Scheme (ESOS), which rewards employee performance and promotes staff retention
- Collaborating with local universities to launch internship programmes
- Funding the education of indigenous students through the Farm Fresh Scholarship Programme, with a view to hiring graduates upon completion of their studies

LINK TO

Stakeholders:

Capitals:

ENVIRONMENTAL STEWARDSHIP

WHY IT MATTERS

Corporate environmental responsibility and climate action are increasingly becoming key determinants in consumer choice and investor support. Furthermore, we have a responsibility to minimise the negative impact of our farms and processing facilities on local communities.

HOW WE ADDRESS IT

- Implementing sustainable farming practice that recycle animal waste for use as bio-fertiliser, cow bedding and to irrigate pasture for feed
- Implementing rainwater harvesting and tube well pumping technologies for reduced municipal water usage
- Adopting sustainably sourced, recyclable packaging for selected products
- Completing our first carbon inventory to gain a full picture of our climate impact
- Installing 1.7MWp solar energy facilities at our Muadzam Shah and Larkin processing plants for renewable energy generation

Future Plans:

- Install a solar PV facility at our Taiping farm
- Install biogas plants at our Taiping and Muadzam Shah farms for renewable energy generation, which will make use of animal waste as its key input
- Reduce our carbon footprint in line with internally-set Scope 1 and Scope 2 targets
- Increase our proportion of products sold in sustainably sourced, recyclable packaging
- Set specific sustainability-linked criteria for supplier evaluation and selection

LINK TO

Stakeholders:

Capitals:

OUR MATERIAL MATTERS

COMMUNITY IMPACT

WHY IT MATTERS

As a homegrown Malaysian company, uplifting local communities is core to our purpose as an organisation. Through our broad business footprint, we have the opportunity to empower job creation, promote skills development and provide entrepreneurship opportunitiesp for many, particularly amongst those in rural and underserved areas.

HOW WE ADDRESS IT

- Creating job opportunities in rural areas near our farms and processing facilities, with preferential hiring of locals including indigenous populations
- Providing income-generation opportunities to micro-entrepreneurs through our home dealer programme
- Transferring knowledge to local farmers through mentorship and access to technical support, while purchasing the milk they produce at a fair market price
- Launching internship programmes in collaboration with local universities
- Funding the education of *Orang Asli* students through the Farm Fresh Scholarship Programme
- Stewarding school programmes that promote nutrition and health amongst youth

LINK TO

Stakeholders: 

Capitals: 

REGIONAL GROWTH

WHY IT MATTERS

To date, there is a lack of commercial dairy companies offering fresh milk-based products across Asia. By leveraging our proximity to these markets and expansions to our production capacity, we can capitalise on the big opportunity this brings.

HOW WE ADDRESS IT

Future Plans:

- Enter the markets of Indonesia, the Philippines and Hong Kong:
  - In Hong Kong, we will distribute, sell and merchandise our dairy and plant-based products under our FFM HK subsidiary
  - We plan to establish processing facilities and manufacture our products locally in Indonesia and the Philippines by importing milk ingredients from our Kyabram processing facility
- We are investing further in our Kyabram facility to produce finished goods such as UHT products for exports to the Asia-Pacific region.

LINK TO

Stakeholders: 

Capitals: 

OUR **STRATEGIC PRIORITIES**

As a homegrown company founded to provide more nutritious dairy to Malaysians, we have continuously sought to achieve synergy between our business objectives and the betterment of people, communities and natural environments. Now, as we embark on a new era in our evolution, rapid **expansion** into new markets and **innovation** of new products are imperatives. However, the full impact of our actions in these areas can only be realised if we maintain our **reputation** as a responsible and inclusive organisation that seeks to create shared value in all that we do.

Detailed below, these are our strategic priorities: three key reference points that will continue to guide how we create value in the short, medium and long term.

EXPANSION	INNOVATION	REPUTATION
Expanding the reach of our products into undepenetrated areas of Malaysia while accessing new markets across Asia. In the process, maximising the use of our farms and processing facilities.	Developing new products that meet evolving consumer preferences and requirements, while embracing a culture of innovation to transform our processes across the dairy value chain.	Enhancing our reputation as a producer of high quality products, and as an organisation that contributes positively to key societal and environmental issues.
Optimal results for the Group Improved returns for our shareholders	Better products, more efficiently produced Increased customer satisfaction and loyalty	Better Dairy, Stronger Communities, Healthier Planet (See our Sustainability Statement for more)

EXPANSION

WHAT IT MEANS

Expanding the reach of our products into underpenetrated areas of Malaysia while accessing new markets across Asia. In the process, expanding the productive capacity of our farms and processing facilities.

OUR ACTION PLAN

- Scale up our farm area, herd size and milk production through expansion of existing farms and acquisition of additional landbanks
- Install new filing and packaging lines within our existing processing facilities, and complete the construction of two new processing facilities, at our UPM and Taiping farms respectively
- Establish a new manufacturing hub in the Central Region of Peninsular Malaysia
- Establish a new dairy farm and integrated processing facility in East Malaysia to meet demand in this region of the country
- Expand our distribution to convenience stores and petrol kiosks, while continuing to grow our home dealer programme to capture underpenetrated areas of Malaysia
- Expand into the consumer dairy markets of Indonesia, the Philippines and Hong Kong, aided by the planned expansion of our processing facility in Kyabram, Australia

DESIRED OUTCOMES

- Optimal financial results for the Group
- Improved returns for our shareholders

OUR STRATEGIC PRIORITIES

INNOVATION

WHAT IT MEANS

Developing new products that meet evolving consumer preferences and requirements, while embracing a culture of innovation to transform our processes across the dairy value chain.

OUR ACTION PLAN

- Launch a growing-up milk for children aged from two to six years old, made from fresh milk with fortification such as DHA, inulin, zinc, iron and vitamins, such as A and D, and which does not contain preservatives, artifical flavouring, vegetable oil, calcium carbonate (from limestone) and most importantly hidden sugar in the form of maltodextrin
- Deepen our penetration of the school and canteen market via our network of home dealers
- Continue to grow our Yarra Farm product portfolio to capture a larger share of the UHT/ambient milk segment
- Launch our "Yarra by Farm Fresh" range of products, which will be produced using whole milk powder and positioned at a lower price point
- Launch a new range of plant-based yoghurt products
- Explore expansion into new product categories such as non-dairy packaged food and beverage products
- Explore the use of automation technology to improve production efficiency

DESIRED OUTCOMES

- Penetration of new markets
- Improved production efficiency

REPUTATION

WHAT IT MEANS

Enhancing our reputation as a producer of high quality products, and as an organisation that contributes positively to key societal and environmental issues.

OUR ACTION PLAN

- Adopt regenerative agriculture practices across all our farms
- Install biogas and solar plants for renewable energy generation across select farms and processing facilities
- Scale up rainwater harvesting and tube well pumping systems across all our farms
- Implement sustainability-linked criteria for the selection of suppliers
- Increase our use of sustainably sourced Tetra Pak packaging to cover more of our packaging requirements
- Continue to invest in school-based campaigns that raise awareness on the importance of recycling
- Continue to contribute to supplementary food programmes that provide nutritious food to students from low-income households
- Scale up our Farm Fresh Scholarship Programme, which supports the education and future employment of children from *Orang Asli* communities
- Further our collaborations with tertiary institutions and research firms to develop improved animal health and welfare practices catered to tropical climates

DESIRED OUTCOMES

- Better Dairy, Stronger Communities, Healthier Planet
- (See our Sustainability Statement for more)

5-YEAR **FINANCIAL SUMMARY**

Year Ended 31 March	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Statements of Profit and Loss and Other Comprehensive Income Summary					
Revenue	**501,921**	490,498	303,067	178,227	113,144
Gross Profit	**136,344**	140,886	80,054	54,394	35,534
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**104,082**	98,759	56,554	40,755	27,569
Profit before tax ("PBT")	**65,684**	67,589	36,176	28,181	20,324
Profit after tax ("PAT")	**78,565**	32,828	34,382	27,377	18,870
Profit attributable to owners of the Company ("PATAMI")	**79,887**	36,228	35,220	27,435	18,654
Normalised profit after tax ("PAT")	**86,313**	85,730	28,512	22,237	14,024
Normalised profit attributable to owners of the Company ("PATAMI")	**85,613**	86,716	29,350	22,296	13,808
Statements of Financial Position Summary					
Non-current Assets	**480,311**	416,673	284,364	198,661	150,237
Current Assets	**529,703**	205,585	128,672	75,809	40,606
Total Assets	**1,010,014**	622,258	413,036	274,470	190,843
Share Capital	**380,607**	87,780	87,780	87,780	27,780
Reserves	**225,336**	146,863	101,510	69,901	42,871
Equity Attributable to owners of the Company	**605,943**	234,643	189,290	157,681	70,651
Non-controlling interests	**5,019**	6,387	8,475	6,130	4,168
Current Liabilities	**146,607**	261,484	109,261	56,431	48,493
Non-current Liabilities	**252,445**	119,744	106,010	54,228	67,531
Total Equity and Liabilities	**1,010,014**	622,258	413,036	274,470	190,843
Performance Indicators					
Basic Earnings Per Ordinary Share (Sen)[@]	**4.87[#]**	2.22	2.15	1.68	1.15
Net Dividends Per Share (Sen)	**1.07***	–	–	–	–
Net Assets Per Share (RM)	**0.37**	0.14	0.12	0.10	0.04
Net Gearing Ratio (Times)	**0.43**	0.98	0.74	0.37	0.87
Return on Equity (%)[#@]	**20.3**	39.1	15.8	18.6	21.9
Net Operating Cash Flow (RM'000)	**49,202**	59,668	24,173	13,657	17,717

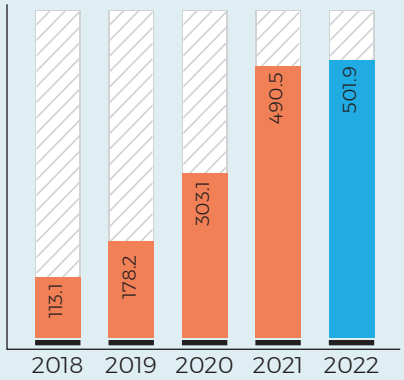
 # Basic earnings per share is computed based on weighted average number of ordinary shares for the financial year under review.

** The Board of Directors has recommended a single-tier final dividend of 1.07 sen per ordinary share amounting to RM20.0 million in respect of FY2022 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.*

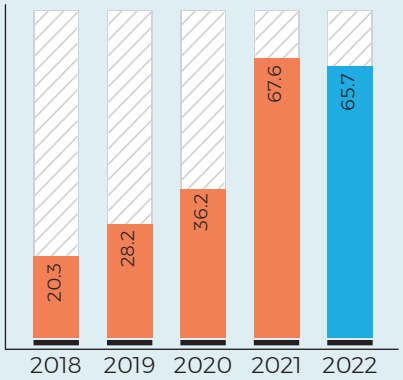
@ Calculated using Normalised PAT.

5-YEAR FINANCIAL HIGHLIGHTS

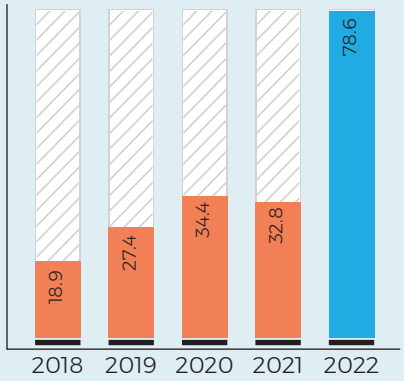
Revenue (RM million) +2.33%



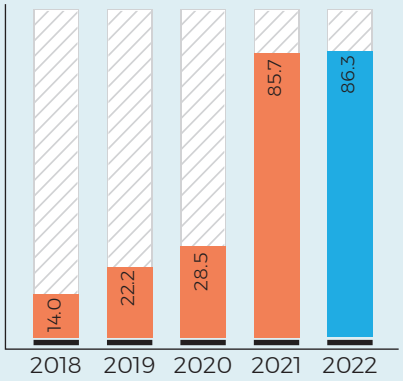
Profit Before Tax (RM million) -2.82%



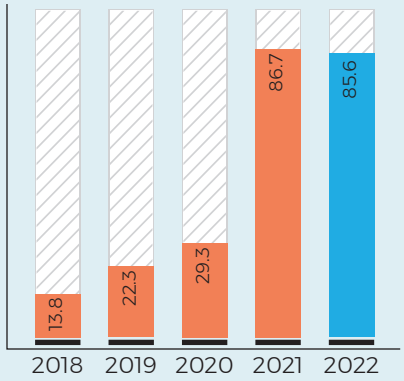
Profit After Tax (RM million) +139.32%



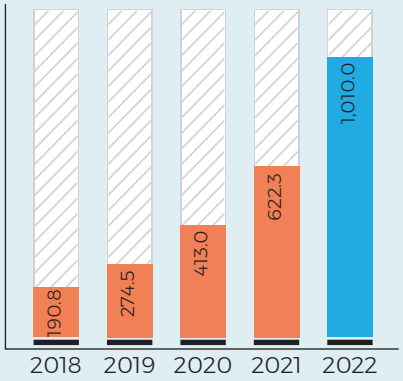
Normalised Profit After Tax (RM million) +0.68%



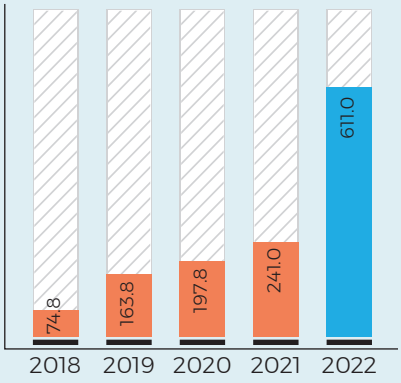
Normalised PATAMI (RM million) -1.27%



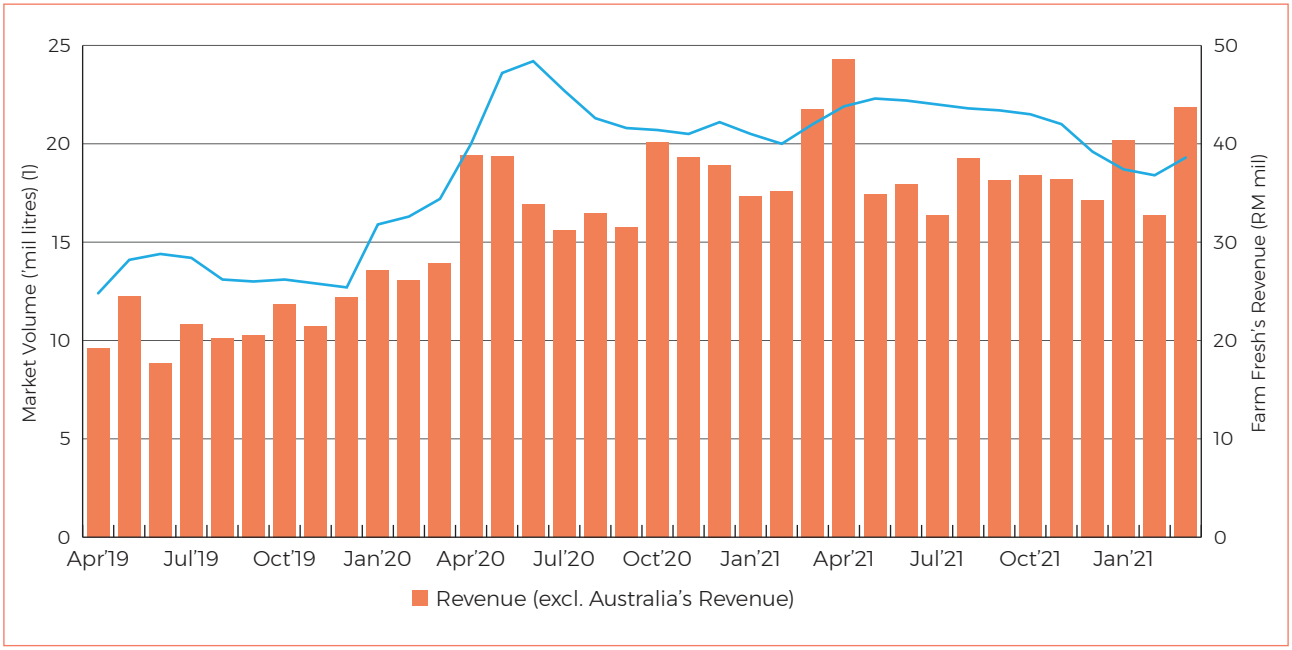
Total Assets (RM million) +62.31%



Shareholders' Equity (RM million) +153.48%



GROUP **FINANCIAL SNAPSHOT**



Revenue growth vis-à-vis Malaysia RTD market (Note 1: Source from Kantar, May 2022)

FY2022 saw declining demand within Malaysia's Ready to Drink (RTD) market due to normalisation following the high demand surge during end-March 2020 to end-June 2020 that arose from panic buying and stocking up by consumers. While this moderation in demand resulted in other industry players losing market share, the Group bucked the trend to record an uptick in our share of the overall RTD market from 20.9% in March 2021 to 23.2% in March 2022, which has contributed to a 2.3% growth in FY2022 revenue.

Demonstrating resilience amidst the protracted COVID-19 pandemic, the Group delivered a robust performance in FY2022 and recorded a total revenue of RM501.9 million, EBITDA of RM104.1 million and a PATAMI of RM79.9 million.

GROUP REVENUE

- The Group recorded a 2.3% increase in revenue, improving from RM490.5 million in FY2021 to RM501.9 million in FY2022.
- The primary catalyst for this growth is attributable to the 3.8% or RM16.8 million increase in Malaysian revenue, which was driven by higher recruitment of new customers, higher sales of our RTD milk products and the launching of new products.
- This increase is partly offset by the decline in Australian revenue by 10.4%, or RM5.4 million, due to the ceasing of raw milk sales by our Australian farm to third parties and downsizing of the IXL fruit jam business under the Henry Jones brand.

EBITDA

- Group EBITDA increased by 5.4% from RM98.8 million in FY2021 to RM104.1 million in FY2022.
- EBITDA growth was fuelled by higher sales and higher fair value gains arising from an increase in the valuation of our dairy cows of RM9.9 million, contributed by the increase in Australian dairy cow prices.

PAT/PATAMI

- The Group recorded an increase in PAT and PATAMI of 139.3% and 120.5% respectively in FY2022, mainly due to the Additional Tax Liability (refer to Note 9 of audited financial statement) of RM25,708,582 in respect of our Larkin Facility for the relevant YAs from 2014 to 2020 and RM10,490,033 for YA 2021, which had been recognised during the financial year ended 31 March 2021, and subsequently reversed in the financial year ended 31 March 2022.

GROUP **FINANCIAL POSITION**

As at 31 March 2022, the Group maintains a healthy financial position with a cash and bank balance of RM28.1 million and a debt to equity gearing ratio of 0.48 times.

TOTAL ASSETS INCREASED BY RM387.8 MILLION

- Property, plant and equipment (PPE) and biological assets increased by RM32.5 million and RM26.3 million respectively, mainly due to the construction of a new dairy farm and herd expansion in Perak, as well as the fair value gains of our dairy cows of RM9.9 million.
- Inventories increased by RM13.8 million, primarily due to a higher proportion of ingredients being kept as a buffer to mitigate against potential supply chain disruptions triggered by COVID-19.
- Cash, cash equivalents and other investments (Money Market Fund) increased sharply by RM297.0 million resulting from the issuance of RM200.0 million Sukuk Wakalah in May 2021 and receipt of RM301.0 million IPO proceeds in end March 2022.

TOTAL LIABILITIES INCREASED BY RM17.8 MILLION

- Loans and borrowings increased by RM42.7 million due to the issuance of RM200.0 million Sukuk Wakalah on 28 May 2021, with a tenure of 5 years and at a 3.72% coupon rate per annum. Leveraging the Sukuk's proceeds, the Group also refinanced its outstanding borrowings of RM130.0 million.
- Current tax liabilities decreased by RM36.4 million due to the settlement of Additional Tax Liability in FY2022.

TOTAL EQUITY INCREASED BY RM370.0 MILLION

- The increase in equity from RM241.0 million as at FY2021 to RM611.0 million as at FY2022 is mainly attributable to:
  - i. Profit for the year of RM78.6 million; and
  - ii. Enlarged issued share capital in conjunction with the listing on the Main Market of Bursa Malaysia Securities Berhad with public issue of 222,954,700 new ordinary shares at a price of RM1.35 per share, which was partly offset by shares issuance expenses of RM8.2 million.

DEBT TO EQUITY RATIO AND CURRENT RATIO

The Group's debt to equity gearing ratio (gross borrowing including lease liabilities over total shareholder's equity) improved to 0.48 times as at 31 March 2022 compared to 1.03 times in the previous year. This was mainly driven by:

- The increase in retained earnings arising from the profitability of the Group; and
- The aforementioned enlarged issued share capital in conjunction with the Company's listing on the Main Market of Bursa Malaysia.

The Group's current ratio improved to 3.61 times as at 31 March 2022 compared to 0.79 times in the previous year. The improvement was facilitated by:

- Refinancing of current shareholder loan, term loans and hire purchase liabilities with the Sukuk proceeds; and
- IPO proceeds of RM301.0 million in conjunction with the Company's listing on the Main Market of Bursa Malaysia.

FINANCIAL **CALENDAR**

February

28 February 2022

Prospectus launch and Opening of Application for Initial Public Offering

March

18 March 2022

Quarterly announcement on consolidated results for the financial period ended 31 December 2021

22 March 2022

Farm Fresh Berhad debuts on the Main Market of Bursa Malaysia, closing at RM1.72 with 330 million shares traded

May

24 May 2022

Quarterly announcement on consolidated results for the financial period ended 31 March 2022

July

28 July 2022

Announcement on the notice of Annual General Meeting for the financial year ended 31 March 2022

29 July 2022

Issuance of Annual Report for the financial year ended 31 March 2022 and Circular to Shareholders

August

29 August 2022

11th Annual General Meeting

INVESTOR **RELATIONS**

As at 31 March 2022



SHARE CAPITAL
RM380.61 million

TOTAL NO. OF ISSUED SHARES
1,857,954,837

OUR INVESTOR RELATIONS PORTAL

We are committed to providing our shareholders and the general public with a comprehensive and transparent reflection of our ongoing performance via our Investor Relations portal at https://www.farmfresh.com.my/investor-relations/. The website provides convenient access to our investor communications, corporate info, annual and quarterly reports, stock information and other various resources for investors.

OPERATIONAL REVIEW

Against a challenging macroeconomic backdrop exacerbated by pandemic impacts, we proved the resilience of our business – moving ahead with new farm openings and upgrades to our production facilities, launching a range of new SKUs and expanding our multi-channel distribution network.

Now, as economies re-open and trade restrictions are lifted, the investments we have made ensure we are well placed to further extend our capabilities across new product categories and execute on our regional expansion plans.

This review of our operations looks at the actions we have taken at each stage of our vertically integrated value chain, and examines its potential or realised impact on our business.



FARMING

UPSTREAM

OPENING OUR TAIPING FARM

FY2022 saw a significant expansion to our total acreage with the commencement of farm operations at our Taiping farm, with the new farm adding an additional 828 acres to our total landbank size. Furthermore, we have added a total of 500 acres of land from the Pahang State Government which we have agreed to lease for a 30-year period. This will increase the total land size at our Muadzam Shah Farm to approximately 1,105 acres which once completed will have a capacity to house up to 6,000 dairy cows. The addition of our Taiping farm and additional land in Muadzam Shah has increased our total farm area to 5,416 acres across Malaysia and Australia.

In line with our drive towards sustainable dairy farming, our Taiping farm contains a state-of-the-art 60 bail rotary milking station, compost bedded tunnel-ventilated barns, a flood wash waste collection system, an automated waste collected system and a sustainable waste to fertiliser management system. It also contains ground wells and rainwater reservoirs to ensure adequate water supply while minimising our use of municipal and surface water. Upon completion, an on-site processing facility will have the capacity to produce 20.8 million litres of finished goods annually, ensuring speed-to-market in the Northern region of Peninsular Malaysia.

At the date of publishing, the farm houses approximately 1,400 dairy cows, with a total capacity of 3,000 dairy cows upon full completion.



EXPANDING OUR UPM FARM

During the year in review, we also completed the planned development of our UPM farm into a full-fledged domestic tourist attraction – named 'Farm Fresh@UPM' – that educates the public on dairy farming, the benefits of fresh milk, and our brands.

Capitalising on growing consumer demand for sustainable edu-tourism, the farm offers a range of agricultural attractions including tractor rides around the farm, barrel rides for children, horse and pony rides, a greenhouse showcasing aquaponic and hydroponic systems, a green plantation including fresh picks available for purchase, a mini animal enclosure, a fighting fish aquarium and a koi pond. Visitors can also get a first-hand view of our dairy farming processes through dairy cow milking sessions and farm tours, while an on-site recycling centre – run in collaboration with Tetra Pak – will create awareness of effective recycling habits that can be adopted at homes and workplaces.

GROWING OUR AUSTRALIAN FARM OPERATIONS

Our Australian farm operations play a key role in meeting dairy demand within the Malaysian market, and will function as a regional production hub as we expand to new markets across Asia.

In FY2023, we have entered into and completed two land transactions – to sell a 350-acre farm property and separately, to acquire a 300-acre farm property, both situated in Kyabram, Victoria. The farm property sold was the land which we had intended to use to develop our factory in Australia before we acquired the Kyabram facility, but as we had already developed our Kyabram facility, we decided to dispose of the farm property. We used the proceeds to fund the acquisition of the new farm, which is strategically situated near our Kyabram facility and enables us to absorb all the treated wastewater from our Kyabram trade waste pond. The farm will be developed into our breeding farm for Australian Friesian-Sahiwal (AFS) breed development, while also enabling us to expanding our dairy herd size in Australia and produce more milk in-house to supply to our Kyabram facility.

	FYE 31 March 2021	FYE 31 March 2022
Farms	5 (4 in Malaysia, 1 in Australia)	6 (5 in Malaysia, 1 in Australia)
Total Acreage	4,088 acres	5,416 acres
Total Dairy Herd Capacity	8,250	9,650
Total Dairy Herd Size	7,922	8,938

MANUFACTURING

MIDSTREAM



EXPANDING OUR PRODUCTION CAPACITY

With a view to penetrating regional markets in the medium-term, we have been actively expanding our production capacity through strategic investments in both Malaysia and Australia.

Our Kyabram processing facility currently houses our raw milk processing lines, which commenced operations in October 2020, and processes raw milk from our Australian Greater Shepparton farm and milk purchased from third party farmers in Australia to be used by our operations in Malaysia. We have invested in the latest technology including bactofuge, homogenisation, pasteurisation and reverse osmosis to ensure that high quality milk ingredients can be produced without any high heat treatment, thus retaining the flavour quality of fresh milk. Through continuous upgrades to machinery, it possesses a total production capacity of 84 million litres of processed milk annually. Looking forward, a planned Phase 2 expansion of the facility, due to be completed in Q2 2023, will involve the installation of additional filling and packaging lines, enabling the production of UHT and Extended Shelf Life (ESL) milk for exports to the Asia-Pacific region.

To meet demand for fresh milk, we have made progress on plans to expand our production capacity within Malaysia. Two new processing facilities based in our UPM and Taiping farms respectively will be operational in 2022, providing an additional 24.1 million litres in production capacity upon completion. Meanwhile, with the installation of new filing and packaging lines within our existing processing facilities, we have increased our production capacity at our Larkin facility and Muadzam Shah facility by 10.2 million litres and

MANUFACTURING

17.3 million litres respectively. Furthermore, by end-2022, two additional new lines will be installed at our Larkin and Muadzam Shah facilities that will increase their production capacities by a further 2.9 million litres and 6.8 million litres respectively upon completion.

Looking forward, we plan to establish a new manufacturing hub in the Central Region of Peninsular Malaysia and a new dairy farm and integrated processing facility in East Malaysia. These developments, which are in the planning phase, will enable us to better meet demand across the country and launch new products in the dairy and plant-based categories.

INTRODUCING AUTOMATION TECHNOLOGY

In an increasingly competitive global dairy market, new entrants are gaining an advantage by adopting automation technologies that lower the cost of production and maximise margins.

With the launch of new processing facilities and the upgrading of existing ones, we have been implementing such technologies wherever possible. In FY2022 this included the installation of a robotic palletising system at our Muadzam Shah processing facility, consisting of robotic arms that lift milk cartons and arrange them into pallets, thus reducing manual labour and time required to pack products for distribution.

MAINTAINING OUR COST PROPOSITION

The affordability of our products is central to the proposition of our brands, and as a vertically integrated dairy company we have historically been well placed to produce quality products with a high degree of cost-efficiency.

With the reopening of the global economy in the post-pandemic era leading to supply chain bottlenecks around the world, and the ongoing Russia-Ukraine conflict causing spikes in raw material prices, maintaining our cost proposition has been a challenge. Faced with increased ingredient and logistical costs, the situation necessitated an across-the-board increase in our product prices by an average of 5%, executed across our chilled products in September 2021 and our UHT/ambient products in December 2021. This was our first price increase in four years and represents a modest price increase when compared to other players in the industry, many of whom have increased their prices a number of times over recent years with a more substantial price increase quantum.

In mitigating against the negative impact of any further instability, we are actively optimising our internal costs, and one way we can do this is by being closer to our customers and thereby reducing our logistics costs. Our Taiping processing plant, which we have forged through to completion despite the challenges and restrictions faced during the COVID-19 pandemic, is expected to be completed by end-2022. Once completed, we will be able to reduce logistics costs to serve our chilled products to the northern states of Peninsular Malaysia, as currently our chilled milk comes from either our Muadzam Shah facility in Pahang or our Larkin facility in Johor.

Additionally, we are continuously optimising our feed vis-à-vis the increasing prices of certain feed costs arising from the Russia-Ukraine conflict. As an example, we have increased the use of spent grain from other industries, thereby reducing our purchases of corn grain which has increased in price significantly. In addition, our adoption of regenerative farming practices means that we have reduced our reliance on externally sourced inputs such as chemical fertilisers. This delivers benefits not only for our bottom line but for the sustainability and nutritional benefits of our products.

We will continue to seek out and implement innovative farming and production methods that leverage our integrated supply chain for increased cost-efficiency and reduced operational risk.

GROWING OUR PRODUCT PORTFOLIO

Empowered by the expansion of our total production capacity, we launched a total of 13 SKUs in FY2022, as shown below:



Fruit Punch Yoghurt Drink
(July 2021)



Lychee Yoghurt Drink
(July 2021)



Banana Milk
(August 2021)



Greek Yogurt
(relaunched with new packaging)
(January 2022)



Henry Jones A2 Organic Milk
(April 2021)



Farm Yogurt
(relaunched with new packaging)
(September 2021)

MANUFACTURING

Products launched covered two categories where we became the first dairy company to introduce an offering in the Malaysian market:



During the year in review, the Board decided to undertake a rationalisation exercise of our business under the Henry Jones brand, involving amongst other things the downsizing of our fruit jam business. This was completed in October 2021 with the redundancy of 16 staff and the ceasing of our production of fruit jams for modern trade which had previously resulted in the losses incurred by our Australian operations. With the downsizing completed, we are now well placed to focus on growing our dairy business in Australia.

Looking forward, the trajectory of our product portfolio growth is set to continue. Most immediately, we plan to launch a fresh-milk based fortified growing up milk for children aged two to six years old in 2022, catering to demand from parents for a more nutritious alternative to powder-based and reconstituted milk-based products which are high in apparent and hidden sugar. Accordingly, our growing up milk will be free of any preservatives, artifical flavouring, vegetable oil, calcium carbonate (from limestone) and most importantly hidden sugar in the form of maltodextrin, in keeping with our core consumer promise.

Driven by the improved production capabilities that our central processing facility will provide us, we are exploring expansion into other product categories and non-dairy packaged food and beverage products.

	FYE 31 March 2021	FYE 31 March 2022
Processing Facilities	3 (2 in Malaysia, 1 in Australia)	3 (2 in Malaysia, 1 in Australia)
Annual Production Capacity (Finished Goods)	109.5 million litres	137.0 million litres
Annual Production Capacity (Processed Milk)	38.5 million litres	84.0 million litres
SKUs	122	135

DISTRIBUTION



GROWING OUR HOME DEALER NETWORK

Our network of home dealers – the largest amongst dairy companies in Malaysia – is one of our key competitive advantages as a company. It provides us with unrivalled reach throughout rural areas of Malaysia, allows us to minimise our advertising and promotion expenses, and connects us to valuable consumer insights that we use to improve our products and pricing. It also empowers ambitious micro-entrepreneurs – 80% of which are women – to improve their financial standing and generate a sustainable livelihood for their families.

In FY2022, we continued to grow our home dealer network, actively recruiting new stockists, home dealers and agents across East and West Malaysia, with a focus on increasing representation in areas of the country which remain underpenetrated. As a result, we now boast a total of 45 stockists, 900 home dealers and 1,772 agents.

This strong network has paid dividends over the past several years as the continued impact of the pandemic caused consumers to pivot away from supermarket purchases and towards home deliveries. As a result, our home dealer network now contributes 30% of our total revenue, ahead of sales to the HORECA market and only behind large format retailers in terms of sales contribution.

DRIVING REGIONAL EXPANSION

As mentioned above, we are aggressively pursuing regional expansion opportunities that would see our products reach consumer markets beyond our current base of Malaysia, Singapore and Brunei.

We are currently undertaking an expansion of our Kyabram facility, which upon completion will serve as a hub for dairy exports to the Asia-Pacific region. We also intend to set up processing facilities in both Indonesia and the Philippines to focus on the chilled market in both countries.

Meanwhile in January 2022, we incorporated a subsidiary in Hong Kong (FFM HK) to facilitate the importation, marketing and FDA approval of specific products in our portfolio, using the sales and distribution model that we have employed in Singapore as a model. We plan to obtain all the necessary approvals and start exporting to Hong Kong by the end of 2022.

DISTRIBUTION

	FYE 31 March 2021	FYE 31 March 2022
Finished Goods Sold (dairy and plant base products)	75.5 million litres	78.6 million litres
Stockists (Home Dealer Programme)	38	45
Home Dealers (Home Dealer Programme)	871	900
Agents (Home Dealer Programme)	1,609	1,772
Large Format Retailers	15	15
HORECA Outlets	7 hotels and 203 cafes	7 hotels and 252 cafes
Convenience Stores	>5,000	>7,200



CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas
Independent Non-Executive Chairman

Loi Tuan Ee
Non-Independent Executive Director,
Group Managing Director and
Group Chief Executive Officer

Loi Foon Kion
Non-Independent Non-Executive Director

Effizal Faiz Bin Zulkifly
Non-Independent Non-Executive Director

Sukanta Kumar Dutt
Independent Non-Executive Director

Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam
Independent Non-Executive Director

Jocelyn Ng Lai Leng
Independent Non-Executive Director

AUDIT & RISK MANAGEMENT COMMITTEE

Chairman:
Sukanta Kumar Dutt

Members:
- **Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam**
- **Jocelyn Ng Lai Leng**

NOMINATION & REMUNERATION COMMITTEE

Chairman:
Sukanta Kumar Dutt

Members:
- **Loi Foon Kion**
- **Effizal Faiz Bin Zulkifly**
- **Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam**
- **Jocelyn Ng Lai Leng**

REGISTERED OFFICE

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru, Johor

Tel. No. : +607 332 2088

HEAD/MANAGEMENT OFFICE:

No. 11-1, Jalan Petaling
Kawasan Perindustrian Larkin
80350 Johor Bahru, Johor

Tel. No. : +607 232 3463
Website : www.farmfresh.com.my
E-mail : custsvc@farmfresh.com.my

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

Tel. No. : +603 2783 9299

COMPANY SECRETARY

Tricor Corporate Services Sdn. Bhd.
Suite 1301, 13th Floor,
City Plaza, Jalan Tebrau,
80300 Johor Bahru, Johor

Tel. No. : +607 332 2088

AUDITORS & REPORTING ACCOUNTANTS

KPMG PLT
Level 3, CIMB Leadership Academy
No. 3, Jalan Medini Utara 1
Medini Iskandar
79200 Iskandar Puteri, Johor

Tel. No. : +607 266 2213

PRINCIPLE BANKERS

- CIMB Bank Berhad
- Hong Leong Bank Berhad
- Australia and New Zealand Banking Group Limited

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Stock Name : **FFB**
Stock Code : **5306**
Company : **Farm Fresh Berhad**

DATE OF LISTING

22 March 2022

BOARD AT A GLANCE

1 EXECUTIVE DIRECTOR

4 INDEPENDENT NON-EXECUTIVE DIRECTORS

2 NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

ETHNICITY

3 MALAY

3 CHINESE

1 INDIAN

GENDER

5 MALES

2 FEMALES

AGE GROUP

1 BELOW 50 YEARS OLD

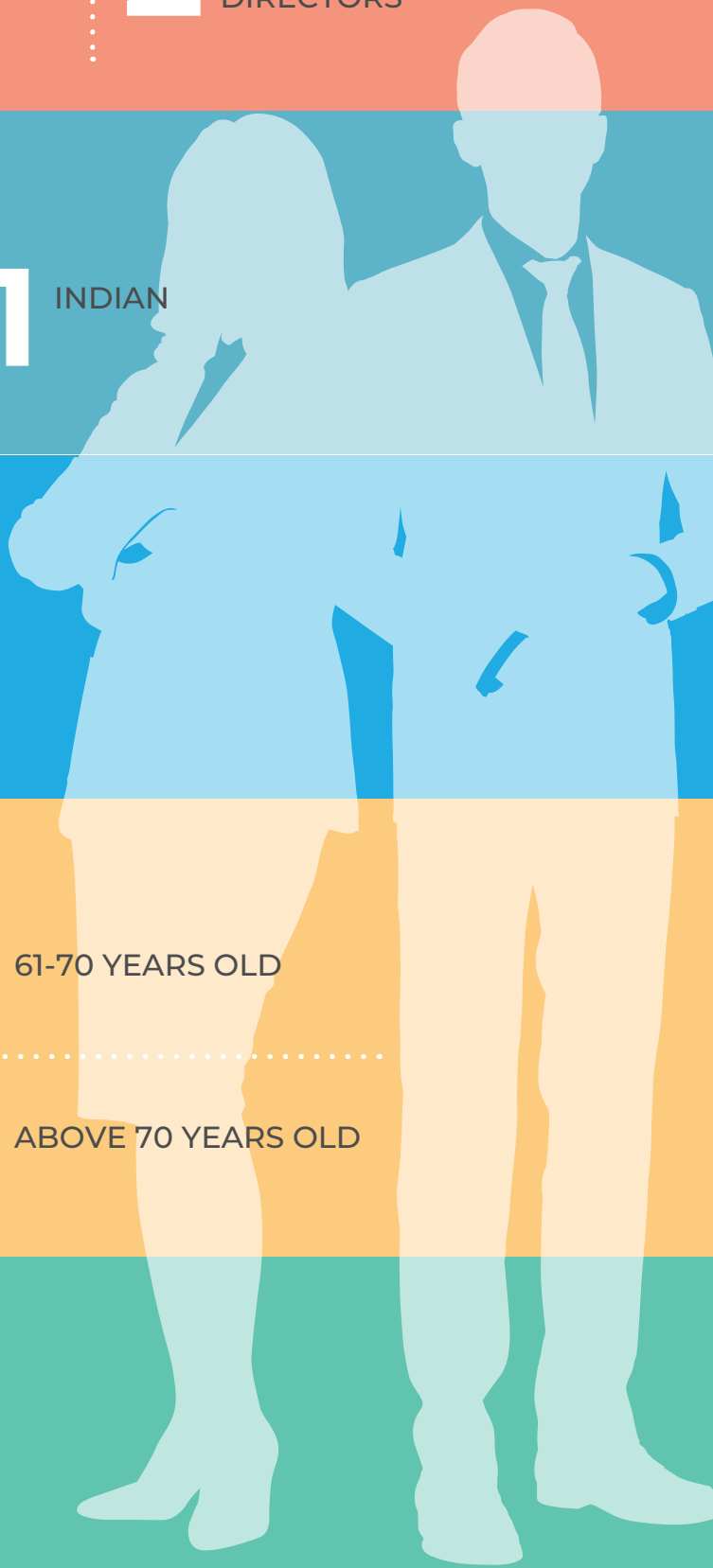
2 61-70 YEARS OLD

3 51-60 YEARS OLD

1 ABOVE 70 YEARS OLD

NATIONALITY

7 MALAYSIANS



PROFILE OF **THE BOARD OF DIRECTORS**



TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN BIN DATUK SERI DR. HAJI MEGAT KHAS

Independent Non-Executive Chairman

Nationality	Malaysian
Age	78
Gender	Male
Date of Appointment	25 September 2021
Length of Service (as at 31 March 2022)	6 months
Number of Board Meetings Attended	5/5
Membership(s) of Board Committees	Nil

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas graduated with an Honours Degree in Law from the University of Singapore in 1970. Upon graduation, he commenced his career as an Executive Trainee with First National City Bank (now Citibank) for 2 years until 1972. Thereafter, he commenced legal practice and practiced at a leading law firm in Kuala Lumpur for another 2 years, after which he went on to establish his own law firm, Megat Najmuddin, Leong & Co.

He retired from legal practice in 1986 and went into politics. He was also once the UMNO Chief of Petaling Jaya.

He was elected as the State Assemblyman of Kelana Jaya for two terms, from 1986 until 1990 and from 1990 until 1995. He was also a municipal councillor for Majlis Perbandaran Petaling Jaya and Majlis Perbandaran Subang Jaya for 20 years. He had a stint as the Chairman of the Public Accounts Committee of the Selangor State Assembly and was once a director of the Selangor Agricultural Development Corporation and the Selangor Industrial Corporation, respectively. He left active politics in 1995.

In the late 1990s, he was appointed as member of the National Economic Consultative Council 2 (NECC 2) by the then Prime Minister of Malaysia, where he was involved in human resource development. In September 1999, he was also appointed to the Capital Market Strategic Committee by the then Finance Minister of Malaysia and in August 2001, he was appointed as member of the Corporate Debt Restructuring Committee (CDRC) of Bank Negara Malaysia ("BNM").

He was elected as an Executive Committee Member of the Federation of Public Listed Companies ("FPLC") in August 1994 and was appointed as its President in October 1997. He represented the FPLC to the High Level Finance Committee of the Ministry of Finance Malaysia until 2000.

He was a member of BNM's Financial Directors' Education Steering Committee (FIDE). He was also one of the first members of the Malaysian Anti-Corruption Commission (MACC) when it was established to replace the Anti-Corruption Agency (ACA). He also served as an Independent Non-Executive Director of Petroliam Nasional Berhad (PETRONAS) from April 2010 until April 2017. He retired as the Chairman of Omesti Berhad (formerly known as Formis Resources Berhad) and as Advisor of Tradewinds Corporation Berhad in January 2018 whilst in June 2018, he retired as Chairman of Majuperak Holdings Berhad. He is currently the Chairman of Asian Pac Holdings Berhad and SEG International Berhad. On 1 July 2020, he was recently appointed as Chairman of Sime Darby Plantations Berhad.

Presently, he is the Honorary Patron of the Malaysian Institute of Corporate Governance (MICG), of which he was its first President and founder from April 1998 until 2015. He is also a member of Transparency International Malaysia (TIM) and holds chairmanships in a number of non-listed companies namely, the Malaysian Institute of Management (MIM), Ulink Ascot Sdn. Bhd. and Kuber Venture Berhad. Recently in February 2021, he was appointed as Advisor of Dialog Corporate Sdn. Bhd. whilst in March 2021, he was appointed as Chairman of MYSJ Sdn. Bhd. (MySejahtera).

On the social front, he is the current President of Persatuan Darul Ridzuan in Wilayah Persekutuan Kuala Lumpur and Selangor (a welfare organisation). He was the President of Kelab Golf Negara Subang for 6 years and is the Advisor and Trustee of the Tan Sri Muhiyiddin Charity Golf Foundation. He is also a Trustee of MyKasih (Charity) Foundation and the Vijayaratnam Foundation, as well as a council member of Quest International University in Perak, Malaysia.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.

PROFILE OF THE BOARD OF DIRECTORS



LOI TUAN EE

Non-Independent Executive Director,
Group Managing Director and Group Chief Executive Officer

Nationality	Malaysian
Age	59
Gender	Male
Date of Appointment	24 March 2010
Length of Service (as at 31 March 2022)	12 years 0 month
Number of Board Meetings Attended	7/7
Membership(s) of Board Committees	Nil

Loi Tuan Ee is one of the co-founders of our Group. He attended Sekolah Menengah Jenis Kebangsaan Ayer Tawar, Sitiawan, Perak for his secondary education until 1980. He commenced his career with Ayer Hitam Oil Mill Sdn. Bhd. as a supervisor in 1982. He subsequently joined Kartika Machinery Sdn. Bhd. in 1984 as a sales representative and was involved in the sales and marketing of industrial products.

He left Kartika Machinery Sdn. Bhd. to establish Ready Chemical (M) Sdn. Bhd. and Multiview Enterprise Sdn. Bhd. in 1984, companies which were principally involved in the sale of household care products and the sale of packaging materials respectively. In 1991, he joined Century Bond Berhad as a director before being redesignated as Deputy Managing Director in 2002 where he was responsible for, amongst others, developing and managing strategic plans for the group.

In 2005, he left Century Bond Berhad to venture into the farming business through the establishment of Rainforest Capital where he was the Managing Director. In 2010, he co-founded The Holstein Milk Company Sdn. Bhd. and was instrumental in expanding our Group's operations in the dairy business since.

As our Group Managing Director, he is primarily responsible for the business development and direction, strategic corporate planning and the overall operations and management of our Group. Under Loi Tuan Ee's leadership, our Group was awarded "Best Dairy Farm" by Asia Livestock in 2015 and in 2020, our Group received the ASEAN Inclusive Business Award. In his personal capacity, his notable achievements include being selected as an "Endeavour Entrepreneur" at the 65th Endeavour International Selection Panel in Bali in July 2016 as well as being nominated for Ernst & Young's Malaysia Entrepreneur of the Year in 2016.

He was appointed as a permanent executive committee member of the National Food Security Council on 17 June 2020. He was also appointed as a committee member of the Program Review Committee of Universiti Putra Malaysia's faculty of educational studies on 22 July 2021. He currently holds directorships in other private limited companies.

He does not have any conflict of interest with the Group. He is the brother to both Loi Tuan Kin and Loi Foon Kion. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



LOI FOON KION

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	55
Gender	Female
Date of Appointment	25 September 2021
Length of Service (as at 31 March 2022)	6 months
Number of Board Meetings Attended	5/5
Membership(s) of Board Committees	Nomination and Remuneration Committee

Loi Foon Kion graduated with a Bachelor of Science (First Class Honours) in Food Science and Nutrition from Universiti Kebangsaan Malaysia in 1991. She also holds a Certified Diploma in Accounting and Finance from The Chartered Association of Certified Accountants since 1996.

She commenced her career with Wattie Food Services Sdn. Bhd. in 1991 as a food technologist and was subsequently promoted to quality assurance officer, where she was primarily responsible in setting up the company's quality assurance program and food safety standards.

In 1994, she joined T.A.S. Leisure Sdn. Bhd. ("T.A.S. Leisure") as Special Projects and Administration Manager where she was involved in procurement, quality assurance and finance matters. She was also a member of the pioneer team of T.A.S. Leisure which was instrumental in the establishment of the first two Chilli's Grill & Bar outlets in Kuala Lumpur, Malaysia.

She left T.A.S Leisure in 1997 to join Interni Asia Sdn. Bhd. ("Interni Asia"), a company principally involved in interior furnishing as a General Manager. She left Interni Asia in 1999 and was on a seven-year sabbatical to pursue her personal interests. In 2006, she joined Rainforest Capital (as an Executive Director, which is an investment holding company founded by her brother, Loi Tuan Ee). She currently holds directorships in other private limited companies.

She does not have any conflict of interest with the Group. She is the sister to both Loi Tuan Ee and Loi Tuan Kin. She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.

PROFILE OF THE BOARD OF DIRECTORS



EFFIZAL FAIZ BIN ZULKIFLY

Non-Independent Non-Executive Director

Nationality	Malaysian
Age	43
Gender	Male
Date of Appointment	18 April 2022
Length of Service (as at 31 March 2022)	0 years
Number of Board Meetings Attended	None, as he was appointed after the close of the FY2022 financial year
Membership(s) of Board Committees	Nomination and Remuneration Committee

Effizal Faiz Bin Zulkifly graduated from University of Queensland with a Bachelor of Commerce, Accounting and subsequently obtained a Master of Business Administration, MIT Sloan Fellows Program from the Massachusetts institute of Technology and Master of Commerce, Finance and Business Information System from University of Sydney.

He joined Khazanah Nasional Berhad ("Khazanah") in July 2007 and is currently the Head of Consumer. He spent his earlier years in Khazanah covering the infrastructure and telecommunication space, particularly on UEM Group of companies, Telekom Malaysia, and Astro Berhad. In 2017, upon his return from a one-year stint in the Khazanah San Francisco office, he was made Director of Internet & Technology (I&T) and Innovation and Entrepreneurship (IxE) space, leading initiatives such as TIDE and KNEO. Effizal is also currently serving as the Non-Independent Non-Executive Director of UEM Sunrise Berhad. Prior to Khazanah, he spent 4 years as a business analyst with Citibank Berhad. He is currently a board member of UEM Sunrise Berhad.

He does not have any conflict of interest with the Group nor any family relationship with with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



SUKANTA KUMAR DUTT

Independent Non-Executive Director

Nationality	Malaysian
Age	64
Gender	Male
Date of Appointment	25 September 2021
Length of Service (as at 31 March 2022)	6 months
Number of Board Meetings Attended	5/5
Membership(s) of Board Committees	· Audit and Risk Management Committee (Chairman) · Nomination and Remuneration Committee (Chairman)

Sukanta Kumar Dutt has extensive experience in the fields of governance, financial reporting and risk management, having worked for 42 years at Messrs. Ernst & Young ("EY").

He commenced his career with EY as a trainee in 1977 and rose to admission as an audit partner in 1991. His work experience spanned supporting and leading roles on audit engagements and corporate exercises such as mergers and acquisitions, initial public offerings and debt offerings. He subsequently held positions in EY as Professional Practice Director (Malaysia and Far East), Managing Partner, Quality & Risk Management (Far East and Asia Pacific) as well as Managing Partner, Global Risk Management Infrastructure. His responsibilities included the integration, execution and monitoring of risk processes, methodology and professional standards.

In 2015, he was appointed as Global Risk Management Leader, a position he held until his retirement in 2019. During his tenure as Global Risk Management Leader, he chaired the Global Risk Management Executive Committee, Audit Committee of EY global entities as well as the Insurance Oversight Committee. As Global Risk Management Leader, he was closely involved in areas such as enterprise risk management, ethics, compliance, internal audit, business continuity, independence and conflicts of interest.

He was previously a board member of the Malaysian Accounting Standards Board, the Malaysian Auditing and Assurance Standards Board and a two-term board member of the International Auditing and Assurance Standards Board. He has been an independent director of CIMB Bank Berhad since October 2019 and assumed the Chair of CIMB Bank Berhad's Board Risk and Compliance Committee in January 2021.

He has been a member of the Malaysian Institute of Certified Public Accountants since 1984 and the Malaysian Institute of Accountants since 1990.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.

PROFILE OF THE BOARD OF DIRECTORS



DATO' DR. QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM

Independent Non-Executive Director

Nationality	Malaysian
Age	62
Gender	Male
Date of Appointment	25 September 2021
Length of Service (as at 31 March 2022)	6 months
Number of Board Meetings Attended	5/5
Membership(s) of Board Committees	• Audit and Risk Management Committee • Nomination and Remuneration Committee

Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam has over 36 years of experience in the field of veterinary medicine and livestock production. He graduated with a Doctor of Veterinary Medicine from Universiti Pertanian Malaysia in 1984 and subsequently obtained a Master of Science in Epidemiology and Preventive Veterinary Medicine from Free University of Berlin, Germany in 1994.

He commenced his career with the Department of Veterinary Services ("DVS") as a Veterinary Officer in Negeri Sembilan from 1984 to 1989 where he was involved in managing beef cattle at the Jelai Gemas Farm. In 1989, he was re-assigned to the DVS' headquarters in Kuala Lumpur where he worked as a Veterinary Officer (Farm Division) until 1993.

He left the DVS to pursue his Masters in Germany in 1993 and upon returning to Malaysia in 1995, he worked as a Veterinary Officer involved in educating undergraduates, farmers and DVS personnel and managing the dairy farm at the Veterinary Institute in Kluang, Johor until 2000. He was subsequently promoted to become the State Director of the DVS in the state of Kedah from 2000 until 2007 and the state of Perak from 2008 until 2011. During his stint as State Director, he was instrumental in amongst others, developing the livestock industry, raising the income of farmers and ensuring overall animal health status, including preventing zoonotic diseases.

Throughout his career, he has held various positions within the DVS, including as Director of the Livestock Technology Resources Development division from 2011 until 2015 and as Deputy Director-General of the DVS for Development and Veterinary Health from 2015 until 2017.

He was appointed as the Director-General of the DVS in 2017, a position which he has held until his retirement in 2020. His notable achievements throughout his 36-year career with the DVS include being involved in establishing rules and regulations under the Feed Act 2009, the formulation of the Animal Welfare Act 2015 in Malaysia and preparing and implementing strategic plans for dairy and beef development programs for Malaysia. He was also involved in overseeing effective disease control programs, implementing standards and certification for farms and processing plants and negotiating for exports of livestock and its products to other countries.

He is currently a board member of Lembaga Totalisator Malaysia and a director of the Malaysian Equine Council. He also holds directorships in other private limited companies.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



JOCELYN NG LAI LENG

Independent Non-Executive Director

Nationality	Malaysian
Age	58
Gender	Female
Date of Appointment	25 September 2021
Length of Service (as at 31 March 2022)	6 months
Number of Board Meetings Attended	5/5
Membership(s) of Board Committees	· Audit and Risk Management Committee · Nomination and Remuneration Committee

Jocelyn Ng Lai Leng has over 20 years of experience in the fields of marketing, business development, and management.

She graduated with a Bachelor of Arts majoring in General Psychology from the University of Waterloo, Canada in 1985 and subsequently obtained a Master of Arts in Psychology from Duquesne University, United States of America in 1986. She commenced her career with Rima College as a Psychology and Sociology lecturer under the American Degree Program in 1987. At the end of 1987, she joined the Stamford College Group where she continued her stint as a Psychology and Philosophy lecturer until September 1988.

From September 1988 until January 1994, she held the positions of Brand and Market Research Manager of Malaysian Tobacco Company Bhd. As Market Research Manager, she was tasked with providing analysis and information on market trends and consumer demands. Subsequently, she was promoted to Brand Manager, where she was primarily involved in promoting the company's brands. Thereafter, she joined Quality Bakers (M) Sdn. Bhd. in July 1994 as a Marketing Manager.

She left Quality Bakers (M) Sdn. Bhd. in August 1996 to join JT International as Group Product Manager and was responsible for promoting the company's brands. Subsequently, she joined Danone Marketing (Malaysia) Sdn. Bhd. in March 2001 as a Marketing Manager in the Snacks Division and thereafter, the Marketing Director of Biscuits and Snacks where she oversaw the marketing team in the promotion of the company's products.

In August 2004, she embarked on a two-year sabbatical to pursue her personal interests in art and fitness. She returned from her sabbatical in January 2007 to join Danone Dumex Sdn. Bhd. as the Marketing Director and subsequently also assumed the role of Medical Marketing Director. She was responsible for the promotion of brands in both the consumer and medical sectors until July 2010.

She was appointed as the Head of Marketing (Foods & Beverages) of PepsiCo Malaysia Sdn. Bhd. in November 2010. In March 2012, whilst in her capacity as Head of Marketing (Foods & Beverages), she was further entrusted with the portfolio of Head of Commercial (Foods). In June 2013, she was promoted to the position of General Manager of Malaysia, Singapore, Brunei, Mongolia, and Pacific Islands, where she was responsible for various functions, including amongst others, managing business relationships with food and beverage distributors.

She joined Uniqlo Malaysia Sdn. Bhd. as the Senior Director of Operations in March 2015 and was promoted to Chief Operating Officer in September 2015, a position she held until 2017. Currently, she is the sole proprietor of her own consulting firm, where she provides consulting services in respect of management and marketing matters. She also holds a directorship in a private limited company.

She does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. She has not been convicted for any offences within the past five (5) years nor has she been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.

PROFILE OF KEY SENIOR MANAGEMENT



LOI TUAN EE
Group Managing Director and Group Chief Executive Officer

For details on Loi Tuan Ee's profile, refer to Directors' profile on page 66.



AZMI BIN ZAINAL
Group Chief Operating Officer

56	Male	Malaysian
Date of Appointment: 24 March 2010		

Azmi Bin Zainal attended Sekolah Teknik Tuanku Jaafar, Ampangan Seremban for his secondary education until 1983.

He began his career with the Federal Land Development Authority ("FELDA") in 1989 as a land planning officer for Felda Lok Heng Barat where he was responsible for managing FELDA settlers' farming and social matters. Subsequent to leaving FELDA in 1997, he founded his own business, Gemilang Packaging Sdn. Bhd., where he was involved in, amongst others, the trading and supply of industrial packaging.

From 2006 to 2008, he was on a two-year sabbatical where he pursued his personal interests. In 2008, he joined Nu Moto Sdn. Bhd., a company involved in the trading and supply of motorcycles to FELDA and Army co-operatives as a sales representative.

He was appointed as the Chief Operating Officer of The Holstein Milk Company in 2010 and is responsible for managing the operations and sales of our Group. He is also actively involved in the distribution and marketing of our Group's products. He currently holds directorships in other private limited companies.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



MOHD KHAIRUL BIN MAT HASSAN
Group Chief Financial Officer

43	Male	Malaysian
Date of Appointment: 8 June 2020		

Mohd Khairul Bin Mat Hassan graduated from the University of Queensland, Australia in 2001 with a Bachelor of Commerce and subsequently obtained a Master of Commerce from the University of New South Wales, Australia in 2002. He commenced his career with Pricewaterhouse Coopers (Malaysia) as an Associate in 2002 and subsequently assumed the role of Senior Associate, where he was involved in assurance, audit and business advisory assignments until 2005. In 2006, he joined Pricewaterhouse Coopers Americas (Bermuda) as a Senior Associate before being promoted to the position of Manager, where he continued to be involved in assurance, audit and business advisory assignments.

He returned to Malaysia in 2007 and worked with UEM World Berhad from 2007 to 2008 as a Manager in the corporate finance department of the group. He was subsequently reassigned to UEM Sunrise Berhad (formerly known as UEM Land Holdings Berhad) in 2008 as a Deputy Senior Manager in the corporate planning and business development department before leaving the group at the end of 2011 to pursue a full-time one-year Masters in Business Administration (MBA) programme in 2012 with the INSEAD Business School ("INSEAD").

After completing his masters studies, he worked with A.T. Kearney, Inc. (Malaysia) from February 2013 to April 2014 as a management consultant. He then joined NUR Power Sdn. Bhd. ("NUR Power") as the Senior General Manager, Finance before being promoted to become the Chief Financial Officer of NUR Power group in May 2014. He left the NUR Power group in May 2020 and joined our Group as the Group Chief Financial Officer in June 2020. He brings with him over 17 years of experience in the field of accounting and finance.

He is responsible for the overall finance function, strategic and corporate finance matters, and general management of our Group.

He also holds a MBA from INSEAD since 2012 and has been a member of the Institute of Chartered Accountants in Australia since 2005 and the Malaysian Institute of Accountants since 2016.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



LOI TUAN KIN

Plant Operations Direction

58	Male	Malaysian
Date of Appointment: 24 March 2010		

Loi Tuan Kin is one of the co-founders of our Group. He has over 12 years' experience in the dairy industry. He attended Sekolah Menengah Rendah Jalan Tok Perdana, Sitiawan, Perak for his secondary education until 1981. Upon completing his secondary education, he was on a two-year sabbatical from 1982 until 1984 to pursue his personal interests.

He began his career as a production supervisor at Century Bond Berhad in 1985. He was subsequently promoted to production manager and was responsible for overseeing plant operations. In 2005, he left Century Bond Berhad to join Rainforest Capital as an Executive Director and was tasked with overseeing the farming operations of the company. In 2010, he co-founded The Holstein Milk Company Sdn. Bhd. together with Loi Tuan Ee and was instrumental in establishing our Mawai farm in that same year. He currently oversees and manages all operational matters at both our Mawai Farm and Larkin Facility, which includes, amongst others, daily milk transfers from farm to factory, the processing of raw materials to finished goods, and the logistics coordination and distribution of our products within Malaysia and Singapore. He currently holds directorships in other private limited companies.

He does not have any conflict of interest with the Group. He is the brother to both Loi Tuan Ee and Loi Foon Kion. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



JACOB A/L MATHAN

Group Senior Farm Manager

32	Male	Malaysian
Date of Appointment: 1 January 2018		

Jacob a/l Mathan graduated with a Bachelor of Agricultural Science (Hons) in livestock production from Universiti Malaysia Sabah in 2014 and has been with our Group since. He commenced his career as a Farm Executive at our Mawai Farm in 2014 and was instrumental in the setup and development of our Muadzam Shah Cattle Research and Innovation Centre in Pahang. He was subsequently promoted to lead our Muadzam Shah Farm in 2015 and was appointed as Group Senior Farm Manager in 2018. He currently oversees the development and management of all our farming operations across Malaysia.

He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.



ADAM GRAEME PRETTY

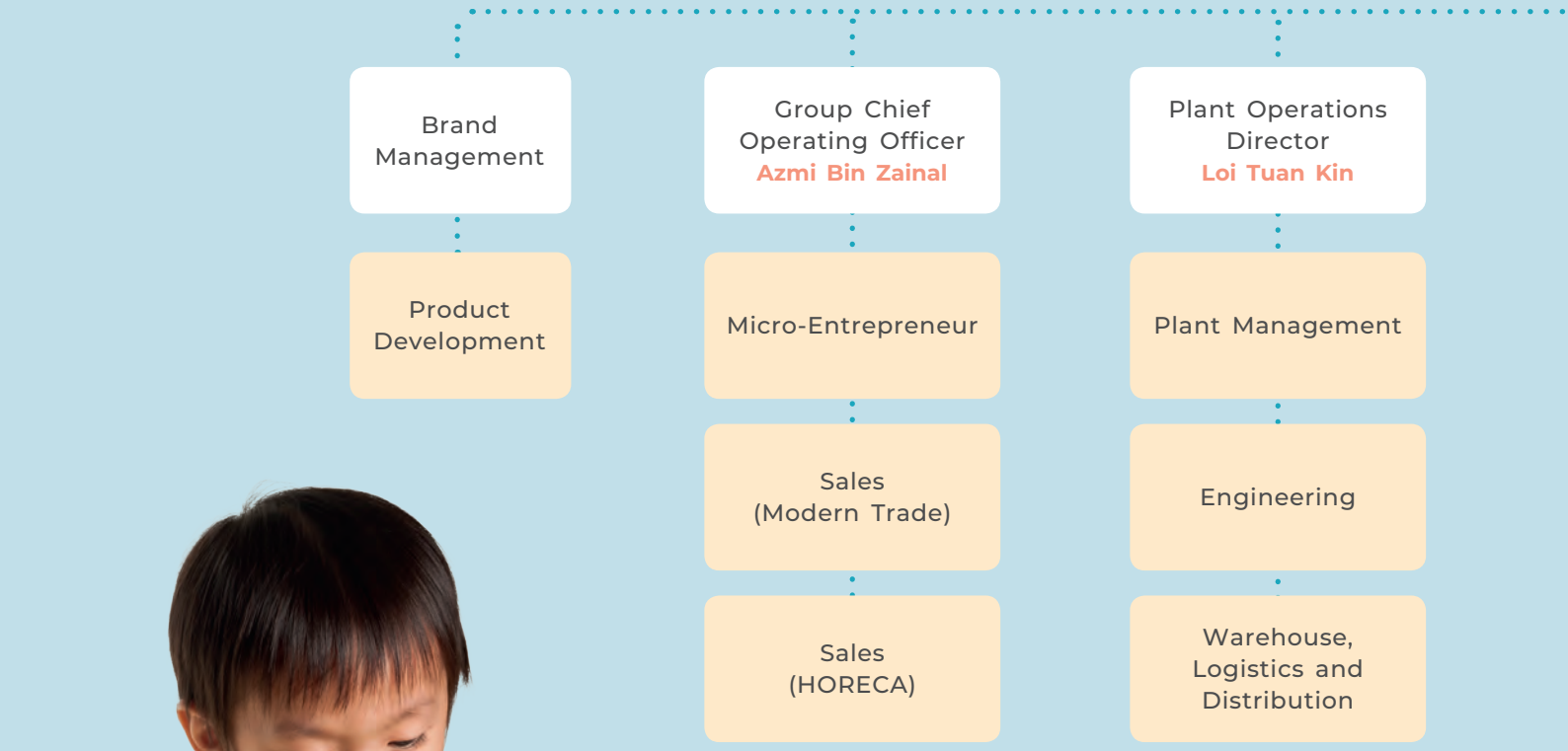
Managing Director of the Australian Business

49	Male	Australian
Date of Appointment: 5 October 2017		

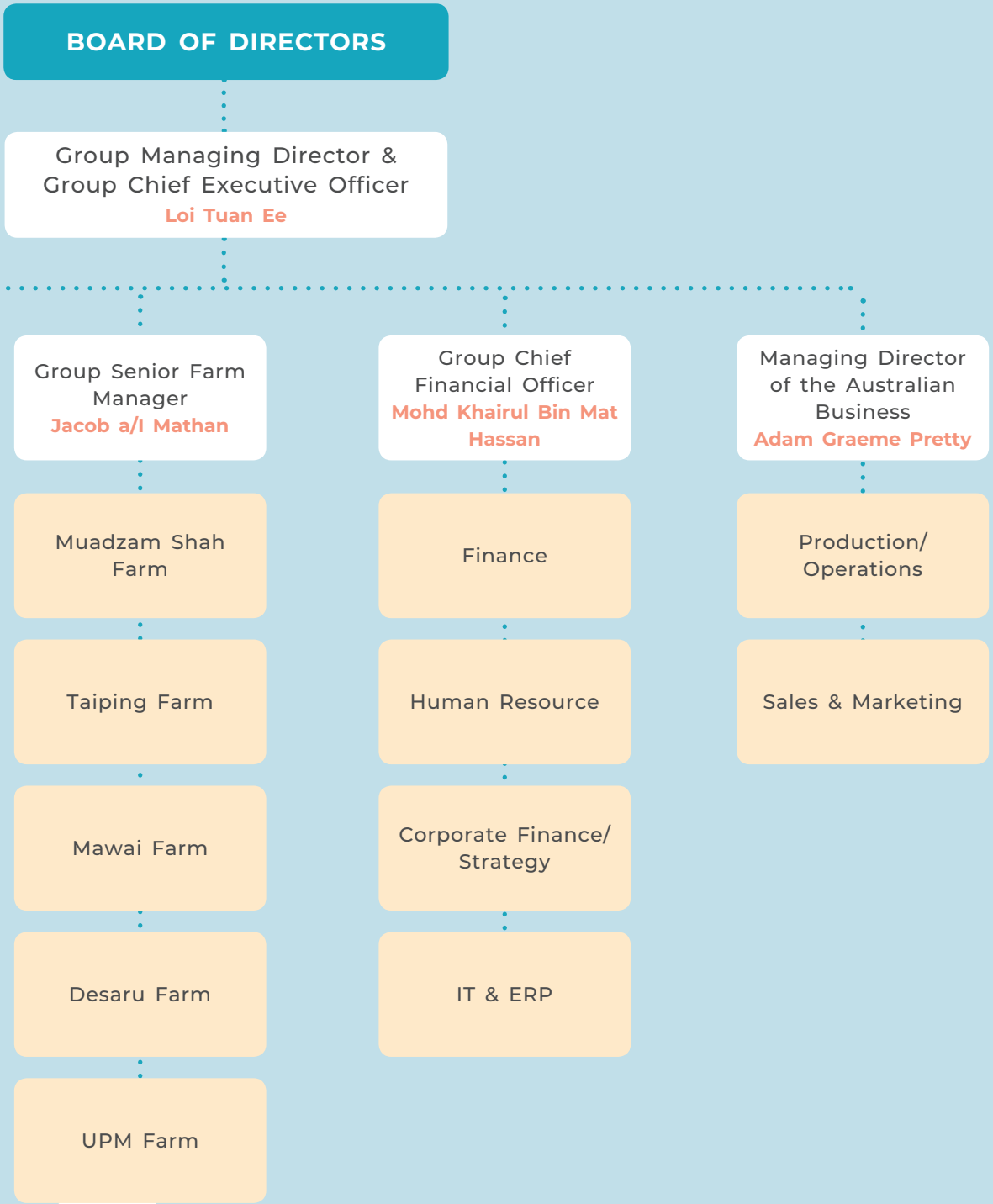
Adam Graeme Pretty has over 27 years of experience as a livestock manager with Green ham in Victoria, Australia. Prior to joining our Group in 2017, he established Dairy Livestock Exports Pty Ltd, an Australian based company which is principally involved in the export of cows to Malaysia, Singapore, Taiwan, UAE, China and Indonesia.

He currently oversees our Group's Australia farming operations and is actively involved in the day-to-day operations of our Australian business. He does not have any conflict of interest with the Group nor any family relationship with any other Director, member of key senior management or major shareholder of the Group. He has not been convicted for any offences within the past five (5) years nor has he been imposed of any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 March 2022.

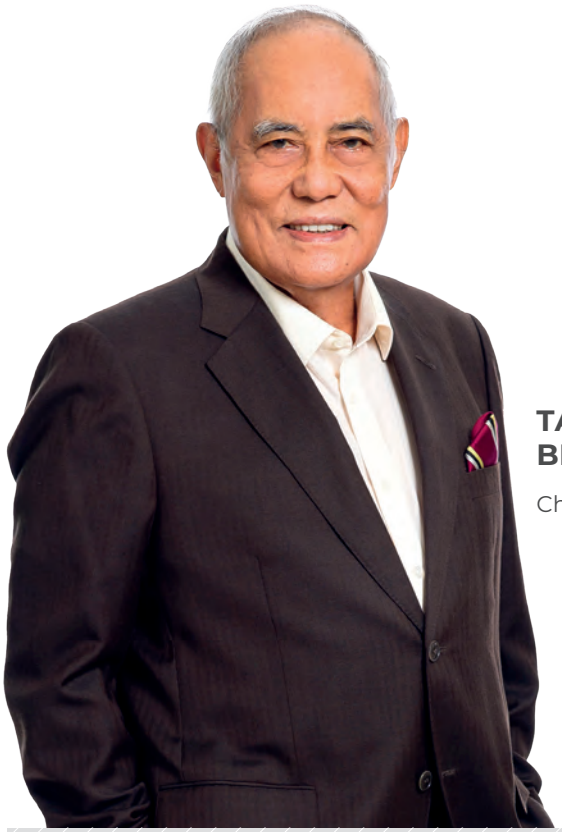
ORGANISATIONAL **STRUCTURE**






BOARD OF DIRECTORS
Group Managing Director & Group Chief Executive Officer
Loi Tuan Ee
Group Senior Farm Manager
Jacob a/l Mathan
Muadzam Shah Farm
Taiping Farm
Mawai Farm
Desaru Farm
UPM Farm
Group Chief Financial Officer
Mohd Khairul Bin Mat Hassan
Finance
Human Resource
Corporate Finance/ Strategy
IT & ERP
Managing Director of the Australian Business
Adam Graeme Pretty
Production/ Operations
Sales & Marketing

CHAIRMAN'S OVERVIEW ON CORPORATE GOVERNANCE



TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN BIN DATUK SERI DR. HAJI MEGAT KHAS

Chairman

DEAR SHAREHOLDERS,

IT IS MY PLEASURE TO PRESENT OUR CORPORATE GOVERNANCE OVERVIEW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022, OUR FIRST AS A PUBLIC LISTED COMPANY. AS WE EMBARK ON AN EXCITING NEW ERA FOR FARM FRESH BERHAD, THIS STATEMENT AND ITS ATTENDANT REPORTS OUTLINE THE APPROACH TO CORPORATE GOVERNANCE WHICH WE HAVE IMPLEMENTED TO SAFEGUARD THE INTERESTS OF THE GROUP, ITS SHAREHOLDERS AND STAKEHOLDERS.



As the Group aggressively pursues growth and expansion opportunities, and engages with a wider range of partners and suppliers, it is of utmost importance that we adhere to the highest standards in ethical business conduct and provide all stakeholders with channels to voice any concerns or issues that arise. To this end, the five new policies and codes adopted during FY2022 will play an important role.

In navigating the evolving challenges posed by the rapidly changing post-pandemic business environment, the Group has instituted a sound and comprehensive approach to risk management. This is spearheaded by the members of our Audit and Risk Management Committee (ARMC) and the Group's Internal Audit Department, which will continue to work closely with the ARMC and the Board to evaluate the adequacy of the Group's internal control system and effectively address any instances of non-compliance.

Furthermore, I am pleased to report that the policies and codes adopted by the Group, and the practices of our Board Committees, are in line with the recommendations of the Malaysian Code on Corporate Governance (MCCG) 2021. This aligns our practices with global principles and internationally recognised practices of corporate governance, providing a strong basis for us to strengthen board oversight and integrate sustainability considerations at all levels of the Group.

As expanded upon across this Integrated Annual Report, we are operating in a unique time in global history; one where the forces of globalisation and digitalisation are converging with unprecedented concern over environmental issues, all set against a backdrop of turbulent macroeconomic conditions. This poses various challenges for companies of all sizes, but above all means that we must formulate strategies that deliver balanced growth and drive shared value.

In this respect, it gives me great confidence to note that our Board of Directors brings a combination of skills, knowledge and perspectives to the table. Their experience spans dairy farming and production, investment management, corporate governance, government relations and more, providing the Group with both sound oversight and clear direction as it seeks to cement its position in the Malaysian market and sustainably penetrate new markets outside the country.

As the Group navigates the challenges and opportunities presented in this new era, I look forward to continuing our collective work towards delivering greater value for all our stakeholders.

Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas
Chairman

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

IN ENHANCING AND SAFEGUARDING THE INTERESTS OF STAKEHOLDERS AND ENHANCING SHAREHOLDER VALUE, THE BOARD OF DIRECTORS ("THE BOARD") OF FARM FRESH BERHAD RECOGNISES THE IMPORTANCE OF UPHOLDING GOOD CORPORATE GOVERNANCE AND ITS RESPONSIBILITY OF MAINTAINING HIGH STANDARDS OF TRANSPARENCY, ACCOUNTABILITY AND INTEGRITY.

In addition, the Group is committed to upholding good Environmental, Social and Governance (ESG) practices and works towards embedding sustainability into its business processes. A full disclosure of our sustainability initiatives and practices can be found in the Sustainability Statement within this Integrated Annual Report, containing in-depth analysis of our sustainability performance in relation to ESG matters material to the Group and its stakeholders, as well as our support of the United Nations Sustainable Development Goals (UN SDGs).

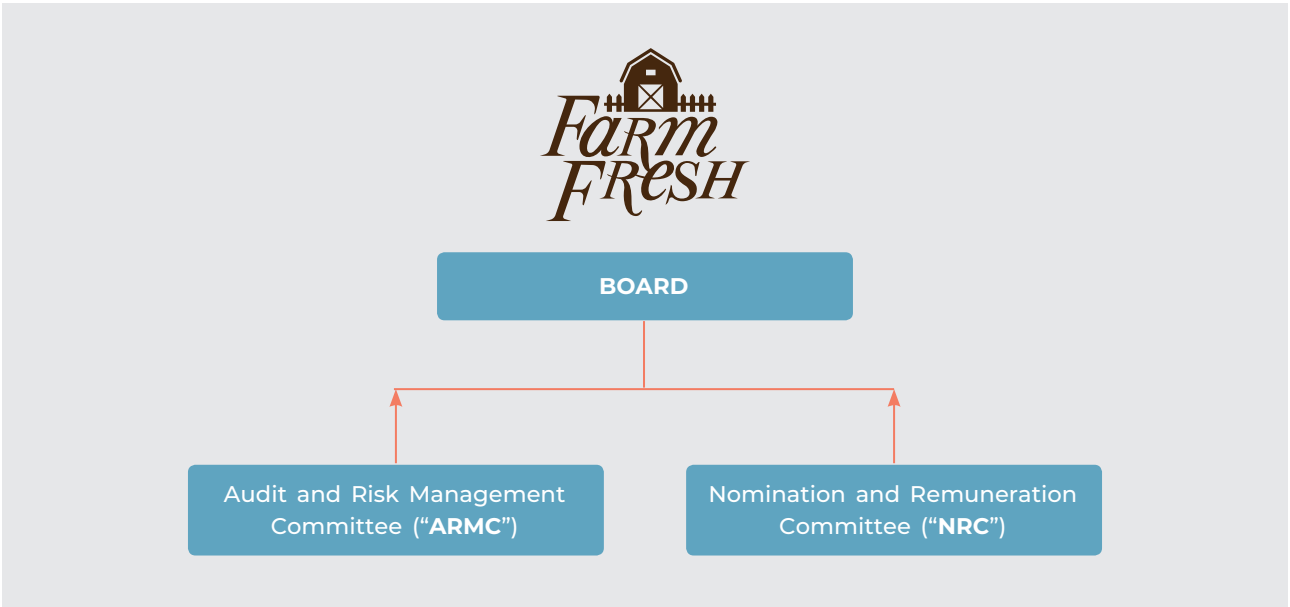
This Corporate Governance Overview Statement is prepared in accordance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), in line with the principles set out in the Malaysian Code on Corporate Governance (MCCG) 2021 under the leadership of the Board during the financial year ended 31 March 2022 ("FY2022").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible for determining the Group's overall direction, thereby ensuring the delivery of sustainable value to our stakeholders while protecting the interests of the Group. In doing so, the Board champions good governance and ethical practices, provides leadership in guiding the creation of corporate strategies, and works to ensure the effective execution of these strategies.

The governance structure of the Board is as follows:



In maintaining effective supervision and accountability of the Board and the management, the position of Chairman and Group Managing Director/Chief Executive Officer are held by different individuals, thereby ensuring balance of power and authority. The roles and responsibilities of the Chairman and the Group Managing Director/Chief Executive Officer are specified in the Board Charter and accessible at https://www.farmfresh.com.my/investor-relations/.

The Board has full and unrestricted access to all information pertaining to the Group, in addition to the services of the Group's Company Secretary and senior management at all times to aid in the proper discharge of their fiduciary duties. The notices and the meeting papers are sent to all members of the Board and Board Committees ahead of scheduled meetings, ensuring sufficient time to peruse issues to be deliberated.

During FY2022, the Board adopted the following new policies and codes:

- Code of Conduct and Business Ethics
- Conflict of Interest Policy
- Employees' Share Option Scheme (ESOS)
- Ethical Trading Policy
- Whistle Blowing Policy

These documents define the Group's commitments towards issues relevant to good corporate governance and are periodically reviewed to ensure relevance and applicability. They are accessible at https://www.farmfresh.com.my/investor-relations/.

BOARD COMPOSITION

The Board comprises seven (7) experienced and competent members with different areas of expertise, out of which four (4) members are Independent Non-Executive Directors ("INED"). None of the members of the Board is a former key audit partner of the external auditors of the Company.

The Board has established the Audit and Risk Management Committee ("ARMC") and the Nomination and Remuneration Committee ("NRC") to assist in the execution of its responsibilities. Each of the Board Committees is chaired by an INED who is not the Chairman of the Board. The functions, duties and authorities of the Board Committees are set out in their Terms of Reference, which are accessible at https://www.farmfresh.com.my/investor-relations/.

The Board via the NRC has established a set of criteria for the assessment of all directors including independent directors. The criteria adopted serve as a reference for the Board's annual assessment of prospective and incumbent directors and are reviewed regularly to maintain their relevance. Furthermore, the effectiveness of the Board, its Committees and each individual director is reviewed annually. Moving forward, the Board shall engage professional, experienced and independent experts at least every three (3) years, to facilitate objective and candid board evaluation.

(i) Assessment of independence of INEDs

As part of the IPO process, the Company together with its advisors have assessed the independence of all INEDs, focusing not only on whether a director's background and current activities qualify him or her as independent but also whether the director can act independently of the management and free from any business or other relationship which could interfere with the exercise of independent judgement or their ability to act in the best interests of the Group. Going forward, the NRC shall perform such assessments annually.

The NRC has determined that all INEDs have remained objective and independent. Each of the INED has provided a confirmation of his/her independence to the NRC.

(ii) Review of the effectiveness of the individual Directors, Board Committees and the Board

The NRC has reviewed the competencies, contributions and performances of each individual Director, all Board Committees and the Board as a whole. In carrying out its assessments, the NRC is satisfied with the effectiveness of all parties.

(iii) Review of the AC, external auditors and internal auditors

The NRC in conjunction with its annual processes, will review the independence, composition, skills and expertise, term of office and overall performance of the ARMC. The NRC has also, through the ARMC, reviewed the objectivity, independence, competency, professionalism and resource capacity of the Group's external and internal auditors, and is satisfied with its findings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(iv) Review of the remuneration of Directors

The NRC has reviewed Directors' remuneration, which includes fees, salary, benefits-in-kind and other emoluments. At the recommendation of NRC, the Board is of the view that the current Directors' fees of RM150,000 for Chairman and RM400,000 for other Directors are sufficient to attract and retain high calibre Directors to serve on the Board. The total proposed Directors' fees of RM550,000 for FY2022 will be tabled at the forthcoming 11th Annual General Meeting ("AGM") of the Group for the approval of shareholders.

(v) Rotation of Directors

As per the Constitution of the Company ("Constitution"), 1/3 of Directors with a minimum of one (1) year of service shall retire from office and shall be eligible for re-election at every AGM. The Constitution also provides that all Directors shall retire from office at least once in every 3 years.

All seven Directors on the Board are standing for re-election at the forthcoming 11th AGM, and all have indicated their intentions to seek re-election. Having considered the suitability, effectiveness and attendance of the Directors in question at Board and Board Committee meetings during the year in review, as well as other criteria such as directorships on other public listed and public companies, and the potential for any conflicts of interest with the Group, the Board recommends their re-election to be approved by shareholders at the forthcoming 11th AGM.

With regard to Board and Board Committee meetings, these are scheduled quarterly with additional meetings convened as and when necessary. Meetings are conducted based on a formal agenda containing time allocated for matters to be discussed and time for deliberation. The Chairman of the Board and the Chairperson of the respective Board Committees chair the meetings with a proper record of minutes kept by the Company Secretary. The draft minutes are made available to all the members of the Board and Board Committees before the confirmation of minutes at the next meeting. Each Director must attend at least fifty (50) percent of the Board meetings held in each financial year.

The attendance of members of the Board and Board Committees during FY2022 were as follows:

Name of Director	Board	ARMC	NRC
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas *Independent Non-Executive Chairman*	5/5*	N/A	N/A
Loi Tuan Ee *Non-Independent Executive Director, Group Managing Director and Chief Executive Officer*	7/7	N/A	N/A
Loi Foon Kion *Non-Independent Non-Executive Director*	5/5	N/A	2/2
Tan Mei Shwen Serena *Non-Independent Non-Executive Director*	7/7	N/A	2/2
Sukanta Kumar Dutt *Independent Non-Executive Director*	5/5	2/2*	2/2*
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam *Independent Non-Executive Director*	5/5	2/2	2/2
Jocelyn Ng Lai Leng *Independent Non-Executive Director*	5/5	2/2	2/2

* *Chairperson of the Board/Board Committee*

Board Members/Date of Meeting	7 Apr 2021 (02/2021)	9 Jul 2021 (03/2021)	27 Sep 2021 (04/2021)	18 Oct 2021 (05/2021)	5 Jan 2022 (01/2022)	11 Feb 2022 (02/2022)	8 Mar 2022 (03/2022)	Number of Meetings Attended
Loi Tuan Ee *(Appointed w.e.f. 24.03.2010)*	✓	✓	✓	✓	✓	✓	✓	7/7
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas *(Appointed w.e.f. 25.09.2021)*	–	–	✓	✓	✓	✓	✓	5/5
Loi Foon Kion *(Appointed w.e.f. 25.09.2021)*	–	–	✓	✓	✓	✓	✓	5/5
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam *(Appointed w.e.f. 25.09.2021)*	–	–	✓	✓	✓	✓	✓	5/5
Sukanta Kumar Dutt *(Appointed w.e.f. 25.09.2021)*	–	–	✓	✓	✓	✓	✓	5/5
Jocelyn Ng Lai Leng *(Appointed w.e.f. 25.09.2021)*	–	–	✓	✓	✓	✓	✓	5/5
Tan Mei Shwen Serena *(Resigned w.e.f. 18.04.2022)*	✓	✓	✓	✓	✓	✓	✓	7/7

DIRECTORS' TRAINING

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. Furthermore, Directors are required to evaluate their own training needs on a continuous basis with the overriding objective of staying abreast of relevant regulatory requirements and ongoing business developments. The Board is committed to stay abreast of training programmes and workshops conducted by Bursa Securities and other training providers, while receiving updates of new statutory and regulatory requirements from time to time.

During FY2022, since their appointment, the Directors have attended various training programmes, seminars, conferences and forums, details of which are set out below:

	Directors	Training Programme	Organizer	Date
1.	Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	Khazanah Megatrends Forum	Khazanah Nasional Berhad	4th-6th October 2021
		Sime Darby Plantation Board Webinar on Environment, Social & Governance (ESG) – Insights for Directors	Sime Darby Plantation Berhad	15th December 2021
2.	Loi Tuan Ee	Bursa Mandatory Accreditation Program	ICDM	15th-17th March 2022
3.	Loi Foon Kion	Bursa Mandatory Accreditation Program	ICDM	15th-17th March 2022
4.	Sukanta Kumar Dutt	Board Sustainability Training	CIMB	21st October 2021
		Budget Seminar	EY	12th November 2021
		Board Sustainability Training	CIMB	3rd December 2021
		FIDE Annual Dialogue with BNM Governor	FIDE	20th January 2022
		Asean Finance Executive Forum	EY	27th January 2022
		FIDE Masterclass/MY FinTech Week	FIDE	15th February 2022
		Bursa Mandatory Accreditation Program	ICDM	15th-17th March 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	Directors	Training Programme	Organizer	Date
5.	Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	Bursa Mandatory Accreditation Program	ICDM	15th-17th March 2022
6.	Jocelyn Ng Lai Leng	Forum: Conversations with Mentor: BoardRoom Realities: Are you Ready?	30% Club	9th November 2021
		Bursa Mandatory Accreditation Program	ICDM	15th-17th March 2022

REMUNERATION

In order to attract and retain high calibre Directors, the Group aims to maintain competitive remuneration packages comprising a basic salary, allowances, bonuses and other benefits-in-kind.

The remuneration of Non-Executive Directors is linked to their experience and the level of responsibilities they undertake. The Director concerned is abstained from deliberation and voting on decisions concerning his or her remuneration package.

Name/Designation	Directors' Fees (RM)	Basic Salary (RM)	Allowance (RM)	Others (EPF, SOCSO, EIS) (RM)
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas *Independent Non-Executive Director*	150,000	–	6,000	–
Loi Tuan Ee *Non-Independent Executive Director*	–	1,187,097	245,760	143,376
Loi Foon Kion *Non-Independent Non-Executive Director*	100,000	–	6,000	–
Sukanta Kumar Dutt *Independent Non-Executive Director*	100,000	–	8,000	–
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam *Independent Non-Executive Director*	100,000	–	8,000	–
Jocelyn Ng Lai Leng *Independent Non-Executive Director*	100,000	–	8,000	–
Tan Mei Shwen Serena	–	–	–	–
Effizal Faiz Bin Zulkifly	–	–	–	–
Total	**550,000**	**1,187,097**	**281,760**	**143,376**

Senior Management's Remuneration for FY2022

The breakdown of remuneration of our top five key senior management comprising salary, allowance, bonus, benefits in-kind and other emoluments in bands of RM50,000 are as set out below:

Key Senior Management	Total Remuneration (RM)
Loi Tuan Ee	1,550,000 - 1,600,000
Mohd Khairul Bin Mat Hassan	1,150,000 - 1,200,000
Loi Tuan Kin	800,000 - 850,000
Azmi Bin Zainal	700,000 - 750,000
Adam Graeme Pretty	600,000 - 650,000

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT AND RISK MANAGEMENT COMMITTEE

The ARMC is led by an INED who is not the Chairman of the Board. The ARMC comprises three (3) INEDs, each satisfying the "independence" requirements set out in the Listing Requirements of Bursa Securities. At least one (1) member of the ARMC must be a member of the Malaysian Institute of Accountants or have at least three (3) years' working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967. In addition, at least one (1) member of the ARMC must fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad. Furthermore, all AC members are financially literate, with extensive corporate experiences and the requisite business skills to carry out their role.

The roles and responsibilities of the ARMC cover the following areas:

a) Risk Management and Internal Control
b) Internal Audit
c) External Audit
d) Audit Reports
e) Financial Reporting
f) Related Party Transactions
g) Allocation under Employees' Share Option Scheme (ESOS)
h) Whistleblowing

A summary of activities carried out by ARMC in discharging its functions in FY2022 is disclosed in the 'Audit and Risk Management Committee Report' of this Integrated Annual Report on page 89. Profiles of ARMC members are accessible at https://www.farmfresh.com.my/investor-relations/.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for maintaining a sound risk management and internal control system, regularly reviewing its relevance and effectiveness, and putting in place adequate measures to safeguard the interests of shareholders and the Group.

In delivering sound oversight of the Group's risk management and internal control procedures, the Board is assisted by the ARMC. The ARMC reviews pertinent risks and analyse each risk's potential impact to the Group, providing feedback for management actions based on the analysis carried out. Key matters identified are further escalated to the Board for its attention and further action.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of transparency and accountability in its communication with the Group's shareholders.

To this end, the Board communicates information on the operations, activities and performance of the Group through its Integrated Annual Report, various corporate announcements made to Bursa Securities and the Company's corporate website, while engaging stakeholders through dialogues, discussions and briefings with the press, fund managers and analysts through its programme of investor relations activities. Stakeholders may direct their queries or concerns to the Company Investor Relations function via telephone or email.

In line with Paragraph 15.26(a) of the Listing Requirements, the Directors are also responsible for the preparation of financial statements for each financial year that provide a true and fair view of the financial position, financial performance and cash flows of the Group for the financial year then ended.

The Board is also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group. Financial statements must comply with the Companies Act 2016, the applicable approved accounting standards in Malaysia and the Listing Requirements of Bursa Securities. In ensuring an effective system of checks and balances to this end, the ARMC reviews the Group's quarterly financial results and annual Audited Financial Statements to ensure accuracy, adequacy and completeness prior to presentation of the statements for Board approval.

For more information on our stakeholders' activities and issues raised with stakeholders, please refer to "Key Stakeholder Engagement" on pages 36-39.

CONDUCT OF GENERAL MEETINGS

Notice of all general meetings are sent to shareholders at least 14 days before the meeting or at least 21 days prior to the meeting where any special resolution is to be proposed or where it is an AGM.

During general meetings, shareholders will be given opportunity and sufficient time to express their views or raise issues in connection with the Group's financial performance, business operations, corporate governance and any other matters relevant to their interests, with the Directors, senior management and auditors of the Group present in person to respond to the issues raised.

In line with Paragraph 8.29A of the Listing Requirements of Bursa Securities, the Board has implemented poll voting for all the resolutions set out in the notice of general meetings and the appointment of at least one (1) independent scrutineer to validate the votes cast at the general meetings. The outcome of general meetings including results of poll voting are announced to Bursa Securities on the same day after the meetings are concluded and are accessible at https://www.farmfresh.com.my/investor-relations/or via www.bursamalaysia.com/market_information/announcements/company_announcement.

Summaries of the key matters discussed at general meetings are accessible at https://www.farmfresh.com.my/investor-relations/.

This Corporate Governance Overview Statement was approved by the Board on 21st July 2022.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

BOARD'S RESPONSIBILITIES

The Board affirms its commitment and overall responsibility and oversight of the system of internal control and risk management of Farm Fresh Berhad and its subsidiaries (the Group).

The Board confirms that there is continuous effort to enhance the Group's overall risk management and internal control processes by pursuing various initiatives that involve the Group. The Board is supported by the Audit and Risk Management Committee (ARMC), which reviews and monitors the Group's risk exposures and the design and operating effectiveness of the underlying risk management and internal controls systems by periodically reviewing the following:

- the principal business risks and control measures to mitigate or reduce such risks;
- the strengths and weaknesses of the overall internal controls system and action plans to address the risk of weaknesses or to improve the assessment process;
- the business internal processes and operations reported by the Internal Audit Department, including action plans to address the identified control weaknesses, the monitoring of implementation of its recommendations and status updates; and
- the reports by the external auditors of any control issues identified in the course of their audit related and non-audit related work and the discussion with external auditors of the scope of their respective review and findings.

The ARMC reports to the Board on significant issues that it has deliberated and dealt with. The Board remains responsible for the governance of risk management and internal control, and for the actions of all Board Committees with respect to the execution of its delegated oversight responsibilities.

MANAGEMENT'S RESPONSIBILITY

Management is accountable to the Board and is responsible for effective implementation of risk management and control mechanisms, including:

- providing executive leadership in the management of risk within their work responsibilities
- identifying and evaluating risks faced by the group
- formulating and implementing internal control and risk management actions and mechanisms
- implementing remedial actions in response to significant risks, and to address compliance and control issues
- the overall achievement of business objectives and strategies

Management is committed to operating a sound system of internal control and the internal control system will continue to be reviewed, updated, and improved upon in line with changes in the operating environment. Key to this is to identify significant threats and opportunities, evaluate the risk profile and drive mitigation strategies on a regular basis. All heads of departments, managers and senior executives are required to assume responsibility for risk management within their areas of responsibility and ensure that risk management is embedded in day-to-day business and decision-making processes.

The Group Chief Executive Officer and Group Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively.

RISK MANAGEMENT

The Board has put in place an Enterprise Risk Management ("ERM") framework, in accordance with the Malaysian Code on Corporate Governance, to ensure that there is an on-going process of identifying, evaluating, and managing significant business risk exposure. The Group's ERM framework aims to facilitate the execution of strategic business plans to achieve the Group's objectives by implementing relevant controls to mitigate the principal risks of the business.

The Group's ERM framework is based on the internationally recognised COSO (Committee of Sponsoring Organizations) framework. Risk factors are incorporated into the risk register and individually rated as High, Medium or Low risk. The rating process is guided by a matrix of 'likelihood' and 'impact', with both financial and non-financial impact being considered. Thereafter, owners of these risk factors drive the implementation of risk mitigation measures towards achieving a residual risk that is within acceptable tolerance.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department to support the ARMC and the Board. The Internal Audit Department conducts an audit on the Group's operations as mandated by the ARMC based on the approved annual audit plan.

The Internal Audit function evaluates the adequacy and effectiveness of the Group's internal control system. Furthermore, the Internal Audit function checks and monitors compliance to ensure adherence to the Group's policies and procedures.

Relevant findings with respect to non-compliance are highlighted to the Board via the ARMC, with corrective measures identified for the onward action of Management. The Head of Audit and Risk reports the audit findings and management action plans to the ARMC on a quarterly basis.

PRINCIPAL RISKS

Principle Risks	Description	Key Mitigation Measures
COVID-19 Risk	COVID-19 can result in various business and operational disruptions.	• Implementing a Work from Home policy to minimise the risk of COVID-19 spread among employees. • Continuously performing COVID-19 testing, reinforcing the Standard Operating Procedures and working closely with the authorities to ensure employees are fully vaccinated. • Frequent communication of personal hygiene and health awareness.
Cyber Security Risk	Lack of awareness of cyber security risk might cause financial losses to the company.	• Providing training to all employees through a Cybersecurity Awareness Day to ensure they are aware of and continue to be vigilant towards cyber security risks (i.e. phishing scams, ransomware, etc). • Continuously emphasising the importance of using stronger passwords, and enforcing the practices of no password sharing, no saving of passwords in browser, restricting access to personal details in social media, and promptly reporting any cyber security threat.
Product quality Risk	Poor product quality risks reputational damage to the Group.	• Continuously adhering to the Good Manufacturing Practices (GMP) and quality guidelines. • Strengthening quality checks on raw material and finished goods.

Principle Risks	Description	Key Mitigation Measures
Livestock Management Risk	Any diseases or health risks within our herd can result in lower reproductivity, performance and yield, and also cause reputational damage to the Group.	• Strictly adhering to scheduled vaccinations for our dairy herd for Foot and Mouth Disease (FMD) and other diseases such as Lumpy Skin Disease (LSD). • Adherence to Good Animal Husbandry Practices (GAHP) Manual which governs our farm practices and Malaysia Good Agricultural Practices (MyGAP) guidelines on good agricultural practices for livestock. • Assigning a designated veterinary team to each farm in the Group, to ensure continuous monitoring is carried out and adequate treatment provided to livestock. • Using technology such as artificial insemination and in-vitro fertilisation ("IVF") to propagate our herd from our current top performing cows based on aspects such as milk yield, fertility levels, longevity and adaptability to harsh tropical environments.
Fraud Risk	Being responsive and decisive in detecting and preventing fraud-related issues reduces the Group's risk of suffering losses due to any occurrence.	• Maintaining whistleblowing procedures to respond to non-compliance or ethical issues reported. An external party will soon be engaged to operate an independent hotline to manage confidentiality and to provide additional confidence to parties who wish to lodge a report. • Currently, we are in the midst of engaging an external party to manage the hotline to ensure the confidentiality and creditability of such reports.

INTERNAL CONTROL STRUCTURE AND PROCESSES

- **Board and Management Committees**

  Board Committees such as the Audit and Risk Management Committee and the Nomination and Remuneration Committee have been set up by the Board and delegated with specific responsibilities which are all governed by clearly defined terms of reference and authority for areas within their scope. The Board Charter sets out the responsibilities and functions of the Board and the supporting Board committees.

- **Organisation Structure**

  The Group has a defined organisational structure with clear lines of responsibility, authority and accountability which enable the Management to act in the best interest of the shareholders.

- **Policies and Procedures**

  There is extensive documentation of policies, procedures and guidelines in the form of Operational Manuals on key business processes and supporting functions which include financial reporting, human capital, procurement and information technology systems. These policies and manuals are reviewed and revised periodically to meet changing business, operational and statutory reporting needs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Limits of Authority ("LOA")**

  Major investments and capital expenditure are reviewed and approved by the Board. All other procurements and payments are approved by the various levels of Management in accordance to their authorisation limits. The LOA is reviewed and updated periodically to reflect any changes.

- **System and Information Security**

  The Group Information Technology Department is responsible for continuously monitoring and resolving security threats to the Company both internally and externally. The Group has an IT Security Policy that regulates the use of information technology resources and system data.

- **Compliance to Regulatory Requirements**

  The Group has maintained the effectiveness of its internal control function and remains in compliance with requirements such as MACC Anti Bribery Act.

- **Reporting and Review**

  The Group is equipped with computerised systems that are capable to capture, compile and analyse data for management decision-making purposes. Monthly management reports containing financial results, ratio analysis and operational performance indicators are reviewed by the Management and Senior Management while the quarterly report on consolidation results is submitted for the Audit and Risk Management Committee and the Board's attention.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, issued by the Malaysian Institute of Accountants ("MIA").

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 21st July 2022.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THE BOARD OF DIRECTORS OF FARM FRESH BERHAD ("BOARD") IS PLEASED TO PRESENT THE GROUP'S AUDIT AND RISK MANAGEMENT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022.

ARMC MEMBERS

The Audit & Risk Management Committee ("ARMC") is chaired by an Independent Non-Executive Director who is not the Chairman of the Board and comprises three (3) members, all of whom are Independent Non-Executive Directors who satisfy the "independence" requirements contained in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Members	Position
Sukanta Kumar Dutt	Chairman *(Independent Non-Executive Director)*
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	Member *(Independent Non-Executive Director)*
Jocelyn Ng Lai Leng	Member *(Independent Non-Executive Director)*

ARMC MEETINGS AND ATTENDANCE

The ARMC convened a total of two (2) meetings during FY2022. These meetings were held on 21 December 2021 and 8 March 2022 respectively. The details of attendance of each member who served the ARMC during FY2022 are as follows:

Members	Number of Meetings Attended	Attendance Record (%)
Sukanta Kumar Dutt	2/2	100%
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	2/2	100%
Jocelyn Ng Lai Leng	2/2	100%

Other members of the Board, members of the Group's management team, the Group's external auditors and the Group's Company Secretary were invited to attend the meetings, as and when necessary.

SUMMARY OF ACTIVITIES OF THE ARMC

The functions and duties of the ARMC are set out in its terms of reference and available at https://www.farmfresh.com.my/investor-relations/.

In discharging its functions, duties and responsibilities, the ARMC has undertaken the following activities during FY2022:

a) Risk Management and Internal Control

b) Internal Audit
- Reviewing annual internal audit deliverable plans for year 2022
- Monitoring the control gap highlighted by the External Auditors

c) External Audit
- Reviewing audit plans and work of audit scope for FY2022

d) Financial Reports
- Reviewing the financial reports/accountant report for recommendation to the Board for approval

AUDIT AND RISK MANAGEMENT COMMITTEE

e) Related Party Transactions
- Reviewing the terms and conditions of call option exercise granted, and ensuring that it is not detrimental to the Group and its minority shareholders

f) Allocation under Employees' Share Option Scheme (ESOS)
- Verifying that the allocation corresponds with the conditions for allocation

g) Whistleblowing
- Reviewing the proposal by the Head of Internal Audit of outsourcing the whistleblowing system service to an external party

INTERNAL AUDIT FUNCTION

The Group's Internal Audit Department reports directly to the ARMC on its activities. With respect to the Group's internal control system, its function is to conduct audits on the Group's operations and thereby provide independent assurance on the adequacy and effectiveness of the governance and internal control processes adopted.

Based on the evaluations carried out in FY2022, recommendations were developed and circulated to the management for their onward action, with these recommendations also highlighted to the ARMC. Based on the management's responses, the Internal Audit Department then ensured that appropriate actions were taken and thereafter reported to the Board.

This Audit and Risk Committee Report is made in accordance with the resolution of the Board on 21st July 2022.

NOMINATION AND REMUNERATION **COMMITTEE REPORT**

THE BOARD OF DIRECTORS OF FARM FRESH BERHAD ("BOARD") IS PLEASED TO PRESENT THE GROUP'S NOMINATION AND REMUNERATION COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022, OUTLINING THE GROUP'S APPROACH TO NOMINATING MEMBERS OF THE BOARD AND THE ACTIVITIES IT UNDERTAKES IN DISCHARGING ITS RESPONSIBILITIES.

THE NOMINATION AND REMUNERATION COMMITTEE

Responsibility for the nomination and remuneration of Board members is undertaken by the Nomination and Remuneration Committee ("NRC").

The principal objective of the NRC is to assist the Board in overseeing matters related to the nomination of new directors, reviewing regularly the structure, size and composition (including the skills, knowledge, independence), diversity (including gender diversity and experience) required of the Board, undertaking assessment of the effectiveness of the Board as a whole, the various board committees and performance contribution of each individual director, and determining and recommending the general remuneration policy and packages for directors and senior management.

The NRC is chaired by an Independent Non-Executive Director who is not the Chairman of the Board and has five (5) members, comprising exclusively of non-executive directors, a majority of whom must be Independent Non-Executive Directors ("INED") who satisfy the "independence" requirements contained in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

Members	Position
Sukanta Kumar Dutt	Chairman *(Independent Non-Executive Director)*
Loi Foon Kion	Member *(Non-Independent Non-Executive Director)*
Tan Mei Shwen Serena	Member *(Non-Independent Non-Executive Director)*
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	Member *(Independent Non-Executive Director)*
Jocelyn Ng Lai Leng	Member *(Independent Non-Executive Director)*

NRC MEETINGS AND ATTENDANCE

The NRC convened a total of 2 meetings during FY2022. These meetings were held on 5 January 2022 and 8 March 2022 respectively. The details of attendance of each member who served the NRC during FY2022 are as follows:

Members	Number of Meetings Attended	Attendance Record (%)
Sukanta Kumar Dutt	2/2	100%
Loi Foon Kion	2/2	100%
Tan Mei Shwen Serena	2/2	100%
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	2/2	100%
Jocelyn Ng Lai Leng	2/2	100%

Other members of the Board, members of the Group's management team, the Group's external auditors and the Group's Company Secretary were invited to attend the meetings, as and when necessary.

SUMMARY OF ACTIVITIES OF THE NRC

The functions and duties of the NRC are set out in its terms of reference and available at https://www.farmfresh.com.my/investor-relations/.

In discharging its functions, duties and responsibilities, the NRC has undertaken the following activities during FY2022:

a) Nomination Matters
- Noting the Directors retiring pursuant to the constitution of the Company at the forthcoming AGM of the Company.

b) Remuneration Matters
- Recommending directors' fees for FY2022 and FY2023
- Recommending the benefits payable to the non-executive Chairman and non-executive Directors

c) Other Matters
- Reviewing and recommending to the Board the adoption of Board evaluation forms for the conduct of annual assessments of the effectiveness of the individual directors/key officers.

ADDITIONAL **COMPLIANCE INFORMATION**

1. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to the external auditors and its affiliate corporations for the audit and non-audit services rendered to the Group for FY2022 are as follows:

Type of Services/External Auditors			Fees (RM'000)	
			Company	Group
Audit fees:	• KPMG PLT		165,000	288,000
	• Other auditor		–	231,189
		Total Audit Fees	165,000	519,189
Non-audit fees	• KPMG PLT		830,000	830,000
	• Local affiliates of KPMG PLT Malaysia		20,000	60,000
		Total Non-Audit Fees	850,000	890,000

Non-audit services include the following:

i) tax compliance and advisory services
ii) due diligence in relation to corporate exercises
iii) accountants' reports for the Group's Initial Public Offering ("IPO") exercise

2. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by or subsisting between the Group and/or its subsidiaries involving Directors' and major shareholders' interests during FY2022.

3. Employees' Share Option Scheme (ESOS)

Under the Employees' Share Option Scheme (ESOS), the Group granted and vested 37,159,000 ESOS options under the First Tranche of the ESOS to the eligible employees of the Group and its subsidiaries during FY2022.

STATEMENT OF **BOARD RESPONSIBILITIES**

The Board is responsible for the preparation of of the annual financial statements of Farm Fresh Berhad, and for ensuring their integrity. As required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 March 2022 have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act. Moreover, the Board is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group.

The Board declares that in preparing the financial statements, the Group has used the appropriate accounting policies, which have been consistently applied and are supported by reasonable and prudent judgement and estimates. Furthermore, the Board is satisfied that the information contained in the financial statements provide a true and fair view of the financial position of the Group at the end of the financial year and of the financial performance and cash flows for the financial year.

The Board assumes, amongst others, leadership, due care and fiduciary duties as governed by the Constitution of the Company, the Companies Act 2016 ("Act"), the MMLR of Bursa Securities, MCCG, Board Charter and other relevant laws, rules and regulatory guidelines in discharging its duties and responsibilities as follows:-

(a) set the corporate values and promote a good corporate governance culture within the Group, which reinforces ethical, prudent and professional behaviour and ensures that its obligations to shareholders and other stakeholders are met;

(b) review, challenge and decide on proposals put forward by the Management for the Company, and monitor its implementation by Management;

(c) review and oversee the implementation of the strategic business plan of the Group to ensure that it supports long-term value creation and promotes sustainability, taking into consideration the economic, environmental and social considerations;

(d) oversee the conduct of the Group's business and operations to ensure that the businesses are being properly managed;

(e) review and ensure the adequacy and integrity of the internal controls and management systems of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;

(f) identify the principal risks of the business of the Group and recognise that the business decisions involve the taking of appropriate risks;

(g) set the risk appetite within which the Board expects the Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

(h) ensure that all members of the Board and the Management team are of sufficient calibre;

(i) ensure that the Company has in place the appropriate corporate disclosure procedures to ensure effective communication with its shareholders and other stakeholders;

(j) ensure that all members of the Board are able to understand financial statements and form a view on the information presented; and

(k) ensure the integrity of the Company's financial and non-financial reporting.

SUSTAINABILITY **STATEMENT**



AS A HOMEGROWN COMPANY FOUNDED TO PROVIDE A MORE NUTRITIOUS DAIRY ALTERNATIVE TO MALAYSIANS, OPERATING SUSTAINABLY HAS ALWAYS BEEN CORE TO OUR PURPOSE AT FARM FRESH.

Apart from our central commitment to develop healthy and safe dairy and plant-based products for our customers, we have a responsibility to produce our products using farming and processing practices that minimise our impact on the environment, an objective which we are continually making progress towards through our adoption of sustainable practices across all our farms and the completion of our inaugural carbon footprint inventory exercise.

At the same time, we aspire to generate shared value between our business and local communities – providing long-term employment and career advancement opportunities to locals, upskilling our partner-farmers and supporting micro-entrepreneurs in rural and economically disadvantaged areas. These efforts are in addition to the youth outreach and CSR programmes which we have developed in-house and in collaboration with government agencies.

In totality, our sustainability efforts represent a holistic approach to value creation; one that will continue to deliver sustainable, long-term value for communities, our stakeholders and the planet in proportion with our expansion as an organisation.



ABOUT THIS **STATEMENT**

This report has been prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and in reference to the Global Reporting Initiative (GRI) Standards. With guidance from the GRI Standards, the report covers the following key principles:

Stakeholder Inclusiveness

Identifying and addressing our stakeholders' expectations

Sustainability Context

Presenting our performance in the wider context of sustainability

Materiality

Identifying and prioritising the key sustainability issues that the Group encounters

Completeness

Reporting all sustainability topics that are relevant to the Group, and which influence our stakeholders

In addition, we have aligned our sustainability practices with the United Nations Sustainable Development Goals ("UN SDGs").

SCOPE & BOUNDARY

This report includes all subsidiaries under Farm Fresh Berhad, with an emphasis on Malaysia due to the concentration of the Group's operations in the country.

REPORTING PERIOD & CYCLE

This statement covers our sustainability performance for the financial year ended 31 March 2022 ("FY2022"), unless otherwise stated.

EXTERNAL ASSURANCE

In the continued development of our approach towards sustainability reporting, we have maintained an internal review methodology for the disclosure of this year's Sustainability Statement. As the Group makes further traction within our sustainability journey, we will firmly consider the adoption of an external assurance for our disclosures in the near future.

SUSTAINABILITY HIGHLIGHTS

335.0 million litres
of Farm Dairy Effluent (FDE) recycled and removed from waste discharge
FY2021: 289.6 million litres

86.4 million kg
of solid waste recycled and removed from waste discharge
FY2021: 64.8 million kg

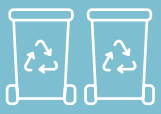
687,876 kg
of chemical fertiliser removed from our cycle
FY2021: 573,000 kg



428.8 million litres
of municipal water saved through rainwater harvesting and tube well pumping
FY2021: 401.5 million litres

28%
of turnover from products using fully recyclable, sustainably sourced packaging
FY2021: 33%

The carbon emissions intensity of our Malaysian farms is **27%** lower than the average Asian dairy farm





18.8%
of our portfolio comprises alternative milk products

All our completed Malaysian farms have received the **Certified Humane® accreditation**

We recorded **zero** work-related fatalities and serious injuries in FY2022
FY2021: Zero fatalities and serious injuries





RM133.9 million
in income generated for stockists, dealers and agents under our home dealer programme
FY2021: RM151.5 million

RM3.2 million
in income generated for our partner-farmers
FY2021: RM8.6 million

72%
of our total workforce across farms and production facilities recruited from rural and underserved communities
FY2021: 72%

OUR SUSTAINABILITY **FOCUS AREAS**

Our sustainability efforts are anchored on the three key focus areas of **Better Dairy, Stronger Communities** and **Healthier Planet.**

Each of these focus areas have been aligned with the United Nations Sustainable Development Goals ("UN SDGs"), in line with the The Dairy Declaration of Rotterdam, which recognises the UN SDGs as the overarching framework for the dairy industry in achieving sustainable development by 2030.

The mapping of the UN SDGs to each focus area and in turn each of our sustainability material matters is shown below and further explored within this statement.

Better Dairy



- Producing Healthy Products
- Food Safety & Quality
- Animal Health & Welfare

Stronger Communities



- Local Economy Contribution
- Employee Welfare
- Youth Outreach

Healthier Planet



- Regenerative Agriculture
- Responsible Water Stewardship
- Climate Action
- Sustainable Packaging

ENGAGING **OUR STAKEHOLDERS**

Our stakeholders provide us with insight into the full impact of our business practices, empowering us to formulate sustainability strategies that balance their needs and those of our business. We practice open dialogue with each of the groups shown below, with their input being the first step in our detailed materiality determination process.

Stakeholder	Their Expectations	Mode and Frequency of Engagement
Customers	Delivering safe, healthy and affordable food that meets their nutritional needs and taste preferences at a reasonable price	**O** Our corporate website **O** Our social media channels **P** Customer surveys and focus groups **P** Face-to-face interactions at roadshows and other on-ground marketing events
Distributors	Providing full and updated information on our products, clarity on distribution area and product resale price, and (specifically for stockists and dealers under our home dealer programme) support in business development and sales	**P** Face-to-face interactions and calls **P** Circulars and e-mail communication **P** Visits and assessments **P** Distributor training courses
Employees	Providing a working environment and culture that is safe and respectful, while offering fair opportunities for career advancement, skills development and income growth	**P** Circulars and e-mail communication **P** Employee townhalls **P** Training courses **SA** Team-building events **A** Employee appraisals
Governments & Regulators	Operating in accordance with all local, state and federal laws and regulations, while contributing to national development through community outreach and knowledge transfer initiatives	**O** E-mail communication **O** Face-to-face interactions and calls **P** Seminars, training sessions and dialogues **P** On-site inspections and audits **A** Our Integrated Annual Report
Investors & Shareholders	Ensuring sustainable and profitable long-term growth while safeguarding against reputational damage through ethical and responsible business practices	**O** IR website **P** E-mail communication **P** One-on-one meetings **P** Investor briefings **P** Site visits **P** Our quarterly financial result briefings **A** Our Annual General Meeting **A** Our Integrated Annual Report
Local Communities	Sharing the economic benefits of our growth by providing employment and collaborative business opportunities, while protecting communities against negative environmental or social impacts	**O** Community initiatives and outreach programmes **P** Face-to-face interactions and calls **P** Visits to local communities
Suppliers	Maintaining a fair and robust procurement system and approach to anti-bribery and anti-corruption, while supporting the Malaysian business ecosystem	**O** E-mail communication **P** Face-to-face interactions and calls **P** Supplier visits and assessments

O = Ongoing **P** = Periodically **SA** = Semi-Annually **A** = Annually

DETERMINING **WHAT MATTERS**

We have developed a comprehensive materiality determination process to provide an objective view on the issues that are most important towards generating shared value. This process uses the insights provided by our stakeholders, allied with analysis of prevailing issues, risks and trends that are relevant to the food and dairy industry and our business, resulting in the identification of sustainability material matters which then form the basis for our sustainability efforts each year.

Determination of Risks

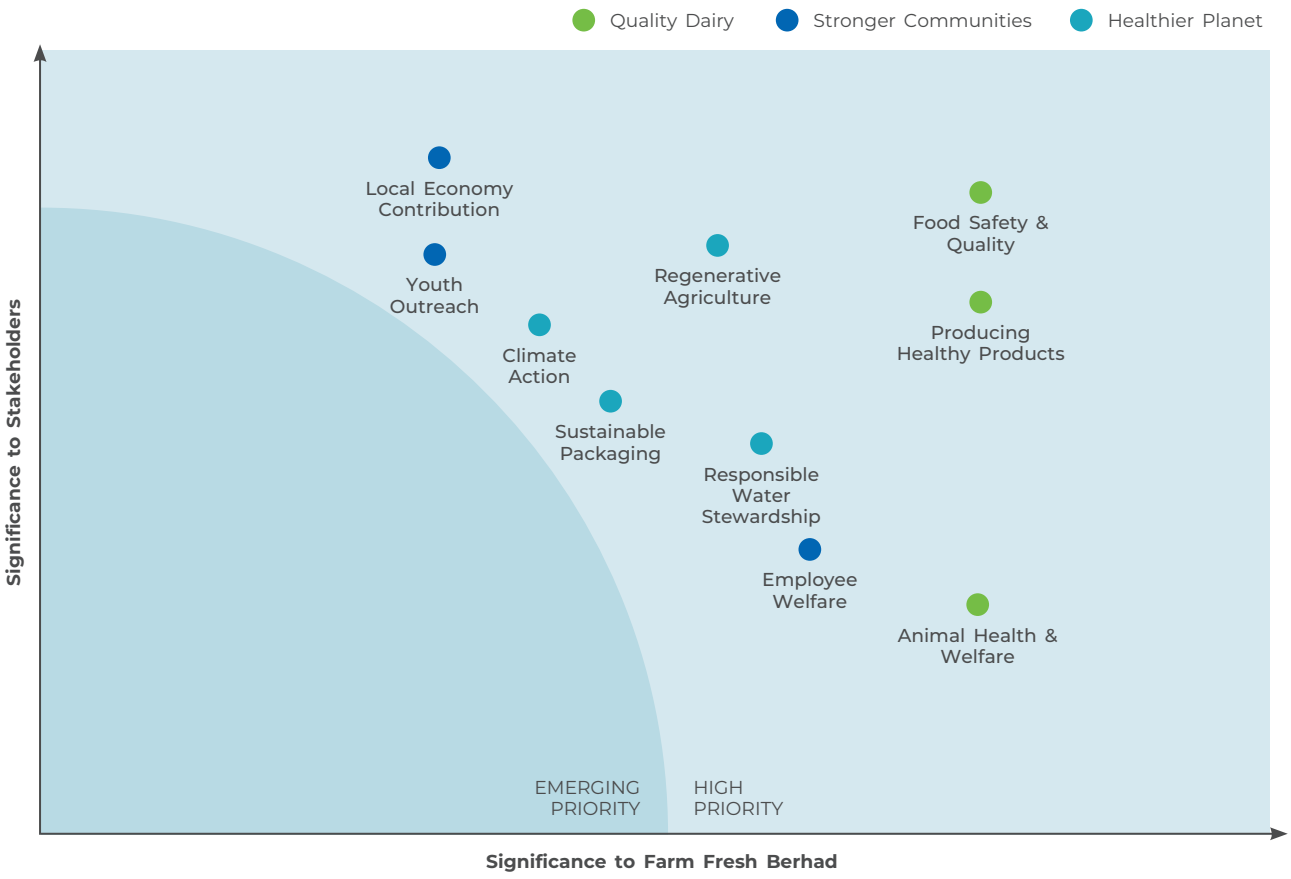
The Audit and Risk Management Committee develops a robust list of risks specific to the food and dairy industries and our business, with a focus on our core market of Malaysia.

Assessment of Business Impact

The Board of Directors conducts a thorough assessment of each risk, with factors considered including consumer needs, impacts to communities where we operate, regulatory concerns and potential impacts to brand reputation.

MATERIALITY MATRIX

The matrix shown below was generated as a result of our materiality determination process, detailing the significance of each sustainability material matter to the Group and to our stakeholders.



DETERMINING WHAT MATTERS

MAPPING OUR SUSTAINABILITY MATERIAL MATTERS

The table below describes why each of the sustainability material matters disclosed in this statement is significant to the Group, and indicates stakeholders which ranked the matter as 'high priority' during our engagements with them.

Sustainability Material Matter	Why It Matters	Who It Matters To
BETTER DAIRY		
Producing Healthy Products	Producing fresh and healthy dairy and plant-based products is our core mission as an organisation and our point of difference.	
Animal Health & Welfare	The health of our livestock has a direct impact on the nutritional value and safety of the products we pass to our customers, and in turn our reputation and potential for growth.	
Food Safety & Quality	As a dairy producer, we must ensure that our products meet the highest food safety standards while providing for key nutritional needs.	
STRONGER COMMUNITIES		
Local Economy Contribution	Many of our farms are located in rural and suburban areas, where average monthly income is below the national average. We have the opportunity to empower change and uplift livelihoods.	
Employee Welfare	Ensuring that our employees can work in a happy, safe and well nourished environment enhances productivity and the sustainability of our business.	
Youth Outreach	By enforcing good habits – in life and nutrition – amongst the youth of today, we can leave a positive legacy that lasts for generations.	
HEALTHIER PLANET		
Regenerative Agriculture	Producing in balance and equilibrium with our natural environment by adopting regenerative agriculture practices is the best way to ensure product quality and deliver long-term impact for the environment and local communities.	
Responsible Water Stewardship	Our business is farm based, and we have a responsibility to extract and treat water in ways that minimises our impact on the environment and on the livelihoods of local communities.	
Climate Action	The agrifood industry is one of the largest contributors to global greenhouse gas emissions, and carbon emissions are increasingly becoming a major determinant of consumer purchasing decisions.	
Sustainable Packaging	Adopting sustainable packaging reduces the ecological footprint of our products while encouraging our customers to reduce their environmental impact as well.	

SUSTAINABILITY **GOVERNANCE**

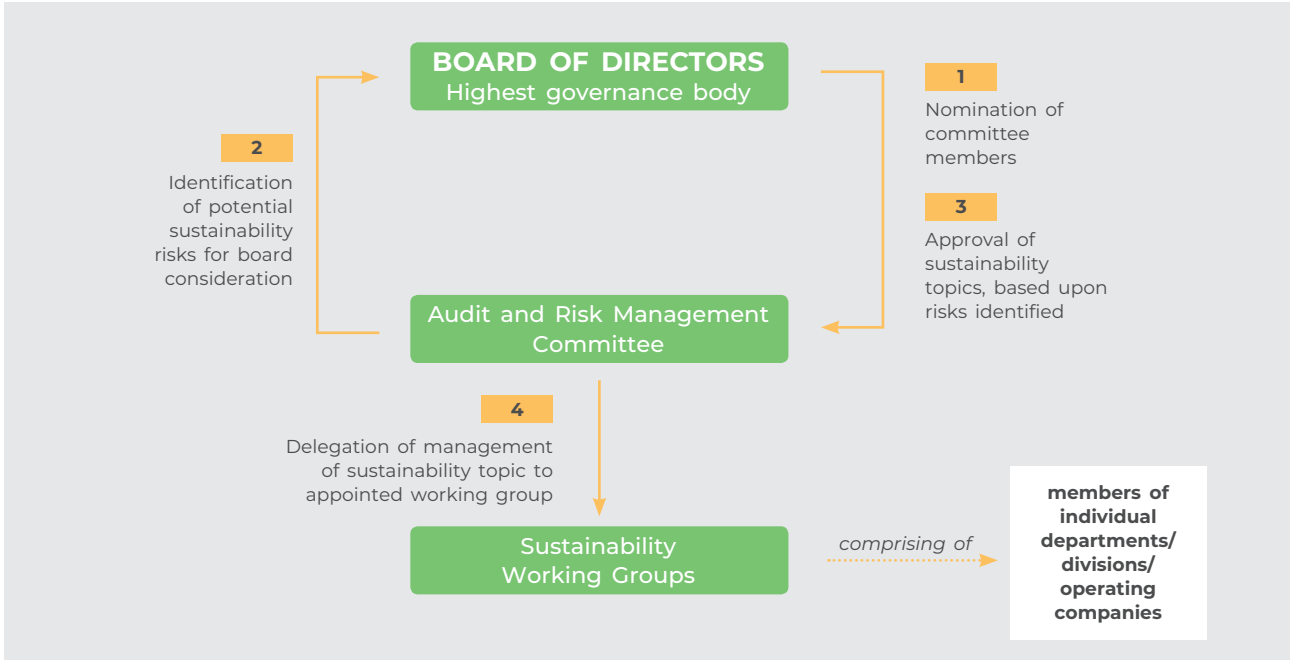


To deliver on our sustainability agenda, we leverage a robust governance structure that provides the necessary leadership, oversight and accountability for sustainability across the Group.

The Board of Directors ("Board") forms the highest sustainability governance body within Farm Fresh Berhad. The Board is supported by the Audit and Risk Management Committee ("ARMC"), who are responsible for identifying risks related to sustainability.

Based on risks and potential topics identified by the ARMC, the Board plans to select key sustainability material matters that form the pillars of our sustainability initiatives each year. The ARMC then forms working groups to mobilise strategies and initiatives addressing the specific sustainability material matters selected by the Board. These working groups may comprise members of the Board, members of key management, and employees whose work scope aligns with the topic in question. Through well-established data management processes, outcomes of strategies are then reported by working groups to the ARMC, who then report directly to the Board.

Finally, the Board plans to conduct quarterly reviews of the Group's sustainability roadmap, priorities and key challenges, assessing how the individual sustainability working groups are implementing its sustainability strategies against targets set.





1

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

15 LIFE ON LAND

Better Dairy

PRODUCING HEALTHY PRODUCTS

WHY IT MATTERS:

Since our founding, producing healthy dairy has been our core mission, reflected in our tagline of "Dairy, Just As Nature Intended". Over the years, consumers have come to associate our brands with dairy and plant-based products that are free of preservatives, unnatural colourings and other foreign substances, and maintaining this commitment is critical to executing on our expansion plans and delivering value over the long-term.

OUR PERFORMANCE:

- 100% of our products are free from preservatives, artificial colourings and flavourings, and other foreign substances
- 100% of our products meet endorsed nutritional guidelines
- 18.8% of our portfolio of products comprise alternative milk products to cater to a wider range of preferences and dietary requirements

OUR ACTIONS & INITIATIVES:

Adopting an Integrated Supply Chain

As a fully vertically integrated dairy producer with a presence from farming to distribution, we are uniquely placed to accurately monitor the quality of our products and its ingredients. Accordingly, all our products meet the highest food and safety standards, leveraging a healthy dairy livestock who are treated in line with recognised animal welfare practices (see 'Food Safety & Quality' and 'Animal Health & Welfare' for more).

The oversight capabilities we have developed have in turn enabled us to successfully launch a satellite network of partner-farmers to whom we provide training on our processes and standards. Through ongoing mentorship, frequent seminars and technical support provided to these farmers, we have been able to transfer our knowledge to the growing Malaysian dairy farming community and increase our production capacity while maintaining our high standards in nutritional quality.

Developing Complementary Nutrition Products

As consumer preferences and dietary requirements continue to evolve, alternative milk products and plant-based milks are capturing a growing market share. Supported by our strong research and development capabilities, we have responded proactively, becoming the first company to launch organic milk, kurma milk, lactose-free milk, oat milk and almond milk products within the Malaysian market. Free from preservatives and colourings, just like our dairy varieties, these new additions to our product range are equally nutrient-dense, providing high quality protein, vitamins and minerals in an easily absorbable form. Furthermore, many are available in UHT/ ambient varieties, maximising their shelf life and hence their reach outside larger population centres.

Future Plans

- We will continue to explore ways to enhance the nutritional and functional benefits offered by all our products and carry out further research and development into new dairy and plant-based recipes.
- We will further drive awareness and uptake of our products amongst children and families, aided by our strategic penetration into school canteens and our impending development of a fresh-milk based formula milk for children aged two to six years old.

ANIMAL HEALTH & WELFARE

WHY IT MATTERS:

Our animals are the foundation of our success. By ensuring that they are well looked after, comfortable and nutritiously fed, we are not only taking care of their health and that of their offspring, but the long-term health of our business.

OUR PERFORMANCE:

- All our farms adhere to the Group's Good Animal Husbandry Practices (GAHP)
- All our completed Malaysian farms have received the Certified Humane® accreditation
- 60% of our cows across all farms have access to tunnel-ventilation barns
- 95.9% of our cows across all farms have access to dry sand-bedded areas for relaxation

OUR ACTIONS & INITIATIVES:

All our farms adhere to the Group's Good Animal Husbandry Practices (GAHP), which sets out specific and strict practices in animal health care, nutrition and housing. The code was developed in line with the Malaysian Good Agricultural Practices (myGAP) and the World Organisation for Animal Health's guidelines.

Moreover, we continuously research, develop and implement animal health and welfare practices that are optimised to tropical climates, maximising the wellbeing and comfort of our herd while increasing their raw milk output, yield and longevity. These best practices trickle down to our network of partner-farmers, raising standards in livestock rearing across the country.

Animal Feed Practices

To ensure that our entire herd receives a ration that is well balanced nutritionally, we employ a total mixed ration feeding regime. Different in-house feed formulas are developed for different members of our herd, taking into consideration their specific nutritional needs and their point in the breeding cycle.

The bulk of our feed mix is comprised of grass planted on-site at our farms, which are free of pesticides and are organically fertilised using animal waste broken down through the process of vermicomposting. This sustainable practice not only reduces the animal waste we generate but also produces more nutritious feed for our cows. A variety of farm-grown and pesticide-free crops, including corn, soybean, and palm kernel, are also added to the mix for volume and nutritional balance.

Animal Healthcare Practices

At each of our farms we have designated teams responsible for animal healthcare, including veterinarians as well as animal science and husbandry graduates, and led by an Animal Health Compliance Manager. The responsibility of these teams is to provide veterinary care for the entire herd, including delivery of newborns and medical treatment of sick animals, and to carry out daily health checks on all members of our herds.

A major part of their work is in caring for cow hoofs. Hoof care is a major contributor to cow health, ensuring their ability to move between milking parlour, feed bunk and watering holes in comfort. To optimise hoof health, all cows have their hoofs trimmed twice per year – 60 days before giving birth and 120 days after giving birth – to ensure that their weight is properly distributed on all four legs and to prevent hoof lesions.

All our completed Malaysian farms have received the Certified Humane® accreditation from Humane Farm Animal Care, a globally-recognised non-profit certification programme aimed at improving the lives of farm animals. We are the first player in Asia to receive this certification and we intend to obtain similar certifications for our Taiping farm and for our farms in Australia.

OUR ACTIONS & INITIATIVES: (CONT'D.)

Animal Welfare Practices

Our Australian Friesian-Sahiwal and Holstein Jersey cows are not native to Malaysia, and are particularly susceptible to stresses from heat and humidity which can lower feed intake, milk production and reproductive efficiency. To mitigate against these risks, we have implemented a variety of solutions to maximise comfort inside and outside barns.

To keep our cows cool enough to produce abundant milk, tunnel ventilation barns have been installed at all our farms. All barns are equipped with soakers that spray water on the cows at six regular intervals throughout the day, further enhancing cow comfort. All cows also have access to clean and comfortable dry sand bedded areas where they can eat, drink and relax freely, while cows at our Australia-based farms are allowed to graze on grass outside their barn.

Our efforts to maximise animal welfare are aided by our animal breeding processes, whereby our dedicated IVF unit continually conducts research and development with the objective of optimising the genetic mix of our cows, enabling the breeding of cows ideally suited to our harsh tropical climate.

Driving Innovation in Animal Health and Welfare

With the aim of developing improved practices for the health and welfare of our cows and contributing to best practices in our region, we continually engage in fruitful collaborations with tertiary institutions and scientific research firms. These collaborations serve to lower the cost of herd medicinal care, shift resources to preventive care, and to improve yields through increased animal wellbeing and productivity.

Collaboration	Objective	Intended Long-Term Outcome
Malaysian Agricultural Research and Development Institute (MARDI)	Research the potential of local herbs as a remedy to control bovine mastitis in cows.	Adopt local herbs as a sustainable and organic disease control solution, substituting the use of clinical drugs.
Bayer Malaysia	Research the effect of Catosal™ on milk yield in peak- and late-lactation stage cows. Catosal™ is a source of Vitamin B12 and phosphorus for the prevention or treatment of deficiencies of these nutrients in animals	Increase milk productivity while ensuring that our cows remain strong, healthy and well-nourished with important nutrients.
Universiti Putra Malaysia (UPM)	Investigate the relationship between claw trimming and claw health, animal welfare and milk production.	Establish best practices in claw trimming that are specific to our climactic conditions, and that can be applied across our farms.

Future Plans

- We will continue to invest in state-of-the-art animal health and welfare technologies at all our farms while furthering our collaborations with tertiary institutions and research firms to develop improved animal health and welfare practices catered to tropical climates.
- We will share the outcomes of our R&D activities with the Malaysian government under the National Dairy Industry Development (NDID) programme with the aim of empowering positive impact across the industry.

FOOD SAFETY & QUALITY

WHY IT MATTERS:

The quality and safety of our products is core not only to our sustainability agenda but our business as a whole. By maintaining the highest and most stringent standards in our farming, production and distribution processes, we have been able to deliver nutritional benefit to our customers, grow trust in our products and deliver a stronger impact for local communities through our continued growth and expansion.

OUR PERFORMANCE:

- 100% of our processing facilities across Malaysia and Australia are operated in accordance with the GMP and HACCP food safety and quality principles
- All our staff in our processing facilities are trained in GMP and HACCP food safety practices
- We have had no product recalls due to safety reasons since 2014

OUR ACTIONS & INITIATIVES:

As a fully vertically integrated dairy company, we maintain strong oversight of our inputs, processes and outputs across the value chain with minimal reliance on external suppliers. Even dairy that has been acquired from outside the Group predominantly comes from our satellite network of partner-farmers, who adhere strictly to our processes and are monitored on an ongoing basis.

In alignment with international standards, all our processing facilities in Malaysia and Australia adhere to the Hazard Analysis Critical Control Points (HACCP) control system and the Good Manufacturing Practices (GMP), with all our staff in our processing facilities trained in GMP and HACCP food safety practices.

Adoption of Local and International Standards

All our farms and processing facilities have been certified against the following standards and systems:

- The Halal certification – an international accreditation certifying that all of our products are prepared by Halal methods.
- The Malaysian Good Agricultural Practices (myGAP) – a comprehensive certification scheme introduced by the Malaysian Department of Agriculture for the agricultural, aquaculture and livestock sector. The scheme recognises farms which adhere to the Good Agricultural Practices (GAP) resource management system, which provides practices that ensure high levels of food safety.
- The Good Manufacturing Practices (GMP) – a set of standards that encapsulate the essential principles of food hygiene and safety in the food processing industry. The standards are defined and certified by the Malaysian Ministry of Health's section for food safety and quality.
- The Hazard Analysis Critical Control Points (HACCP) – a management system that assists with the control of biological, chemical, and physical hazards across the production chain, from procurement and production, to manufacturing, distribution and consumption.
- The Quality Assurance Programme (QAP) – a management education programme for total quality management formulated and implemented by the Department of Veterinary Services, under the Malaysian Ministry of Agriculture and Agro-Based Industry. The QAP is specific to the livestock industry, and encapsulates specific codes of practice at all levels of the supply chain.

OUR ACTIONS & INITIATIVES: (CONT'D.)

The Farm Fresh Food Safety Management System

Building upon the controls established by the HACCP and GMP standards, our in-house food safety management system includes the following key controls amongst others:

Action	Frequency
Review of critical control points (CCP) monitoring record and implementation of corrective actions	Daily
Checking of clearning and maintenance activity records	Weekly
HACCP team meetings	Twice monthly
Testing of raw materials and finished products	Quarterly
Review of HACCP plan	Half-yearly and every time a report is made
Checking of mock recall reports	Yearly
Supplier audits	Yearly
Full internal audits	Yearly
Management review meetings	Yearly and as deemed necessary

A dedicated food safety management team, comprising an HACCP team leader, maintenance supervisors, internal auditors, Quality Assurance (QA) professionals and our production managers, are responsible for the implementation of the system. The team is independent of our operational teams and have the authority to initiate additional processes and actions as they deem necessary including:

- Mock product recalls
- Random samplings of products
- Laboratory-based chemical analyses of products
- Gap analyses of staff training and knowledge standards with respect to food safety
- Evaluations of comformity to national-level food safety regulations
- Review of food safety documentation
- Customer complaint reviews

The food safety management team are also responsible for overseeing the regular maintenance of existing equipment to ensure they are functioning to the highest possible standards.

Biosecurity Practices

Cognisant of the major risk that any outbreak of diseases poses to our herd and our business, we have adopted strict herd biosecurity measures across all our farms in adherence with our GAHP manual and the practices outlined by the myGAP certification.

In line with its attendant practices, all cows at our Malaysian farms are given vaccinations for Foot and Mouth Disease (FMD), while global biosecurity risks are consistently monitored to advise the addition of further vaccinations as may be deemed necessary.

Future Plans

- We aim to have 100% of our processing facilities attain the FSSC 22000 certification – a standard recognised by the Global Food Safety Initiative (GFSI) – by the end of 2022.
- We will step up our work with our partner-farmers to implement HACCP and GMP standards across all farms that supply dairy to the Group.



2

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

Stronger Communities

LOCAL **ECONOMY CONTRIBUTION**

WHY IT MATTERS:

Within Malaysia, our products reach many suburban and rural areas, the majority of which are underserved and suffer from a lack of economic opportunities. As a vertically integrated dairy producer, we have the responsibility to provide sustainable employment opportunities within these communities and empower people through skills development and education programmes. Doing so generates shared value that uplifts these regions while aiding our business objectives.

OUR PERFORMANCE:

- 72% of our total workforce across our farms and processing facilities were recruited from rural and underserved communities
- 116 students from local universities and colleges have benefitted from our internship programmes
- We have 45 stockists, 900 home dealers and 1,772 agents within our home dealer programme
- 80% of the micro-entrepreneurs within our home dealer programme are women

OUR ACTIONS & INITIATIVES:

Rural Employment and Talent Development

Across our operational footprint, we have adopted a "local first" policy, where we first seek to fulfil staffing requirements within local communities before exploring options available in key urban markets. Presently, 72% of our total workforce across our farms and processing facilities have been recruited from rural communities within Malaysia, including 11 from within the indigenous *Orang Asli* community.

We have also developed a range of talent development programmes that provide a pathway for local graduates to become productive members of our workforce. Our range of internship programmes include collaborations with reputable universities and colleges, providing internships and potential fulltime employment to 116 high-performing students since 2019.

In 2021, we collaborated with the East Coast Economic Region Development Council (ECERDC) to launch the Farm Fresh Scholarship Programme, providing *Orang Asli* children with educational and financial support from primary to university level. The first pilot batch of the programme included the top 20 *Orang Asli* students at Standard 5 and Standard 6 levels across five local schools in the district of Rompin, and we aim to ensure that 80% of the selected students successfully pursue university studies and 100% go on to work with us in future.

Uplifting Local Farmers

With the aim of promoting fair pricing for local farmers and cost-effectively meeting our dairy sourcing demands, we set up a satellite network of partner-farmers based in rural areas of Malaysia whose dairy we would purchase for sale under the Farm Fresh brand. This is more than a supplier-buyer relationship, with partner-farmers availed of knowledge transfer opportunities through mentorship and able to access technical support from the Group at all stages of the production process.

Since 2011, we have met our dairy sourcing needs using this network, paying our partner-farmers rates a fair market price for raw milk and helping to raise national dairy production levels in line with the Malaysian government's aspiration for domestic consumption in this sector to be self-sufficient by the year 2025.

LOCAL ECONOMY CONTRIBUTION

OUR ACTIONS & INITIATIVES: (CONT'D.)

The Farm Fresh Home Dealer Programme

In 2016, we established our home dealer programme, a first-of-its-kind distribution network spanning rural regions in Malaysia that do not have a major grocery store or supermarket. The network not only enabled us to expand the reach of our products, but has also provided sustainable income generating opportunities to micro-entrepreneurs in underserved areas. Presently, we have 45 stockists, 900 home dealers and 1,772 agents across all states in Malaysia, of which 80% are women. These independent contractors distribute Farm Fresh and Yarra Farm products within their communities, earning income on a commission basis while educating their friends and family on the nutritional benefits of dairy products.

As part of our commitment to their professional development, we conduct frequent seminars and courses for our stockists, ensuring that they are fully up to date on our product range, pricing and their distribution area. We also launched an e-commerce website in 2019 called Farm Fresh Mart which supports the sales efforts of stockists and home dealers. The website details home dealers and their agents by location and availability of stock, providing customers with the option of either purchasing our products online from the home dealer or agent, calling a home dealer or agent directly, or heading to the nearest stockist or home dealer to purchase our products. As a result, it has assisted significantly in the business development efforts of our stockists and dealers.

Thanks to the home dealer programme, stockists can earn up to RM25,000 a month while home dealers can generate a monthly income of up to RM5,000, a significant improvement on average salaries in these regions. Meanwhile, our sales to stockists within the network comprised 30% of our total revenue in FY2022, evidence that the programme has delivered a strong impact on our bottom line.

Furthermore, we received the ASEAN Inclusive Business Award in 2020 as a testament to the positive social benefits that we have provided through our home dealer programme.

Future Plans

- We plan to expand the Farm Fresh Scholarship Programme to an additional 24 schools in Pahang pending the completion of our pilot year
- With the growth of our product portfolio, we will further expand our home dealer programme through roadshows and other outreach avenues, providing additional income generation opportunities across Malaysia
- We will develop strategies to increase female representation within the home dealer network, with an emphasis on enabling economic empowerment and financial freedom for housewives

YOUTH **OUTREACH**

WHY IT MATTERS:

Healthy and nutritious food has a major role to play in the development of future generations, and as Malaysia's leading homegrown dairy company we are uniquely positioned to inculcate better consumption habits, starting at school.

OUR PERFORMANCE:

- We have engaged students from 64 schools under the *Amalan Perkhidmatan Kantin Terbaik* campaign since 2018
- We have distributed 6,178,020 packets of milk to 205,934 students across 2,987 schools under the *Rancangan Makanan Tambahan* supplementary food programmes

OUR ACTIONS & INITIATIVES:

Since 2018, we have stewarded two ongoing school programmes that are aligned with our vision of promoting better nutrition and health amongst youth.

Amalan Perkhidmatan Kantin Terbaik

Translating to 'Best Canteen Service Practices', *Amalan Perkhidmatan Kantin Terbaik* was created by the Malaysian Ministry of Education and aims to raise awareness on the importance of healthy, safe, and hygienic food practices in schools while educating students about the importance of consuming foods that are free of preservatives, colourings and added sugar. The campaign addresses the increasing incidence of obesity amongst Malaysia, harnessing a school-wide effort involving students and teachers, canteen operators, and Parents and Teachers Associations (PIBG) to impact change at a young age.

We have participated in *Amalan Perkhidmatan Kantin Terbaik* since 2018, and have engaged with a total of 64 schools within this time period.

Rancangan Makanan Tambahan (RMT)

Since 2018, we have also participated in the Malaysian Ministry of Education's supplementary food programmes which provide free meals to primary school students from rural areas and low-income households. Through our involvement, we supply 200ml UHT chocolate milk packets for every RMT meal, playing our part to meet the nutritional requirements for physical growth and mental development.

EMPLOYEE **WELFARE**

WHY IT MATTERS:

The majority of our employees are based in our farms and processing facilities, facing occupational hazards that involve dealing with heavy machinery, working with livestock in high heat and humidity, and engaging in construction or repair work. Our commitment to them is to make their work as safe as possible by aligning our practices with international standards in occupational health and safety measures, while providing employee healthcare, subsidised meals, and a holistic employee experience that caters to the development of the whole person.

OUR PERFORMANCE:

- We recorded zero work-related fatalities and serious injuries in FY2022
- Our employees received an average of 4 hours of safety and health training in FY2022
- 100% of our employees are covered by our Safety Management System and our Safety, Health and Environmental Policy
- Subsidised meals and free accommodation are provided to 80% and 50% of farm employees respectively

OUR ACTIONS & INITIATIVES:

Our approach to employee welfare encompasses implementing robust occupational health and safety systems for all staff across our farms and processing facilities, and providing housing and resources for sustainable and healthy living to our farm-based employees.

Establishing the Farm Fresh Safety Management System

To cater to the unique challenges that our workplaces pose our employees, we developed a Safety Management System (SMS) and Safety, Health and Environment (SHE) Policy in accordance with Malaysian regulations and laws, including:

- Occupational Safety and Health Act (OSHA) 1994
- Use and Standard of Exposure Chemical Hazardous to Health (USECHH) 2000
- Control of Industrial Major Accident Hazards (CIMAH) 1996
- Environmental Quality Act 1974: Environmental Quality (Prescribed Premises) (Scheduled Wastes Treatment and Disposal Facilities) Order 1989 and 2006
- Fire Services Act 1988

This management system and policy encompasses safe work practices for functions across our operations, in line with international and national-level standards including:

- MS 1722:2003
- OHSAS 18001
- ISO 1400

Implementing Hazard Identification, Risk Assessment and Risk Control (HIRARC) Procedures

Our HIRARC procedures provide an important control mechanism when carrying out potentially hazardous activities, with specific procedures outlined for operating and conducting maintenance on machines enforced across all farms and production facilities. Furthermore, additional measures have been implemented to ensure that emerging hazards are detected early, including:

- Periodic safety audits of processing facilities
- Chemical exposure monitoring to measure and control exposure to hazardous chemicals
- Annual audiometric testing carried out on employees working at our processing facilities to measure noise exposure and its effects on hearing
- Establishing internal Emergency Response Teams (ERT) to evacuate employees and fight fires in the event of an emergency

OUR ACTIONS & INITIATIVES: (CONT'D.)

Our HIRARC procedures are overseen by dedicated safety officers, who monitor personnel safety and conduct periodic safety audits of our factory premises to ensure that they are maintained as a safe environment of work.

In addition, employees are provided with occupational first aid training, Confined Space training, forklift handling training, reachtruck handling training and Hazard Identification, Risk Assessment and Determining Control (HIRADC) training according to the demands of their role, while Personal Protection Equipment (PPE) is given to employees wherever necessary to ensure their safety. The orientation programme offered to all new employees also includes a comprehensive safety awareness component.

Engaging In Dialogue with Our Employees

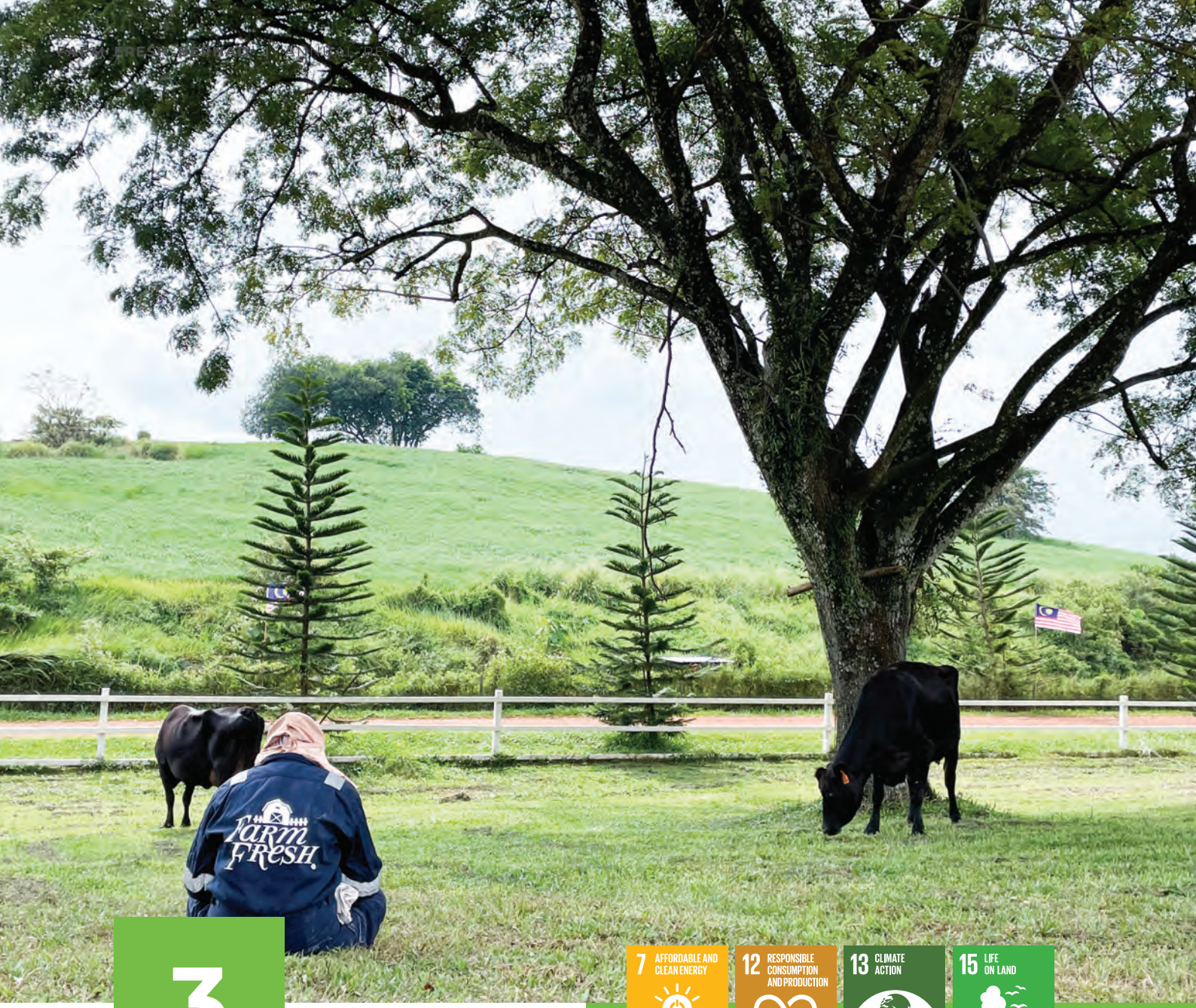
Our Safety, Health & Environment Committee has several key responsibilities:

- Carrying out regular inspections of workplaces, including specific inspections of machinery, equipment, substances, appliances and processes employed in the course of work
- Investigating any workplace accidents, near miss accidents, dangerous occurrences, occupational poisoning and occupational diseases, and to report any significant findings and recommended corrective actions to the management
- Assisting in the development of safety and health rules, and safe systems of work
- Reviewing the effectiveness of existing safety and health policies and recommending revisions where necessary

The committee includes employer and employee representatives, facilitating meaningful dialogue on health and safety issues while providing an avenue for emerging risks to be elevated to the attention of the management.

Encouraging Sustainable Living

Through our farms, we aim to support the economic advancement of rural communities (see 'Local Economy Contribution' for more), and our commitment in this area extends to providing our farm-based employees with meal subsidies and free accommodation. Presently, subsidised meals and free accommodation are provided to 80% and 50% of farm employees respectively. These employees are also provided with access to vegetables and fish grown and reared on-site to nourish their daily meals.



3

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Healthier Planet

REGENERATIVE AGRICULTURE

WHY IT MATTERS:

Our farms span a total of 5,416 acres of land, a large footprint that encompasses landbanks in close proximity to protected natural environments and local communities. As such, it is vital that we adopt circular farming practices which minimise external and unnatural inputs, reduce the waste we generate, and nourish the land upon which we produce. By doing this, we can accrue value across our value chain, from the health of our livestock to the nutritional benefits enjoyed by our customers, while protecting our landbanks from degradation.

OUR PERFORMANCE:

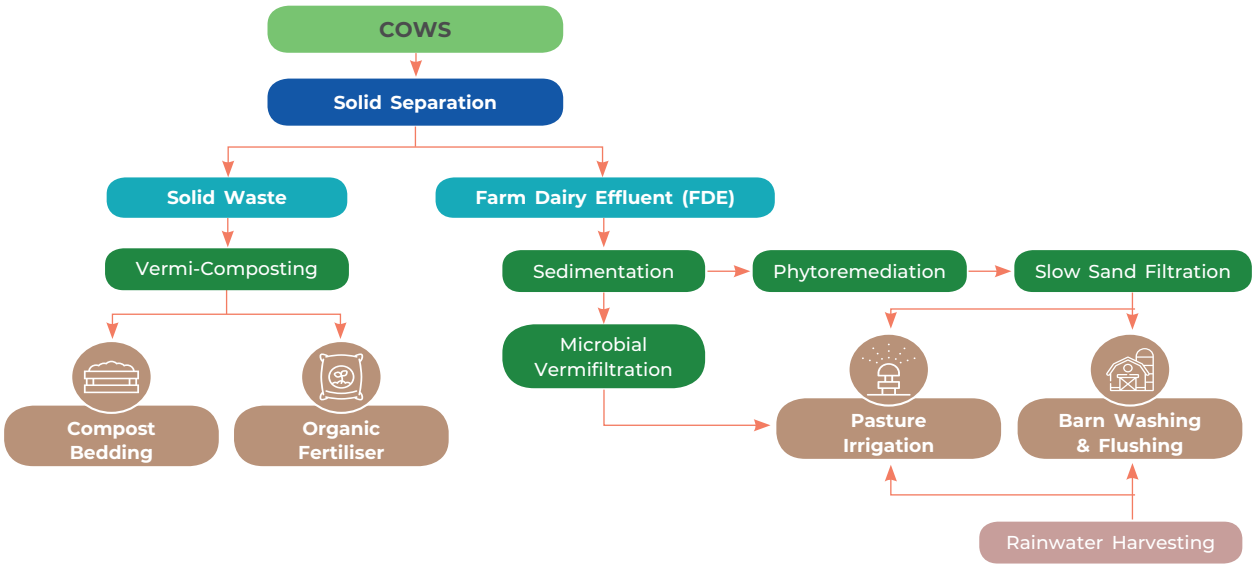
- 34.3 million kg of organic fertiliser produced from animal waste
- 335.0 million litres of FDE recycled and removed from waste discharge
- 86.4 million kg of solid waste recycled and removed from waste discharge
- 687,876 kg of chemical fertiliser removed from our production cycle
- 267.7 acres of farmland irrigated by recycled FDE

OUR ACTIONS & INITIATIVES:

Since 2014, we have progressively implemented regenerative agriculture practices at our Muadzam Shah and UPM farms which are geared towards two key outcomes:

1. Minimising non-recyclable organic waste generated
2. Maximising the use of natural resources that we have access to

To achieve circularity in our farming practices, we strive to remove our dependency on external inputs such as chemical fertilisers and instead use waste generated by our herd to fulfil key functions, as the chart below shows.



Specifically, through a process of vermicomposting, we utilise treated solid waste to form part of the mix for animal bedding, increasing our herd comfort and health, and as organic fertiliser for grass grown at both farms, which in turn forms a major component of the feed provided to our cows. We also treat liquid animal waste to aid with pasture irrigation and use it together with recycled rainwater for the washing and flushing of our barns.

Through the adoption of these practices, we have diverted animal waste discharge from landfills and sewerage systems, indirectly reducing the amount of methane released into the environment through landfill decomposition and the use of chemicals to treat waste in the sewerage systems. Concurrently, we benefit from a reduced reliance on external sources of water for our operations, and usage of chemical fertilisers, which are known to degrade soil health.

REGENERATIVE AGRICULTURE

OUR ACTIONS & INITIATIVES: (CONT'D.)

The table below outlines the regenerative agricultural practices we have adopted and the benefits they enable in greater detail:

Function	Processes Undertaken	Benefits
Compost Bedding	African Nightcrawler worms are used to break down solid waste produced by our cows into vermicompost (worm castings), which is then used as part of the mix for the bedding of our cows.	• Promotes claw health and creates a comfortable environment for cows • After 5 to 6 months of composting, the bedding becomes the perfect feed for vermiculture composting • Minimises waste discharge that enters the drainage system
Organic Fertiliser	The vermicompost produced from solid waste is also spread over our pasture as an organic fertiliser for grass, which in turn forms a major component of the feed provided to our cows.	• Reduces the usage of chemical fertilisers, which are known to degrade soil health • Minimises waste discharge that enters the drainage system • Improves physical characteristics of the soil such as water holding capacity, aeration and porosity, all of which benefit soil fertility • Using organic fertiliser results in more nutritious feed for our cows
Barn Washing and Flushing	After solid separation, the Farm Dairy Effluent (FDE) that is isolated undergoes three major processes: 1. It is filtered by sitting in sedimentation ponds. This process uses gravity to split and remove any remaining solids from the liquid waste 2. Phytoremediation uses living plants to effectively treat the effluent against contaminants and excess nutrient content 3. Finally, the effluent goes through a slow sand water purification process that removes turbidity and pathogenic organisms The resulting water is then used in tandem with recycled rainwater for the washing and flushing of our barns.	• Reduces reliance on external sources of water • Minimises waste discharge that enters the drainage system • Minimises contamination of groundwater and surface water by reducing the amount of toxic waste released into the environment
Pasture Irrigation	FDE can also be used for irrigating our pasture, provided that it goes through microbial vermifiltration after the solid separation and sedimentation processes. Vermifiltration is a biological wastewater treatment process that uses composting worms to treat water, with the output being water that is suitable for watering pasture.	• Filtered FDE contains beneficial nutrients for plant growth, feeding a positive cycle that in turn leads to more nutritious feed for our cows and produce for our customers • The use of irrigation ponds mean that our pastures can be adequately watered even during the dry season, thus producing nutritious grass all year round

Future Plans

- We aim to implement regenerative agriculture practices across all our farms within the next three years
- We aim to launch our first biogas plant at our Muadzam Shah farm, which will utilise animal waste to produce biofuel for our operations, thereby reducing our carbon footprint
- We will develop an action plan to implement regenerative agriculture practices at all farms operated by our partner-farmers

RESPONSIBLE WATER STEWARDSHIP

WHY IT MATTERS:

The sustainable extraction and discharge of water is central to maintaining the health of our soil and the long-term quality of our products. In addition, our farms and processing facilities are located in close proximity to local communities who depend on the land for their livelihoods. As a result, we have a responsibility to lessen our disruption to the natural water table and minimise water-based discharge that enters local waterways.

OUR PERFORMANCE:

Water withdrawn by source	FY2022 (megalitres)
Municipal sources*	2,883.8
Groundwater and Surface water (incl. tube well pumping, rainwater, water from rivers)	428.8
Total	**3,312.6**

*Includes 2,397 megalitres from our Australian farms, where there are no groundwater and surface water sources available for extraction.

- 428.8 million litres of municipal water saved per year through tube well pumping and rainwater harvesting
- 13% reduction in municipal water usage due to adoption of tube well pumping and rainwater harvesting

OUR ACTIONS & INITIATIVES:

We aim to minimise our extraction of surface and municipal water, and have consciously invested in new technologies that allow us to harness rainwater and groundwater in serviceable volumes. Our efforts are aided by our adoption of regenerative agriculture practices (see 'Regenerative Agriculture' for more), which utilise treated liquid animal waste for use in barn washing and pasture irrigation, minimising our reliance on the water table for our needs.

Harnessing Groundwater and Rainwater

We have installed rainwater harvesting and tube well pumping systems across all our farms, reducing our use of municipal water by a total of 428.8 million liters.

By extracting groundwater found at the bottom of the water table, tube well pumping reduces the impact of our water withdrawal needs on surface water, which is a crucial resource for soil health and neighbouring farms. Additionally, groundwater is more easily available year round and less susceptible to droughts, meaning that during such occurrences we are less reliant on municipal water as a backup resource. Meanwhile, our rainwater harvesting systems channel rainwater for use in barn washing and flushing, irrigation, the washing of our herd and the maintenance of our farm-based machinery.

The Role of Regenerative Agriculture Practices

Untreated animal waste poses a major threat to water sources, with the potential for contamination that would affect the entire dairy production value chain. By introducing regenerative agriculture practices which treat solid and liquid animal waste for use across key functions, we have effectively distanced water from animal waste and mitigated against this risk.

In total, our regenerative agriculture practices remove 86.4 million kg of solid waste and 335.0 million litres of liquid waste per year from potential entry into the water table and local waterways.

Future Plans

- We will continue to scale up our rainwater harvesting and tube well pumping systems with the goal of attaining a 60% reduction in the use of municipal water by 2025, compared to peak levels
- We will develop an action plan to implement sustainable water withdrawal and management strategies at all farms operated by our partner-farmers, in addition to implementing regenerative agriculture practices at these farms

CLIMATE ACTION

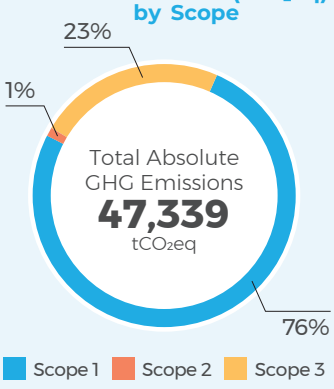
WHY IT MATTERS:

According to the Food and Agriculture Organisation (FAO) of the United Nations, 31% of all human-caused Greenhouse Gas (GHG) emissions come from agrifood systems. This includes emissions from farming and land use, food production and the food supply chain, all of which apply to our operations.

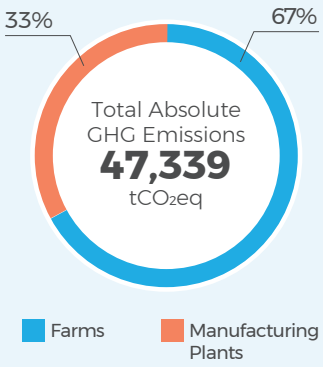
Therefore, as an environmentally responsible organisation, it is incumbent upon us to seek out and implement sustainable measures to reduce our carbon footprint, including by introducing renewable sources to our energy mix. In doing so, we can set an impactful example in environmental management as a leader within the Malaysian and regional dairy farming communities.

OUR PERFORMANCE[1]:

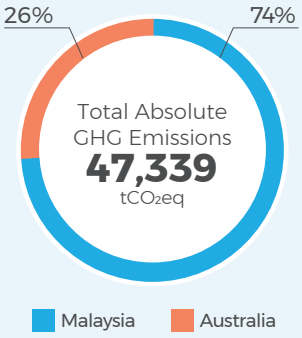
Total Emissions (tCO_2eq) by Scope



Total Emissions (tCO_2eq) by Farms/Manufacturing Plants



Total Emissions (tCO_2eq) by Country of Operation



Benchmarking of Our Emissions Against Dairy Farms in Asia and Oceania[2]



Our Malaysian farms have an emissions intensity of

2.4kg co_2e/kg FPCM

(27% lower than 2015 average of dairy farms in Asia)



Our Australian farms have an emissions intensity of

0.7kg co_2e/kg FPCM

(47% lower than the average of dairy farmer in Oceania)

FPCM = fat and protein corrected milk

Reduced Emissions Due to Transition From Daily Spread to Composting of Manure

The table below shows the substantial decrease in untreated manure discharged into the environment, and its corresponding reduction in GHG emissions, as a result of our transition from daily spread to composting of cow manure.

Description	Daily Spread	Compost	% Decrease
Amount of manure discharged (kg N)	42,619	19,440	54.4
GHG Emissions (tCO_2eq/year)	307	146	52.5

OUR ACTIONS & INITIATIVES:

Our emissions come from a variety of sources including methane from enteric fermentation, nitrous oxide from fertilisers, carbon dioxide from tillage, and the burning of fossil fuels to power our processes and maintain machinery across our farms and processing facilities.

In seeking to reduce our footprint, we have implemented regenerative agriculture practices (see 'Regenerative Agriculture' for more) across our Muadzam Shah and UPM farms, before taking our efforts further with our inaugural carbon emissions inventory which was conducted in 2021. The exercise helped us identify actionable strategies to further reduce emissions which we are progressively introducing across our value chain.

[1] Carbon footprint exercise completed in July 2021 by an external consultant, based on the Greenhouse Gas Protocol Agriculture Guidance.
[2] Based on comparison with report issued by Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019.

OUR ACTIONS & INITIATIVES: (CONT'D.)

Reducing Nitrous Oxide Emissions

As part of our regenerative agriculture practices, we use treated animal waste for pasture fertilisation. Normally, pasture fertilisation would necessitate the use chemical fertilisers, leading to the release of Nitrous Oxide – a Greenhouse Gas. Therefore, by using vermicompost as a substitute we have been able to reduce our emissions and improve soil quality at the same time, leading to nutritionally superior feed for the benefit of our cows at a lower cost to the environment.

Nitrous Oxide is also released from untreated waste matter, so by reusing animal waste for productive purposes we have enabled a further reduction to our farm-based emissions.

Adopting Renewable Energy

Leveraging our regenerative agricultural practices, we are set to launch our first biogas plant at our Muadzam Shah farm by 2023. The plant – our first renewable energy source – will use animal waste to produce biogas which will displace diesel usage for our boilers, accelerating the decarbonisation of our operations, and will be followed by an additional biogas plant at our Taiping farm. We already have solar PV running in both our Muadzam Shah and Larkin facilities, and a further one currently being planned for our Taiping facility.

In totality, our progressive introduction of renewable energy is helping us reduce our dependence on the Malaysian national power grid. We aim to become a net energy producer in the mid-to-long-term, allowing us to sell the excess energy we generate back to the grid at a profit and open a new and sustainable revenue stream.

Undertaking A Group-wide Carbon Inventory

In July 2021, we completed a Group-wide carbon footprint inventory exercise based on the GHG Protocol Corporate Accounting and Reporting Standard, covering the period of January 1 to December 31 2020, across our farms and processing facilities in both Malaysia and Australia.

The exercises covered all three emissions scopes:

- Scope 1 GHG emissions, comprising mainly direct emissions from machinery, equipment and motor vehicles operated at our farms and processing facilities, as well as enteric fermentation, manure management, and soil management at the farms
- Scope 2 GHG emissions, including indirect emissions related to the electricity purchased and consumed by the machinery and equipment at the farms and processing facilities
- Scope 3 GHG emissions, comprising mainly indirect emissions that are not recognised in Scope 2 plus emissions from business travel including by car, train and flight

In addition to enabling the development of emissions reduction strategies (see the 'Future Plans' section for more), the findings of the inventory exercise revealed that the emissions intensity of our Malaysian and Australian farms are 27% and 47% lower than the average of dairy farms in Asia and Oceania respectively (both based on a 2015 averages), providing a strong base upon which to achieve further improvements.

Future Plans

Based on the insights provided by our carbon footprint inventory exercise, we have identified a variety of strategies to further reduce our Group-wide carbon footprint, including:

- Replacing existing anaerobic lagoons with anaerobic digestion tanks at our Muadzam Shah Farm, enabling us to use our farm-sourced manure to produce biofuel
- Installing solar thermal systems to reduce the use of diesel for our boiler and generator units
- Installing biogas and solar energy generation systems across various farms and processing facilities, as explained above

Looking forward, we target for our initiatives to achieve a 25% reduction in our Group-wide GHG emissions over the next five years (an average reduction of 5% per annum).

SUSTAINABLE **PACKAGING**

WHY IT MATTERS:

As a producer of packaged goods, we have a duty to consider a variety of sustainability issues including the origin and volume of the raw materials used, the environmental impact of processes used to manufacture the packaging, the recyclability of the packaging and the ability of the packaging to contribute to food waste reduction. Each of these factors carries a large potential ecological footprint.

Moreover, consumers are more environmentally aware than ever and are increasingly choosing FMCG brands based on their sustainability credentials, of which packaging is one of the most visible.

OUR PERFORMANCE:

- 28% of our turnover comes from products that use fully recyclable, FSC® Forest Stewardship Council certified packaging

OUR ACTIONS & INITIATIVES:

Our commitment to sustainable packaging starts with using packaging that is sustainably sourced – that is, sourced from rainforests which are sustainably and sensitively managed. Doing this means that we are limiting the long-term impact that our products have on the depletion of these resources.

The second part of our commitment, which we are currently developing further, is to lower the footprint of our products after consumption by promoting recycling. While we are transitioning towards using fully recyclable materials for all our product varieties, we also want to play a bigger role in recycling awareness and adoption, especially amongst younger generations.

Adopting Sustainably Sourced and Recyclable Packaging

In 2018, we adopted Tetra Pak paper packaging for our UHT products which is made from 75% paper, 20% plastic, 5% aluminium and is 100% recyclable. Furthermore, all paperboard used in the solution is FSC® Forest Stewardship Council certified and fully traceable, coming from FSC® certified forests and other controlled sources.

By purchasing Tetra Pak packaging, we are supporting the socially, environmentally and economically sound management of forests. Key aspects of Tetra Pak's commitment also include:

- Identifying and upholding indigenous peoples' legal and customary rights of ownership, use and management of land, territories and resources affected by activities
- Contributing to maintaining or enhancing the social and economic wellbeing of local communities
- Maintaining and conserving ecosystem services and environmental values in the area of impact

Moving forward, we strive to ensure that all packaging suppliers we work with have a similarly robust commitment and action plan relating to sustainable packaging. We will achieve this by developing area-specific sustainability criteria for suppliers with a focus on ingredients and packaging materials, and by evaluating a significant portion of our key suppliers according to detailed sustainability assessment templates that include sustainable packaging.

OUR ACTIONS & INITIATIVES: (CONT'D.)

Inculcating Recycling Practices Amongst Malaysians

Recyclable packaging only serves its purpose when it is recycled, and we have developed an awareness strategy that aims to inculcate recycling as a part of everyday life amongst Malaysians.

By working with Tetra Pak, we have opened a recycling education centre at our UPM farm. The purpose of the centre is to build awareness of the recyclability of our packaging and educate consumers on how they can adopt simple and effective recycling habits within their homes and workplaces.

We have also engaged with youth through the Used Beverage Cartons (UBC) Recycling Contest, which aims to develop an awareness of the circular economy amongst school-going children. The programme reached a total of 64 schools across Malaysia.

Future Plans:

- We intend to increase our use of sustainably sourced Tetra Pak packaging to cover more of our packaging requirements, including our 200ml and 1L sizes
- We strive to launch sustainability-linked supplier criteria within the next two to three years, which will include criteria on sustainably sourced packaging
- We will continue to invest in creating school-based campaigns that educate youth on the importance of recycling

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

For the year ended 31 March 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, rearing of dairy cows and the production, marketing, sale of cow's milk and plant-based related products. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	**79,886,892**	**29,448,909**
Non-controlling interests	**(1,321,546)**	**–**
	78,565,346	**29,448,909**

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors recommended a final dividend of 1.07 sen per ordinary share totalling RM19,971,723 in respect of the year ended 31 March 2022 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

These financial statements do not reflect the proposed final dividend, which will be accounted for in the statement of changes in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

DIRECTORS' REPORT

For the year ended 31 March 2022

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Directors	Alternate
Mr. Loi Tuan Ee	
Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas (appointed on 25 September 2021)	
Dato' Dr. Quaza Nizamuddin bin A. Hassan Nizam (appointed on 25 September 2021)	
Mr. Sukanta Kumar Dutt (appointed on 25 September 2021)	
Ms. Jocelyn Ng Lai Leng (appointed on 25 September 2021)	
Ms. Loi Foon Kion (appointed on 25 September 2021)	
Mr. Effizal Faiz bin Zulkifly (appointed on 18 April 2022)	
Mr. Loi Tuan Kin (resigned on 25 September 2021)	
En. Azmi bin Zainal (resigned on 25 September 2021)	
En. Amran Hafiz bin Affifudin (resigned on 25 September 2021)	
Mr. Tan Chow Yin (resigned on 25 September 2021)	
En. Mohd Khairul bin Mat Hassan (resigned on 25 September 2021)	
Ms. Tan Mei Shwen Serena (resigned on 18 April 2022)	Mr. Effizal Faiz bin Zulkifly ^ (resigned on 25 September 2021)

^ *Resigned as alternate Director on 25 September 2021 and appointed as Director on 18 April 2022 respectively.*

The names of the Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT
For the year ended 31 March 2022

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1 April 2021/ date of appointment	Bought	Sold	At 31 March 2022
Shareholdings in the Company which Directors have direct interests:				
Loi Tuan Ee	1	–	–	**1**
Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas	–	500,000	–	**500,000**
Dato' Dr. Quaza Nizamuddin bin A. Hassan Nizam	–	500,000	–	**500,000**
Ms. Jocelyn Ng Lai Leng	–	500,000	–	**500,000**

	Number of ordinary shares					
	At 1 April 2021/ date of appointment	Bought	Bonus issues	Sold	Dividend in specie	At 31 March 2022
Shareholdings in the Company which the Directors have deemed interests:						
Loi Tuan Ee	59,500,000	902,300	1,085,000,135	(293,556,700)	(23,633,900)	**828,211,835**
Loi Foon Kion	39,666,668	–	723,333,447	(191,988,600)	–	**571,011,515**

By virtue of their interests in the shares of the Company, Mr. Loi Tuan Ee and Ms. Loi Foon Kion are deemed to have interests in the ordinary shares of all the wholly-owned of subsidiaries of the Company as disclosed in Note 7 to the financial statements.

None of the other Directors holding office at 31 March 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than disclosed in Note 32 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS") of the Company.

DIRECTORS' REPORT
For the year ended 31 March 2022

ISSUE OF SHARES

During the financial year, the Company issued the following shares:

a) Bonus issue of 1,550,000,138 ordinary shares at NIL consideration without capitalising the retained earnings or reserves.

   The bonus issue was completed and shares were credited as fully paid-up on a pro rata basis to the existing shareholders based on their respective shareholdings in the Company such that their effective shareholding in the Company will be the same before and after the bonus issue.

b) 222,954,700 ordinary shares as part of the Initial Public Offering at RM1.35 per ordinary share.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up any unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 21 March 2022, the Company's shareholders approved the establishment of the ESOS of not more than 15% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

a) The ESOS is administered by a committee appointed by the Board of Directors.

b) The aggregate number of options exercised and options offered and to be offered under the ESOS shall not exceed fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of the ESOS and shall not be more than ten per centum (10%) of the ordinary shares available under the ESOS shall be allocated to any eligible employee who, either singly or collectively through his or her associates, holds twenty per centum (20%) or more of the issued and paid-up ordinary share capital of the Company.

c) The eligible employee must be at least eighteen (18) years of age, is not an undischarged bankrupt nor subject to any bankruptcy proceedings, must have been confirmed in service, and has not given any notice of resignation or received a notice of termination or has otherwise ceased or had his/her employment terminated.

d) The subscription price for each ordinary share shall be the weighted average market price of the shares of the Company as shown in the Daily Official List issued by Bursa Securities for the five (5) market days immediately preceding the date of the offer with a discount of not more than ten per centum (10%).

e) The option is personal to the grantee and is non-assignable.

f) The ESOS shall be in force for a period of ten (10) years commencing from the Effective Date (21 March 2022), after which the Board shall have the sole and absolute discretion to extend in writing the tenure of the ESOS for another five (5) years, in so long that the tenure does not exceed the maximum duration of a share issuance scheme allowed by the relevant authorities.

DIRECTORS' REPORT
For the year ended 31 March 2022

INDEMNITY AND INSURANCE COSTS

There were no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' reports on the audited financial statements of Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the impairment losses provided for property, plant and equipment and reversal of tax in respect of year of assessment 2021 recognised in the financial year ended 31 March 2022, as disclosed in Note 3 and Note 22 respectively, the financial performance of the Group and of the Company for the financial year ended 31 March 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

For the year ended 31 March 2022

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Loi Tuan Ee
Director

.....

Loi Foon Kion
Director

Date: 21 July 2022

STATEMENT BY **DIRECTORS**

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

In the opinion of the Directors, the financial statements set out on pages 135 to 210 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....

Loi Tuan Ee
Director

.....

Loi Foon Kion
Director

Date: 21 July 2022

STATUTORY **DECLARATION**

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

I, **Mohd Khairul bin Mat Hassan**, the officer primarily responsible for the financial management of **FARM FRESH BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 135 to 210 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above named Mohd Khairul bin Mat Hassan, NRIC: 790605-11-5353, MIA CA 40828 at Johor Bahru in the State of Johor on 21 July 2022.

.....

Mohd Khairul bin Mat Hassan

Before me:

Lau Lay Sung
Commissioner for Oaths
J-246

INDEPENDENT **AUDITORS' REPORT**

To the Members of Farm Fresh Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Farm Fresh Berhad, which comprise the statements of financial position as at 31 March 2022 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 135 to 210.

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 March 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("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.

Valuation of biological assets - Group and Company

Refer to Note 2(g) - Significant accounting policies, and Note 5 - Biological assets.

The key audit matter

The Group and Company held RM92 million and RM34 million of biological assets respectively, comprising cows, goat herds and bulls, measured at fair value less cost to sell as at 31 March 2022. In determining the fair value of the biological assets, the Group and the Company used replacement cost approach and comparison approach. We have identified the valuation of biological assets as a key audit matter because the determination of the fair values required significant judgement in determining the price per head of comparable breed, weight, age group and foreign exchange rate.

INDEPENDENT AUDITORS' REPORT

To the Members of Farm Fresh Berhad`

How the matter was addressed in our audit

We performed the following audit procedures, amongst others:

- We performed physical counting of biological assets;
- We evaluated the valuation techniques adopted in estimating the fair value with reference to the requirements of relevant accounting standards, our business understanding and industry practice;
- Checked the key inputs used in the valuation to biological assets report as at year end;
- We evaluated the judgement and the key assumptions pertaining to the price per head of comparable breed, weight, age group and foreign exchange rate against market data; and
- We assessed the adequacy of disclosure in the financial statements in respect of this matter.

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 annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

To the Members of Farm Fresh Berhad`

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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- 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 relations and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 the public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the Members of Farm Fresh Berhad`

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in the Note 7 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Tan Teck Eng
Approval Number: 02986/05/2024 J
Chartered Accountant

Johor Bahru

Date: 21 July 2022

STATEMENTS OF **FINANCIAL POSITION**

As at 31 March 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Assets					
Property, plant and equipment	3	**339,570,028**	307,068,897	**106,282,619**	96,120,337
Right-of-use assets	4	**14,820,525**	15,819,769	**3,636,093**	3,368,938
Biological assets	5	**95,709,674**	69,459,099	**34,204,770**	27,134,170
Intangible assets	6	**20,001,224**	19,894,919	**2,808,116**	2,403,888
Investments in subsidiaries	7	**–**	–	**121,370,861**	96,411,191
Trade and other receivables	8	**740,429**	1,077,338	**–**	–
Deferred tax assets	9	**9,469,156**	3,352,750	**–**	–
Due from subsidiaries	10	**–**	–	**67,200,000**	18,478,972
Total non-current assets		**480,311,036**	416,672,772	**335,502,459**	243,917,496
Inventories	11	**118,844,819**	105,034,639	**36,473,751**	35,953,609
Trade and other receivables	8	**100,248,170**	88,796,172	**32,531,102**	21,472,301
Due from subsidiaries	10	**–**	–	**50,598,012**	22,063,278
Current tax assets		**393,813**	31,070	**24,000**	–
Derivative financial assets	12	**1,518,875**	–	**2,668**	–
Other investments	13	**280,594,613**	–	**260,108,202**	–
Cash and cash equivalents	14	**28,103,066**	11,723,637	**9,565,273**	6,632,114
Total current assets		**529,703,356**	205,585,518	**389,303,008**	86,121,302
Total assets		**1,010,014,392**	622,258,290	**724,805,467**	330,038,798
Equity					
Share capital	15	**380,607,443**	87,779,796	**380,607,443**	87,779,796
Reserves	15	**225,335,994**	146,863,517	**89,872,359**	60,423,450
Equity attributable to owners of the Company		**605,943,437**	234,643,313	**470,479,802**	148,203,246
Non-controlling interests	7	**5,019,430**	6,386,645	**–**	–
Total equity		**610,962,867**	241,029,958	**470,479,802**	148,203,246
Liabilities					
Deferred income	16	**6,496,730**	6,768,263	**6,496,730**	6,768,263
Loans and borrowings	17	**232,316,928**	101,014,756	**201,319,373**	24,717,931
Lease liabilities		**5,919,368**	6,159,799	**4,209,312**	3,999,703
Deferred tax liabilities	9	**7,711,483**	5,801,597	**5,698,000**	4,538,000
Total non-current liabilities		**252,444,509**	119,744,415	**217,723,415**	40,023,897
Deferred income	16	**270,697**	269,861	**270,697**	269,861
Loans and borrowings	17	**52,300,841**	140,927,921	**4,157,198**	50,880,656
Trade and other payables	18	**93,075,548**	83,078,535	**28,470,582**	19,530,030
Due to subsidiaries	10	**–**	–	**3,392,734**	70,930,753
Lease liabilities		**959,930**	854,653	**311,039**	46,023
Current tax liabilities		**–**	36,352,947	**–**	154,332
Total current liabilities		**146,607,016**	261,483,917	**36,602,250**	141,811,655
Total liabilities		**399,051,525**	381,228,332	**254,325,665**	181,835,552
Total equity and liabilities		**1,010,014,392**	622,258,290	**724,805,467**	330,038,798

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

STATEMENTS OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	19	**501,921,211**	490,498,015	**216,066,203**	211,810,803
Cost of sales		**(365,576,725)**	(349,612,502)	**(163,193,610)**	(147,972,965)
Gross profit		**136,344,486**	140,885,513	**52,872,593**	63,837,838
Other income		**14,820,037**	9,021,458	**4,681,006**	2,756,103
Selling and distribution expenses		**(32,002,783)**	(37,522,166)	**(7,207,734)**	(11,587,121)
Administrative expenses		**(35,997,008)**	(27,060,280)	**(12,601,060)**	(7,438,391)
Other expenses		**(7,655,695)**	(7,979,608)	**(802,724)**	(84,496)
Results from operating activities		**75,509,037**	77,344,917	**36,942,081**	47,483,933
Finance income	20	**1,266,915**	228,033	**2,502,736**	52,663
Finance costs	21	**(11,091,593)**	(9,984,341)	**(8,124,598)**	(4,414,959)
Net finance costs		**(9,824,678)**	(9,756,308)	**(5,621,862)**	(4,362,296)
Profit before tax		**65,684,359**	67,588,609	**31,320,219**	43,121,637
Tax credit/(expense)					
– Current tax and deferred tax		**2,390,954**	(9,052,257)	**(1,871,310)**	(2,343,000)
– Additional tax for prior years	22.1	**–**	(25,708,582)	**–**	–
– Reversal of tax	22.1	**10,490,033**	–	**–**	–
Total tax credit/(expense)	22	**12,880,987**	(34,760,839)	**(1,871,310)**	(2,343,000)
Profit for the year	23	**78,565,346**	32,827,770	**29,448,909**	40,778,637
Other comprehensive (expense)/ income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences/ **Other comprehensive (expense)/ income for the year**		**(1,460,084)**	10,061,944	**–**	–
Total comprehensive income for the year		**77,105,262**	42,889,714	**29,448,909**	40,778,637
Profit/(Loss) attributable to:					
Owners of the Company		**79,886,892**	36,228,078	**29,448,909**	40,778,637
Non-controlling interests		**(1,321,546)**	(3,400,308)	**–**	–
Profit for the year		**78,565,346**	32,827,770	**29,448,909**	40,778,637
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**78,472,477**	45,353,427	**29,448,909**	40,778,637
Non-controlling interests		**(1,367,215)**	(2,463,713)	**–**	–
Total comprehensive income for the year		**77,105,262**	42,889,714	**29,448,909**	40,778,637
Basic earnings per ordinary share (sen)	24	**4.87**	2.22		

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

STATEMENTS OF **CHANGES IN EQUITY**

For the year ended 31 March 2022

Group	Note	Attributable to owners of the Company					
		Non-distributable		Distributable			
		Share capital RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2020		87,779,796	(5,101,207)	106,611,297	189,289,886	8,475,424	197,765,310
Foreign currency translation differences for foreign operations/							
Total other comprehensive income for the year		–	9,125,349	–	9,125,349	936,595	10,061,944
Profit/(Loss) for the year		–	–	36,228,078	36,228,078	(3,400,308)	32,827,770
Total comprehensive income/(expense) for the year		–	9,125,349	36,228,078	45,353,427	(2,463,713)	42,889,714
Contributions by and distributions to owners of the Company							
Capital contribution by non-controlling interests/							
Total transactions with owners of the Company		–	–	–	–	374,934	374,934
At 31 March 2021		87,779,796	4,024,142	142,839,375	234,643,313	6,386,645	241,029,958
At 1 April 2021		**87,779,796**	**4,024,142**	**142,839,375**	**234,643,313**	**6,386,645**	**241,029,958**
Foreign currency translation differences for foreign operations/							
Total other comprehensive expense for the year		**–**	**(1,414,415)**	**–**	**(1,414,415)**	**(45,669)**	**(1,460,084)**
Profit/(Loss) for the year		**–**	**–**	**79,886,892**	**79,886,892**	**(1,321,546)**	**78,565,346**
Total comprehensive (expense)/income for the year		**–**	**(1,414,415)**	**79,886,892**	**78,472,477**	**(1,367,215)**	**77,105,262**
Contributions by and distributions to owners of the Company							
Shares issued for the Public Issue	15	**300,988,845**	**–**	**–**	**300,988,845**	**–**	**300,988,845**
Shares issuance expenses for the Public Issue	15	**(8,161,198)**	**–**	**–**	**(8,161,198)**	**–**	**(8,161,198)**
Total transactions with owners of the Company		**292,827,647**	**–**	**–**	**292,827,647**	**–**	**292,827,647**
At 31 March 2022		**380,607,443**	**2,609,727**	**222,726,267**	**605,943,437**	**5,019,430**	**610,962,867**

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the year ended 31 March 2022

Company	Note	Attributable to owners of the Company		
		Non-distributable	Distributable	
		Share capital RM	Retained earnings RM	Total equity RM
At 1 April 2020		87,779,796	19,644,813	107,424,609
Profit and total comprehensive income for the year		–	40,778,637	40,778,637
At 31 March 2021/1 April 2021		**87,779,796**	**60,423,450**	**148,203,246**
Profit and total comprehensive income for the year		**–**	**29,448,909**	**29,448,909**
Contributions by and distributions to owners of the Company				
Shares issued for Public Issue	15	**300,988,845**	**–**	**300,988,845**
Shares issuance expenses	15	**(8,161,198)**	**–**	**(8,161,198)**
Total transactions with owners of the Company		**292,827,647**	**–**	**292,827,647**
At 31 March 2022		**380,607,443**	**89,872,359**	**470,479,802**

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

STATEMENTS OF **CASH FLOWS**

For the year ended 31 March 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit before tax		**65,684,359**	67,588,609	**31,320,219**	43,121,637
Adjustments for:					
Depreciation and amortisation:					
– property, plant and equipment		**26,738,344**	19,973,666	**9,864,574**	7,653,229
– intangible assets		**233,301**	203,309	**11,178**	6,944
– right-of-use assets		**1,600,997**	1,236,926	**233,330**	189,838
Finance income		**(1,266,915)**	(228,033)	**(2,502,736)**	(52,663)
Finance costs		**11,091,593**	9,984,341	**8,124,598**	4,414,959
(Reversal of impairment loss)/ Impairment loss on:					
– property, plant and equipment		**78,635**	4,212,235	**–**	–
– trade receivables		**(86,020)**	609,145	**–**	–
Written off of:					
– property, plant and equipment		**145,844**	–	**–**	–
– other receivables		**–**	411,486	**–**	–
– obsolete and slow-moving inventories		**840,027**	614,402	**258,907**	245,522
Gain on disposal of property, plant and equipment		**(120,672)**	(462,667)	**–**	–
Amortisation of deferred income		**(270,697)**	(266,476)	**(270,697)**	(266,476)
Gain arising from changes in fair value of dairy cows and goats		**(9,949,771)**	(4,321,205)	**(3,187,395)**	(2,274,532)
Fair value (gain)/loss of:					
– derivative financial instruments		**(1,518,875)**	–	**(2,668)**	–
– other investments		**35,124**	–	**202,728**	–
Dividend income from other investments		**(629,737)**	–	**(310,930)**	–
Unrealised loss/(gain) on foreign exchange		**449,662**	(105,526)	**87,747**	18
Operating profit before changes in working capital		**93,055,199**	99,450,212	**43,828,855**	53,038,476
Change in deferred income		**–**	451,681	**–**	451,681
Change in inventories		**(13,927,037)**	(64,524,686)	**(55,879)**	(18,999,571)
Change in trade and other receivables		**(11,029,069)**	(9,032,092)	**(11,057,266)**	(7,916,799)
Change in trade and other payables		**9,547,351**	33,150,750	**8,884,620**	6,159,237
Change in due from/(to) a subsidiary		**–**	–	**(144,827,131)**	(1,689,952)
Cash generated from/(used in) operations		**77,646,444**	59,495,865	**(103,226,801)**	31,043,072
Interest received		**1,266,915**	228,033	**2,502,736**	52,663
Tax paid		**(29,711,427)**	(56,355)	**(889,642)**	(22,931)
Net cash from/(used in) operating activities		**49,201,932**	59,667,543	**(101,613,707)**	31,072,804

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

STATEMENTS OF CASH FLOWS

For the year ended 31 March 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from investing activities					
Acquisition of:					
– property, plant and equipment	28	**(60,311,001)**	(75,093,964)	**(20,075,311)**	(27,040,096)
– biological assets		**(25,078,330)**	(14,966,322)	**(21,490,000)**	(11,880,919)
– intangible assets		**(429,154)**	(3,470,961)	**(415,406)**	(2,410,832)
– right-of-use assets		**(110,164)**	–	**–**	–
Proceeds from disposal of:					
– property, plant and equipment		**1,082,128**	1,072,950	**48,455**	–
– biological assets		**8,025,796**	6,797,196	**16,883,625**	8,525,370
Increase in investment in a subsidiary		**–**	–	**(24,959,670)**	(20,445,910)
Net investment in other investments		**(280,000,000)**	–	**(260,000,000)**	–
Net cash used in investing activities		**(356,820,725)**	(85,661,101)	**(310,008,307)**	(53,252,387)
Cash flows from financing activities					
Interest paid		**(8,275,112)**	(6,832,257)	**(5,422,081)**	(1,261,363)
Proceeds from shares issued	15	**292,827,647**	–	**292,827,647**	–
Drawdown of Sukuk		**200,000,000**	–	**200,000,000**	–
Drawdown of term loan		**–**	21,887,430	**–**	21,000,000
Repayment of term loans		**(49,448,263)**	(8,787,733)	**(18,010,224)**	–
Net proceeds from:					
– bankers' acceptances		**(20,229,429)**	23,144,766	**(6,423,757)**	3,944,086
– revolving credits		**(4,074,000)**	4,074,000	**(4,074,000)**	4,074,000
– short-term financing		**(107,420)**	1,020,765	**–**	–
Repayment of hire purchase liabilities		**(37,226,699)**	(9,883,070)	**(10,088,227)**	(3,183,580)
Capital contributed by a minority shareholder		**–**	374,934	**–**	–
Repayment of lease liabilities		**(956,485)**	(515,654)	**(241,582)**	(296,190)
Repayment of loan from a shareholder		**(34,012,603)**	–	**(34,012,603)**	–
Net cash from financing activities		**338,497,636**	24,483,181	**414,555,173**	24,276,953
Exchange difference on translation of the financial statements of foreign operation		**(227,078)**	(561,738)	**–**	–
Net increase/(decrease) in cash and cash equivalents		**30,651,765**	(2,072,115)	**2,933,159**	2,097,370
Cash and cash equivalents at 1 April		**(2,548,699)**	(476,584)	**6,632,114**	4,534,744
Cash and cash equivalents at 31 March	14	**28,103,066**	(2,548,699)	**9,565,273**	6,632,114
Cash outflows for leases as a lessee					
Included in net cash from operating activities					
Payment relating to short-term leases	23	**4,745,774**	2,781,426	**–**	–
Payment relating to leases of low-value assets	23	**34,841**	24,051	**18,140**	8,388
Included in net cash from financing activities					
Payment of lease liabilities		**956,485**	515,654	**241,582**	296,190
Interest paid in relation to lease liabilities	21	**329,686**	249,129	**215,722**	140,993
Total cash outflows for leases		**6,066,786**	3,570,260	**475,444**	445,571

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

STATEMENTS OF CASH FLOWS
For the year ended 31 March 2022

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	At 1 April 2020 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of new assets RM	Derecognition of lease RM	Exchange difference RM	At 31 March 2021/ 1 April 2021 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of new assets RM	Exchange difference RM	At 31 March 2022 RM
Term loans	49,775,004	–	13,099,697	–	–	5,793,153	68,667,854	–	(49,448,263)	–	(493,316)	18,726,275
Bankers' acceptances	38,277,559	–	23,144,766	–	–	757,233	62,179,558	–	(20,229,429)	–	(61,600)	41,888,529
Revolving credits	–	–	4,074,000	–	–	–	4,074,000	–	(4,074,000)	–	–	–
Hire purchase liabilities	21,668,435	–	(9,883,070)	43,790,778	–	2,074,428	57,650,571	–	(37,226,699)	504,284	(382,777)	20,545,379
Lease liabilities	5,038,016	139,481	(515,654)	2,869,468	(548,975)	32,116	7,014,452	329,686	(956,485)	500,485	(8,840)	6,879,298
Loan from a shareholder	31,000,000	3,012,603	–	–	–	–	34,012,603	–	(34,012,603)	–	–	–
Short term financing	–	–	1,020,765	–	–	64,990	1,085,755	–	(107,420)	–	(7,544)	970,791
Sukuk	–	–	–	–	–	–	–	2,486,795	200,000,000	–	–	202,486,795
Total liabilities from financing activities	145,759,014	3,152,084	30,940,504	46,660,246	(548,975)	8,721,920	234,684,793	2,816,481	53,945,101	1,004,769	(954,077)	291,497,067

Company	At 1 April 2020 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of new assets RM	Derecognition of lease RM	At 31 March 2021/ 1 April 2021 RM	Net changes from operating cash flows RM	Net changes from financing cash flows RM	Acquisition of new assets RM	At 31 March 2022 RM
Bankers' acceptances	2,479,671	–	3,944,086	–	–	6,423,757	–	(6,423,757)	–	–
Hire purchase liabilities	8,991,354	–	(3,183,580)	4,280,453	–	10,088,227	–	(10,088,227)	–	–
Lease liabilities	3,200,071	140,993	(296,190)	1,552,341	(551,489)	4,045,726	215,722	(241,582)	500,485	4,520,351
Loan from a shareholder	31,000,000	3,012,603	–	–	–	34,012,603	–	(34,012,603)	–	–
Revolving credits	–	–	4,074,000	–	–	4,074,000	–	(4,074,000)	–	–
Term loans	–	–	21,000,000	–	–	21,000,000	–	(18,010,224)	–	2,989,776
Sukuk	–	–	–	–	–	–	2,486,795	200,000,000	–	202,486,795
Total liabilities from financing activities	45,671,096	3,153,596	25,538,316	5,832,794	(551,489)	79,644,313	2,702,517	127,149,607	500,485	209,996,922

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

NOTES TO THE **FINANCIAL STATEMENTS**

Farm Fresh Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Plot D, KM6
Jalan Muadzam – Rompin
26700 Muadzam Shah
Pahang Darul Makmur

Registered office
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor

The financial statements of the Company as at and for the financial year ended 31 March 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2022 do not include other entities.

The principal activities of the Company are investment holding, rearing of dairy cows and the production, marketing, sale of cow's milk and plant-based related products. The principal activities of its subsidiaries are disclosed in Note 7.

These financial statements were authorised for issue by the Board of Directors on 21 July 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company upon their first adoption.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following:

- Note 4 – right-of-use assets
- Note 5 – valuation of biological assets
- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 9 – deferred tax assets
- Note 22 – tax expense
- Note 27.4 – measurement of expected credit loss ("ECL")

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, 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 FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to 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 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 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Recognition and initial measurement

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

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

The categories of financial assets at initial recognition are as follows:

(a) Amortised cost

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

(b) Fair value through profit or loss

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

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(j)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(b) Amortised cost

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

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

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

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

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

(iv) Financial guarantee contracts

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. 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. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	14 – 25 years
Farm barn, building and electrical installation	5 – 33 years
Milk plant, machinery, tools and equipment	5 – 10 years
Office and shop equipment and design	5 – 20 years
Agrotourism farm	5 – 10 years
Motor vehicles	5 – 10 years

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

(e) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(i) Definition of a lease (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

In an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see Note 2(j)(i)).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Other intangible assets

Intangible assets, other than goodwill, that acquired by the Group which have infinite useful lives, are measured at cost less any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Trademarks	10 years
Software	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Biological assets

(i) Dairy cows and goats

The Group's biological assets comprise dairy herds, bulls and dairy goats. The biological assets are measured at cost on initial recognition and subsequently at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in profit or loss for the year in which it arises.

The feeding costs, incurred for raising of heifers and calves are capitalised, until such time as the heifers and calves begin to produce milk.

The Group determines whether an active or other effective market exists for a biological asset in its present location and condition, and whether there is a quoted price in that market as the appropriate basis for determining the fair value of that asset. If an active market does not exist then the Directors use one of the following valuation methods, when available, in determining fair value:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or
- market prices, in markets accessible to the entity, for similar assets with adjustment to reflect differences.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Biological assets (continued)

(ii) Semen and embryos

Semen and embryos are stated at cost less any accumulated amortisation and any accumulated impairment losses, where applicable.

Cost includes expenditure that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the assets for its intended use.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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

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

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

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

(ii) Other assets

The carrying amounts of other assets except for inventories, deferred tax assets, lease receivables and biological assets are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then 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 an 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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. 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 (groups of cash-generating units) on a *pro rata* basis.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(ii) Other assets (continued)

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 if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Income tax

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

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

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

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 assets and liabilities 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 other similar incentives, 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.

(l) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue and other income (continued)

(i) Revenue (continued)

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dairy cows/goats and milk

Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The amount so determined is subsequently carried as the cost of inventory.

The net gain or loss arising from changes of fair value of dairy cows/goats or death is included in other income/other expenses accordingly.

(iii) Government grant

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group or the Company will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased properties is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowing costs

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

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

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

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

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expense

Costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(o) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating segments

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

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM	Farm barn, building and electrical installation RM	Milk plant, machinery, tools and equipment RM	Office and shop equipment and design RM	Motor vehicles RM	Agro -tourism farm RM	Construction -in -progress RM	Total RM
At cost								
At 1 April 2020	34,947,569	57,078,024	108,066,980	4,137,926	5,849,222	–	19,896,431	229,976,152
Additions	6,997,485	12,630,323	82,213,410	1,288,006	2,920,722	–	12,834,796	118,884,742
Disposals/Written off	(4,960)	–	(243,223)	–	(840,808)	–	–	(1,088,991)
Transfer/Reclassification	(1,013,275)	9,453,813	8,707,939	(693,932)	1,481,314	–	(17,935,859)	–
Exchange difference	6,454,622	298,805	5,992,716	33,791	133,472	–	1,795,313	14,708,719
At 31 March 2021/ 1 April 2021	**47,381,441**	**79,460,965**	**204,737,822**	**4,765,791**	**9,543,922**	**–**	**16,590,681**	**362,480,622**
Additions	**–**	**18,735,055**	**19,186,640**	**763,329**	**1,783,284**	**275,446**	**20,071,531**	**60,815,285**
Disposals/Written off	**–**	**(41,640)**	**(820,504)**	**(26,296)**	**(367,440)**	**–**	**(321,433)**	**(1,577,313)**
Transfer	**–**	**2,353,422**	**1,712,685**	**–**	**69,600**	**117,310**	**(4,253,017)**	**–**
Exchange difference	**(215,864)**	**(13,006)**	**(313,673)**	**366**	**(2,403)**	**–**	**100,339**	**(444,241)**
At 31 March 2022	**47,165,577**	**100,494,796**	**224,502,970**	**5,503,190**	**11,026,963**	**392,756**	**32,188,101**	**421,274,353**
Accumulated depreciation								
At 1 April 2020	535,439	7,847,736	19,284,467	1,674,228	1,733,371	–	–	31,075,241
Depreciation charge	169,821	3,772,803	13,934,880	548,532	1,547,630	–	–	19,973,666
Disposals/Written off	–	–	(107,676)	–	(371,032)	–	–	(478,708)
Transfer/Reclassification	–	(157,594)	(104,429)	(35,477)	297,500	–	–	–
Exchange difference	–	11,430	301,988	5,074	42,617	–	–	361,109
At 31 March 2021/ 1 April 2021	**705,260**	**11,474,375**	**33,309,230**	**2,192,357**	**3,250,086**	**–**	**–**	**50,931,308**
Depreciation charge	**169,820**	**4,882,847**	**19,206,500**	**736,156**	**1,733,357**	**9,664**	**–**	**26,738,344**
Disposals/Written off	**–**	**(957)**	**(266,914)**	**(17,362)**	**(330,624)**	**–**	**–**	**(615,857)**
Exchange difference	**–**	**1,954**	**103,018**	**1,405**	**5,265**	**–**	**–**	**111,642**
At 31 March 2022	**875,080**	**16,358,219**	**52,351,834**	**2,912,556**	**4,658,084**	**9,664**	**–**	**77,165,437**
Accumulated impairment loss								
At 1 April 2020	–	–	–	–	–	–	–	–
Impairment loss	–	–	4,212,235	–	–	–	–	4,212,235
Exchange difference	–	–	268,182	–	–	–	–	268,182
At 31 March 2021/ 1 April 2021	**–**	**–**	**4,480,417**	**–**	**–**	**–**	**–**	**4,480,417**
Impairment loss	**–**	**–**	**78,635**	**–**	**–**	**–**	**–**	**78,635**
Exchange difference	**–**	**–**	**(20,164)**	**–**	**–**	**–**	**–**	**(20,164)**
At 31 March 2022	**–**	**–**	**4,538,888**	**–**	**–**	**–**	**–**	**4,538,888**
Carrying amounts								
At 1 April 2020	34,412,130	49,230,288	88,782,513	2,463,698	4,115,851	–	19,896,431	198,900,911
At 31 March 2021/ 1 April 2021	**46,676,181**	**67,986,590**	**166,948,175**	**2,573,434**	**6,293,836**	**–**	**16,590,681**	**307,068,897**
At 31 March 2022	**46,290,497**	**84,136,577**	**167,612,248**	**2,590,634**	**6,368,879**	**383,092**	**32,188,101**	**339,570,028**

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Farm barn, building and electrical installation RM	Milk plant, machinery, tools and equipment RM	Office and shop equipment and design RM	Motor vehicles RM	Construction -in -progress RM	Total RM
At cost						
At 1 April 2020	24,222,904	54,754,553	1,240,201	673,583	1,232,695	82,123,936
Additions	8,194,879	20,161,903	408,908	152,811	2,402,048	31,320,549
Disposals/Written off	–	1,232,694	–	–	(1,232,694)	–
Transfer/Reclassification	7,364,967	(6,620,178)	(744,789)	–	–	–
At 31 March 2021/ 1 April 2021	**39,782,750**	**69,528,972**	**904,320**	**826,394**	**2,402,049**	**113,444,485**
Additions	**4,352,354**	**11,423,458**	**304,151**	**391,100**	**3,604,248**	**20,075,311**
Disposals/Written off	**(123)**	**(48,332)**	**–**	**–**	**–**	**(48,455)**
Transfer	**1,194,920**	**1,467,667**	**–**	**–**	**(2,662,587)**	**–**
At 31 March 2022	**45,329,901**	**82,371,765**	**1,208,471**	**1,217,494**	**3,343,710**	**133,471,341**
Accumulated depreciation						
At 1 April 2020	3,322,166	5,913,183	222,153	213,417	–	9,670,919
Depreciation charge	1,417,078	5,993,514	117,062	125,575	–	7,653,229
Disposals/Written off	(626,346)	677,670	(51,324)	–	–	–
At 31 March 2021/ 1 April 2021	**4,112,898**	**12,584,367**	**287,891**	**338,992**	**–**	**17,324,148**
Depreciation charge	**1,857,403**	**7,626,788**	**197,330**	**183,053**	**–**	**9,864,574**
At 31 March 2022	**5,970,301**	**20,211,155**	**485,221**	**522,045**	**–**	**27,188,722**
Carrying amounts						
At 1 April 2020	20,900,738	48,841,370	1,018,048	460,166	1,232,695	72,453,017
At 31 March 2021/ 1 April 2021	**35,669,852**	**56,944,605**	**616,429**	**487,402**	**2,402,049**	**96,120,337**
At 31 March 2022	**39,359,600**	**62,160,610**	**723,250**	**695,449**	**3,343,710**	**106,282,619**

	Group	
	2022 RM	**2021 RM**
Carrying amounts of land and buildings		
Land	**37,528,539**	37,712,170
Buildings	**8,761,958**	8,964,011
	46,290,497	46,676,181

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss – Australia's operation

The Group has assessed the recoverable amount of plant and machineries under the fruit jam and sauces divisions and recognised a full impairment loss of RM4,212,235 and RM78,635 in financial year ended 31 March 2021 and 31 March 2022 respectively on certain plant and machineries due to loss incurred in fruit jam and sauces divisions.

The recoverable amount of plant and machineries is determined based on value in use calculations. See Note 6 for the significant assumptions used in value in use calculations.

The impairment loss is recognised as other expenses in the statement of profit or loss and other comprehensive income.

Assets under hire purchase

Included in property, plant and equipment of the Group and of the Company are motor vehicles and plant machineries acquired under hire purchase with carrying amount of RM40,347,801 (2021: RM65,317,240) and NIL (2021: RM13,413,752) respectively.

Security

Certain land and buildings of the Group with carrying amount of RM38,091,344 (2021: RM39,233,183) are charged to banks as security for banking facilities granted to its subsidiary (see Note 17).

Properties subject to operating lease

The Group leases one of its warehouses to a third party under a short-term lease arrangement.

The Group generally does not require a financial guarantee on the lease arrangement. The rental income is recognised as other income in the statement of profit or loss and other comprehensive income as disclose in Note 23.

Others

Included in farm barn, building and electrical installation and construction-in-progress are the following expenses capitalised:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Staff costs	**3,174,947**	1,419,104	**590,185**	521,407

Motor vehicles of the Group with carrying amount of NIL (2021: RM66,667) are registered in the names of the person connected to the Directors held in trust for the Group.

NOTES TO THE FINANCIAL STATEMENTS

4. RIGHT-OF-USE ASSETS

	Land RM	Buildings RM	Total RM
Group			
At cost			
At 1 April 2020	14,427,273	276,813	14,704,086
Addition	2,059,416	810,052	2,869,468
Depreciation	(1,069,659)	(167,267)	(1,236,926)
Derecognition	(533,956)	(15,019)	(548,975)
Exchange difference	–	32,116	32,116
At 31 March 2021/1 April 2021	**14,883,074**	**936,695**	**15,819,769**
Addition	**110,164**	**500,485**	**610,649**
Depreciation	**(1,104,697)**	**(496,300)**	**(1,600,997)**
Exchange difference	**–**	**(8,896)**	**(8,896)**
At 31 March 2022	**13,888,541**	**931,984**	**14,820,525**
Company			
At cost			
At 1 April 2020	2,325,726	232,198	2,557,924
Addition	1,552,341	–	1,552,341
Depreciation	(181,435)	(8,403)	(189,838)
Derecognition	(546,183)	(5,306)	(551,489)
At 31 March 2021/1 April 2021	**3,150,449**	**218,489**	**3,368,938**
Addition	**–**	**500,485**	**500,485**
Depreciation	**(113,708)**	**(119,622)**	**(233,330)**
At 31 March 2022	**3,036,741**	**599,352**	**3,636,093**

The Group and the Company lease a number of land and buildings that run between one year and thirty-three years.

4.1 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective lease. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 Security

Included in right-of-use assets of the Group with carrying amount of RM1,126,339 (2021: RM1,907,394) charged to banks as security for banking facilities granted to the subsidiary (see Note 17).

NOTES TO THE FINANCIAL STATEMENTS

5. BIOLOGICAL ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Dairy cows and goats				
At fair value				
At 1 April	**65,708,379**	51,754,400	**27,134,170**	22,472,400
Additions	**25,078,330**	14,966,322	**21,490,000**	11,880,919
Disposals	**(8,025,796)**	(6,797,196)	**(16,883,625)**	(8,525,370)
Net gain arising from changes in fair value of dairy cows and goats	**9,949,771**	4,321,205	**3,187,395**	2,274,532
Transfer to inventories	**(723,170)**	(968,311)	**(723,170)**	(968,311)
Transfer from semen and embryos	**112,806**	207,437	**–**	–
Exchange difference	**(105,521)**	2,224,522	**–**	–
At 31 March	**91,994,799**	65,708,379	**34,204,770**	27,134,170
Semen and embryos				
At cost				
At 1 April	**3,750,720**	3,897,514	**–**	–
Addition	**70,164**	–	**–**	–
Transfer to dairy cows and goats	**(112,806)**	(207,437)	**–**	–
Exchange difference	**6,797**	60,643	**–**	–
At 31 March	**3,714,875**	3,750,720	**–**	–
	95,709,674	69,459,099	**34,204,770**	27,134,170

The quantity of dairy cows and dairy goats owned by the Group and the Company at the end of the reporting period is shown below.

	Group		Company	
	2022 Heads	2021 Heads	2022 Heads	2021 Heads
Goat herds	**294**	357	**–**	–
Dairy herds	**8,938**	7,922	**2,960**	2,844
Bulls	**1,371**	1,144	**650**	757
	10,603	9,423	**3,610**	3,601

The raw milk quantity produced from goat herds and dairy herds owned by the Group and the Company during the financial year is shown below.

	Group		Company	
	2022 Litres	2021 Litres	2022 Litres	2021 Litres
Goat herds	**32,284**	35,246	**–**	–
Dairy herds	**25,330,200**	22,711,153	**7,233,763**	5,118,532
	25,362,484	22,746,399	**7,233,763**	5,118,532

NOTES TO THE FINANCIAL STATEMENTS

5. BIOLOGICAL ASSETS (CONTINUED)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Malaysian Farm		
(a) Replacement cost approach Reference to expected cost of purchase of cows by other farms in Malaysia and overseas, adjusted for differences in breed, weight and age group. The table below summarises the price range per head: Cows Calves and heifers: RM5,290 to RM7,990 (2021: RM4,300 to RM6,400) Milkable cows: RM10,620 to RM12,240 (2021: RM8,490 to RM9,750)	Price per head of comparable breed and age group.	The estimated fair value would increase/ (decrease) if the price per head is higher/ (lower).
(b) Comparison approach Reference to sale price of comparable goat herds and bulls and adjusted for differences in key attributes such as breed and age. The table below summarises the price range per head: Goat herds RM500 to RM3,800 (2021: RM500 to RM3,800) Bulls RM2,000 to RM5,000 (2021: RM2,000 to RM5,000)		
Australian Farm		
Comparison approach: Reference to sale price of comparable dairy herds and bulls and adjusted for differences in key attributes such as breed and age. The table below summarises the price range per head: Cows Calves and heifers: RM3,147 to RM5,193 (2021: RM3,163 to RM4,428) Milkable cows: RM7,868 (2021: RM6,325)	Price per head of comparable breed and age group.	The estimated fair value would increase/ (decrease) if the price per head is higher/ (lower).

NOTES TO THE FINANCIAL STATEMENTS

5. BIOLOGICAL ASSETS (CONTINUED)

Level 3 fair value (continued)

The fair value of semen and embryos cannot be measured reliably as there is no active market and transaction data available. The semen and embryos were bought for own use to improve the genetic quality of the dairy cows and transferred to dairy cows based on the consumption.

No amortisation is recognised for the semen and embryos due to the fact that there is no expiration date on frozen semen and embryos as these are properly stored.

The Directors monitor on the key factors in determining the fair value such as comparable sales price and foreign exchange rate affecting import price as part of their financial risk management on biological assets.

6. INTANGIBLE ASSETS

	Water-use license RM	Goodwill RM	Software RM	Trademark RM	Total RM
Group					
At cost					
At 1 April 2020	9,754,553	4,166,848	–	–	13,921,401
Addition	–	–	3,364,691	106,270	3,470,961
Amortisation	–	–	(196,366)	(6,943)	(203,309)
Transfer	(11,733)	11,733	–	–	–
Exchange difference	1,856,686	794,186	54,994	–	2,705,866
At 31 March 2021/1 April 2021	**11,599,506**	**4,972,767**	**3,223,319**	**99,327**	**19,894,919**
Addition	**–**	**–**	**409,756**	**19,398**	**429,154**
Amortisation	**–**	**–**	**(222,123)**	**(11,178)**	**(233,301)**
Exchange difference	**(56,481)**	**(24,217)**	**(8,850)**	**–**	**(89,548)**
At 31 March 2022	**11,543,025**	**4,948,550**	**3,402,102**	**107,547**	**20,001,224**
Company					
At cost					
At 1 April 2020	–	–	–	–	–
Addition	–	–	2,304,562	106,270	2,410,832
Amortisation	–	–	–	(6,944)	(6,944)
At 31 March 2021/1 April 2021	**–**	**–**	**2,304,562**	**99,326**	**2,403,888**
Addition	**–**	**–**	**396,007**	**19,399**	**415,406**
Amortisation	**–**	**–**	**–**	**(11,178)**	**(11,178)**
At 31 March 2022	**–**	**–**	**2,700,569**	**107,547**	**2,808,116**

The amortisation is recognised as administrative expenses in the statement of profit or loss and other comprehensive income.

Water-use license

Water-use license is an entitlement to irrigate a specific parcel or parcels of land. The useful lives of the water-use license are estimated to be indefinite as the water-use license is always attached to the owner of the land.

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS (CONTINUED)

Water-use license (continued)

The recoverable amount of water-use license was determined based on the fair value less to costs of disposal. The fair value of water-use license is based on market comparison technique within Level 2. The valuation model is based on market transaction prices published on the relevant authority website. For the purpose of impairment testing, the management has compared the carrying amount against the transaction price published on the relevant authority website as at the financial year end.

Based on the management assessment, no impairment is required as the recoverable amount was higher than carrying amount.

Goodwill

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating companies which represent the lowest level within the Group at which the intangible assets is monitored for internal management purpose.

The aggregate carrying amount of goodwill allocated to the unit is as follows:

	Group	
	2022 RM	**2021 RM**
Australia's Kyabram facilities and fruit jam and sauces divisions	**4,948,550**	4,972,767

(a) The recoverable amount of a Cash Generating Unit ("CGU") is determined based on value in use calculations. These calculations used cash flow projections based on financial budgets approved by Directors for periods covering a five-year period. The management has considered and determined the factors applied in the financial budgets which include budgeted gross margins, pre-tax discount rates and estimated growth rates. The budgeted gross margins are based on past performance and the average growth rates and discount rates used are based on management's best estimate.

(b) The key assumptions used in the value is use calculations are as follows:

(i) Cash flows were projected based on a 5-year business plan.

(ii) Gross margins are projected based on the historical profit margin achieved or predetermined profit margin for the products.

(iii) A pre-tax discount rate of 8% has been applied in determining the recoverable amount of the CGUs. The discount rate was estimated based on weighted average cost of capital of Australian food and beverage industry.

(iv) The subsidiary will continue its operation indefinitely.

Based on the management assessment, no impairment is required as the recoverable amount was higher than carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Cost of investment	**60,513,027**	60,513,024
Loans to a subsidiary	**60,857,834**	35,898,167
	121,370,861	96,411,191

The loans to a subsidiary are interest-free and unsecured. The settlement of the loans is neither planned nor likely to occur in the foreseeable future. As these loans, in substance, form part of the Company's net investment in the subsidiary, they are stated at cost.

Details of the subsidiaries are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Farm Fresh Milk Sdn. Bhd.	Malaysia	Rearing of dairy cows and goats and the production, marketing and sale of cow's and goat's milk and plant-based related products	**100**	100
GEM Organics (M) Sdn. Bhd.	Malaysia	Property holding	**100**	100
AFS Dairy Company Australia Pty Ltd	Australia	Holding of the semen and embryos of Australian Fresian Sahiwal dairy cattle	**100**	100
Holstein Dairy (Desaru) Sdn. Bhd.	Malaysia	Rearing of dairy cows and sale of cow's milk	**100**	100
Holstein Selama Dairy Sdn. Bhd.	Malaysia	Rearing of dairy cows and sale of cow's milk	**100**	100
Serdang Dairy Sdn. Bhd.	Malaysia	Rearing of dairy cows and sale of cow's milk	**100**	100
The Holstein Milk Company (M) Sdn. Bhd.	Malaysia	Dormant	**100**	–
The Holstein Milk Company (Australia) Pty Ltd#	Australia	Investment holding	**80**	80
Farm Fresh Milk (HK) Limited#	Hong Kong	Dormant	**100**	–
Subsidiaries of Farm Fresh (Australia) Pty Ltd				
Goulburn Valley Creamery Pty Ltd#	Australia	Rearing of dairy cows and the production, marketing and sale of cow's milk	**80**	80
Henry Jones Foods Pty Ltd#	Australia	Manufacturing of jam and sauces	**80**	80

 # Not audited by KPMG PLT.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.1 Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2022		
	The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	**20%**		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	**4,996**	**23**	**5,019**
Loss allocated to NCI	**(816)**	**(506)**	**(1,322)**

	2021		
	The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries	Other individually immaterial subsidiaries	Total
NCI percentage of ownership interest and voting interest	20%		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	5,858	529	6,387
(Loss)/Profit allocated to NCI	(3,514)	114	(3,400)

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.1 Non-controlling interests (continued)

The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries

	2022 RM'000	2021 RM'000
Summarised financial information before intra-group elimination		
As at 31 March		
Non-current assets	**167,965**	158,335
Current assets	**189,259**	142,578
Non-current liabilities	**(95,202)**	(55,787)
Current liabilities	**(237,039)**	(215,836)
Net assets	**24,983**	29,290
Year ended 31 March		
Revenue	**191,509**	84,515
Loss for the year	**(4,079)**	(17,570)
Cash flows from/(used in) operating activities	**15,015**	(31,402)
Cash flows used in investing activities	**(9,218)**	(76,437)
Cash flows from financing activities	**11,220**	97,075
Net increase/(decrease) in cash and cash equivalents	**17,017**	(10,764)

8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-current					
Net investment in lease	8.1	**740,429**	1,077,338	**–**	–
Current					
Trade receivables	8.2	**85,570,786**	77,243,695	**24,846,729**	18,111,630
Other receivables, deposits and prepayments	8.2	**11,000,933**	7,989,608	**6,236,541**	2,916,577
Advance payments	8.3	**3,328,554**	3,203,155	**1,447,832**	444,094
Net investment in lease	8.1	**347,897**	359,714	**–**	–
		100,248,170	88,796,172	**32,531,102**	21,472,301
		100,988,599	89,873,510	**32,531,102**	21,472,301

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Net investment in lease

	Group	
	2022 RM	**2021 RM**
At 1 April	**1,437,052**	1,063,160
Addition	**–**	669,867
Interest income	**61,952**	51,049
Lease payments received	**(410,678)**	(288,576)
Derecognition	**–**	(58,448)
At 31 March	**1,088,326**	1,437,052

The Group leases several motor vehicles to third parties. Each of the leases contains an initial non-cancellable period of three to five years, with a fixed rent.

These leases transfer substantially all the risk and rewards incidental to ownership of the motor vehicles. The Group expects the residual value of the motor vehicles at the end of the lease term to be minimal. These leases do not include buy-back agreements or residual value guarantees.

The lease payments to be received are as follows:

	Group	
	2022 RM	**2021 RM**
Less than one year	**392,528**	417,828
One to two years	**373,880**	392,528
Two to three years	**282,325**	374,387
Three to four years	**126,950**	281,950
Four to five years	**–**	120,975
Total undiscounted lease payments	**1,175,683**	1,587,668
Unearned interest income	**(87,357)**	(150,616)
Net investment in lease	**1,088,326**	1,437,052

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Net investment in lease (continued)

The following are recognised in profit or loss:

	Group	
	2022 RM	**2021 RM**
Gain for new finance lease entered into	**–**	212,591

8.2 Included in trade and other receivables are amounts due from companies in which certain Directors of the Group have substantial financial interests:

	Group	
	2022 RM	**2021 RM**
Trade receivables	**11,677**	8,570
Other receivables, deposits and prepayments	**88,973**	5,305
	100,650	13,875

The Group has collected the non-trade portion of amounts due from companies in which certain Directors of the Group have substantial financial interests subsequent to the financial year ended 31 March 2022.

8.3 In respect of advance payments paid to suppliers for raw materials and services to be performed.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**	**2022 RM**	**2021 RM**
Property, plant and equipment	**–**	–	**(11,635,348)**	(12,071,797)	**(11,635,348)**	(12,071,797)
Change in fair value of biological assets	**–**	–	**(6,635,870)**	(2,915,621)	**(6,635,870)**	(2,915,621)
Derivative assets	**–**	–	**(408,815)**	–	**(408,815)**	–
Trade receivables	**43,250**	316,747	**–**	–	**43,250**	316,747
Inventories	**363,690**	166,278	**–**	–	**363,690**	166,278
Unabsorbed capital allowances	**3,632,000**	2,379,794	**–**	–	**3,632,000**	2,379,794
Unutilised tax losses	**15,242,799**	8,831,770	**–**	–	**15,242,799**	8,831,770
Other investments	**9,000**	–	**–**	–	**9,000**	–
Others	**1,146,967**	843,982	**–**	–	**1,146,967**	843,982
Deferred tax assets/(liabilities)	**20,437,706**	12,538,571	**(18,680,033)**	(14,987,418)	**1,757,673**	(2,448,847)
Set off of tax	**(10,968,550)**	(9,185,821)	**10,968,550**	9,185,821	**–**	–
Net deferred tax assets/ (liabilities)	**9,469,156**	3,352,750	**(7,711,483)**	(5,801,597)	**1,757,673**	(2,448,847)

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

	Company	
	2022 RM	**2021 RM**
Property, plant and equipment	**(5,964,000)**	(4,864,000)
Derivative asset	**(1,000)**	–
Unabsorbed capital allowances	**6,000**	–
Unutilised tax losses	**–**	164,000
Other investments	**49,000**	–
Others	**212,000**	162,000
	(5,698,000)	(4,538,000)

The Company has been granted approval of East Coast Economic Region Incentive ("ECER incentive") under Income Tax Act, 1967 for milk and cheese processing projects. Under the incentives, the Company is allowed to claim income tax exemption on its statutory income arising from qualifying projects for 10 (5+5) years commencing from the first year the Company derives statutory income, i.e. from YA2014. The ECER incentive is subject to and upon fulfilment of the necessary conditions and requirements as specified in the approval letter. Losses incurred before the exemption period and during the exemption period are allowed to be carried forward for utilisation during the post exemption period.

A subsidiary has been granted Agricultural Tax Incentive under Section 127 of Income Tax Act, 1967 for rearing of cows/goats and cows/goats milk processing projects. Under the incentives, the subsidiary is allowed to claim income tax exemption on its statutory income arising from qualifying projects for 10 years commencing from the first year the subsidiary derives statutory income, i.e. from YA2014. Losses incurred before the exemption period and during the exemption period are allowed to be carried forward for utilisation during the post exemption period.

Accordingly, the deferred tax liabilities of the Company and the subsidiary are recognised in the financial statements to the extent that they are expected to be reversed/utilised after the 10 years exemption period.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items in certain subsidiaries (stated at gross):

	Group	
	2022 RM	**2021 RM**
Property, plant and equipment	**(7,381,000)**	(7,209,000)
Unabsorbed capital allowances	**7,356,000**	6,447,000
Unutilised tax losses	**11,654,000**	14,330,000
Change in fair value of biological assets	**(3,278,000)**	(2,205,000)
Others	**587,000**	489,000
	8,938,000	11,852,000

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.

The comparative figures have been restated to reflect the revised deductible temporary differences, unabsorbed capital allowances and unutilised tax losses available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Unrecognised deferred tax assets (continued)

Pursuant to the Finance Act 2021, unutilised tax losses for the year of assessment 2018 can be carried forward until year of assessment 2028 and unutilised tax losses for the year of assessment 2019 onwards can be carried forward up to 10 consecutive years of assessment immediately following that year of assessment.

In prior year, unutilised tax losses can only be carried forward up to 7 consecutive years of assessment.

The unrecognised unutilised tax losses will expire in the following years of assessment:

	Group	
	2022 RM	**2021 RM**
2025	**–**	589,000
2026	**–**	14,000
2027	**–**	1,038,000
2028	**6,097,000**	1,525,000
2029	**788,000**	–
2030	**1,750,000**	–
2031	**1,353,000**	–
2032	**1,666,000**	–
No expiry period (see Note (a) below)	**–**	11,164,000
	11,654,000	14,330,000

(a) Unutilised tax losses do not expire under the Australia's tax legislation.

The unabsorbed capital allowances do not expire under the current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

Group	At 1 April 2020 RM	Recognised in profit or loss (Note 22) RM	Exchange differences RM	At 31 March 2021/ 1 April 2021 RM	Recognised in profit or loss (Note 22) RM	Exchange differences RM	At 31 March 2022 RM
Property, plant and equipment	(5,772,000)	(6,133,288)	(166,509)	(12,071,797)	493,782	(57,333)	**(11,635,348)**
Trade receivables	43,000	257,601	16,146	316,747	(273,502)	5	**43,250**
Inventories	72,000	89,413	4,865	166,278	192,766	4,646	**363,690**
Unabsorbed capital allowances	258,000	2,121,794	–	2,379,794	1,252,206	–	**3,632,000**
Unutilised tax losses	574,000	7,847,384	410,386	8,831,770	6,118,435	292,594	**15,242,799**
Change in fair value of biological assets	–	(2,810,895)	(104,726)	(2,915,621)	(3,660,682)	(59,567)	**(6,635,870)**
Derivative assets	–	–	–	–	(404,270)	(4,545)	**(408,815)**
Other investments	–	–	–	–	9,000	–	**9,000**
Others	514,350	246,767	82,865	843,982	368,875	(65,890)	**1,146,967**
	(4,310,650)	1,618,776	243,027	(2,448,847)	4,096,610	109,910	**1,757,673**

Company	At 1 April 2020 RM	Recognised in profit or loss (Note 22) RM	At 31 March 2021/ 1 April 2021 RM	Recognised in profit or loss (Note 22) RM	At 31 March 2022 RM
Property, plant and equipment	(2,530,000)	(2,334,000)	(4,864,000)	(1,100,000)	**(5,964,000)**
Unabsorbed capital allowances	–	–	–	6,000	**6,000**
Unutilised tax losses	–	164,000	164,000	(164,000)	**–**
Derivative asset	–	–	–	(1,000)	**(1,000)**
Other investments	–	–	–	49,000	**49,000**
Others	154,000	8,000	162,000	50,000	**212,000**
	(2,376,000)	(2,162,000)	(4,538,000)	(1,160,000)	**(5,698,000)**

NOTES TO THE FINANCIAL STATEMENTS

10. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2022 RM	**2021 RM**
Non-current		
Due from subsidiaries		
– non-trade	**67,200,000**	18,478,972
Current		
Due from subsidiaries		
– trade	**2,527,657**	970,415
– non-trade	**48,070,355**	21,092,863
	50,598,012	22,063,278
Due to subsidiaries		
– trade	**(3,392,734)**	(70,930,753)

Included in the current and non-current amounts due from subsidiaries are advances of RM67,200,000 (2021: RM21,000,000) subject to an interest of 4.13% (2021: 5.6%) per annum on the monthly outstanding balances.

The remaining non-trade portion of amounts due from/(to) subsidiaries are unsecured, interest free and have no fixed terms of repayment while the trade portion is subject to normal trade term.

11. INVENTORIES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Raw material	**55,444,735**	59,338,470	**18,775,127**	17,964,921
Raw milk	**24,846,626**	16,757,036	**11,544,123**	12,698,159
Consumables	**10,931,947**	9,782,715	**1,312,232**	1,188,418
Goods-in-transit	**20,580,691**	9,186,008	**1,182,771**	–
Finished goods	**6,078,116**	9,359,275	**3,599,336**	3,612,686
Work-in-progress	**962,704**	611,135	**60,162**	489,425
	118,844,819	105,034,639	**36,473,751**	35,953,609
Recognised in profit or loss:				
– Inventories recognised as cost of sales	**364,736,698**	348,998,100	**162,934,703**	147,727,443
– Write down of obsolete and slow-moving inventories	**840,027**	614,402	**258,907**	245,522
	365,576,725	349,612,502	**163,193,610**	147,972,965

NOTES TO THE FINANCIAL STATEMENTS

12. DERIVATIVE FINANCIAL ASSETS

	Group 2022		Company 2022	
	Nominal value RM	Asset RM	Nominal value RM	Asset RM
Derivatives at fair value through profit or loss				
Forward exchange contracts	**19,322,070**	**782,822**	**64,611**	**2,668**
Interest rate swap	**15,736,500**	**736,053**	**–**	**–**
	35,058,570	**1,518,875**	**64,611**	**2,668**

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the year end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Interest rate swap is used to achieve an appropriate mix of fixed and floating interest rate exposure. In the current financial year, the Group entered into an interest rate swap with nominal value of RM15,736,500 to hedge the cash flow risk in relation to the floating interest rate of a bank loan.

13. OTHER INVESTMENTS

	Group	Company
	2022 RM	2022 RM
Financial assets at fair value through profit or loss:		
Money market fund	**280,594,613**	**260,108,202**

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	**28,052,940**	11,673,637	**9,565,273**	6,632,114
Deposits placed with licensed banks	**50,126**	50,000	**–**	–
Cash and cash equivalents in the statements of financial position	**28,103,066**	11,723,637	**9,565,273**	6,632,114
Less: Bank overdraft	**–**	(14,272,336)	**–**	–
Cash and cash equivalents in the statements of cash flows	**28,103,066**	(2,548,699)	**9,565,273**	6,632,114

NOTES TO THE FINANCIAL STATEMENTS

15. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2022 RM	2021 RM	2022	2021
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares:				
At 1 April	**87,779,796**	87,779,796	**84,999,999**	84,999,999
Bonus Issue	**–**	–	**1,550,000,138**	–
Issued for Initial Public Offering	**300,988,845**	–	**222,954,700**	–
Share issuance expenses for the Public Issue	**(8,161,198)**	–	**–**	–
At 31 March	**380,607,443**	87,779,796	**1,857,954,837**	84,999,999

Reserves

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable				
Translation reserve	**2,609,727**	4,024,142	**–**	–
Distributable				
Retained earnings	**222,726,267**	142,839,375	**89,872,359**	60,423,450
	225,335,994	146,863,517	**89,872,359**	60,423,450

Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

16. DEFERRED INCOME

	Group/Company	
	2022 RM	2021 RM
Government grant received		
At 1 April	**8,010,455**	7,558,774
Additions	**–**	451,681
At 31 March	**8,010,455**	8,010,455
Less: Amortisation		
At 1 April	**(972,331)**	(705,855)
Charge for the year	**(270,697)**	(266,476)
At 31 March	**(1,243,028)**	(972,331)
	6,767,427	7,038,124
Carrying amounts of government grant		
Non-current	**6,496,730**	6,768,263
Current	**270,697**	269,861
	6,767,427	7,038,124

The balances consist of government grants as follow:

- For the project of rehabilitation and replanting of pasture and fodder at the farm in Muadzam Shah. The grant is being amortised over useful life of the paddock;
- For the construction of the building and related infrastructure for milk processing plant at the plant in Muadzam Shah. The grant is being amortised over useful life of the milk processing plant; and
- For the implementation of Napier production projects as a sub-project to national dairy industry development project at Muadzam Shah. The grant is being amortised over useful life of the milk plant.

NOTES TO THE FINANCIAL STATEMENTS

17. LOANS AND BORROWINGS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Unsecured				
Sukuk	**200,000,000**	–	**200,000,000**	–
Secured				
Hire purchase liabilities	**15,261,056**	41,409,818	**–**	6,238,959
Term loans	**17,055,872**	59,604,938	**1,319,373**	18,478,972
	232,316,928	101,014,756	**201,319,373**	24,717,931
Current				
Unsecured				
Loan from a shareholder	**–**	34,012,603	**–**	34,012,603
Sukuk	**2,486,795**	–	**2,486,795**	–
Secured				
Hire purchase liabilities	**5,284,323**	16,240,753	**–**	3,849,268
Short-term financing	**970,791**	1,085,755	**–**	–
Term loans	**1,670,403**	9,062,916	**1,670,403**	2,521,028
Bankers' acceptances	**41,888,529**	62,179,558	**–**	6,423,757
Bank overdraft	**–**	14,272,336	**–**	–
Revolving credits	**–**	4,074,000	**–**	4,074,000
	52,300,841	140,927,921	**4,157,198**	50,880,656
	284,617,769	241,942,677	**205,476,571**	75,598,587

Security

During the current financial year, all the term loans and bankers' acceptances of subsidiaries are secured by:

i) Group's land and buildings and right-of-use assets as disclosed in Notes 3 and 4 respectively; and

ii) Corporate guarantee by the Company and a subsidiary.

In the previous financial year, all the term loans, bankers' acceptances, revolving credits and bank overdraft of subsidiaries were secured by:

i) Group's land and buildings and right-of-use assets as disclosed in Notes 3 and 4 respectively;

ii) Joint and several guarantee by the Directors; and

iii) Corporate guarantee by the Company and a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

17. LOANS AND BORROWINGS (CONTINUED)

Significant covenants

Certain borrowings are subject to the following covenants:

i) Debt-to-equity ratio of the Group shall not exceed 1.0 times.

ii) External total borrowed funds against EBITDA of the Group shall not exceed 3.50 times.

iii) Debt-to-capitalisation ratio of the Australian's subsidiaries shall not exceed 0.50 times.

iv) EBITDA interest cover ratio of the Australian's subsidiaries shall not less than 2.50 times.

v) Debt-to-equity ratio of a subsidiary shall not exceed 1.25 times.

Sukuk

The Group and the Company have established a Sukuk Wakalah Programme ("Sukuk") of RM1.0 billion in nominal value on 18 May 2021, pursuant to which it has issued on 28 May 2021, a RM200 million Sukuk with a maturity date of 28 May 2026, at a profit rate of 3.72% per annum and payable semi-annually.

Loan from a shareholder

Pursuant to the loan agreement dated 5 December 2019, there is a conversion right attached to the loan that allows the shareholder to convert the loan into ordinary shares. The conversion ratio is fixed with a variable element determined based on growth rate of the Group as indicated in the audited profit after tax for the financial year ended 31 March 2020 and the financial year ended 31 March 2021. The loan has been fully settled during the financial year ended 31 March 2022.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Group			
2022			
Less than one year	**5,671,809**	**387,486**	**5,284,323**
Between one and five years	**15,734,190**	**473,134**	**15,261,056**
	21,405,999	**860,620**	**20,545,379**
2021			
Less than one year	18,197,980	1,957,227	16,240,753
Between one and five years	43,991,509	2,581,691	41,409,818
	62,189,489	4,538,918	57,650,571
Company			
2021			
Less than one year	4,333,030	483,759	3,849,271
Between one and five years	6,678,245	439,286	6,238,959
	11,011,275	923,045	10,088,230

The hire purchase liabilities of the Company have been fully settled during the financial year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	**32,083,729**	38,234,241	**6,072,696**	5,653,505
Other payables	**22,911,024**	24,850,222	**7,218,081**	7,059,095
Accrued expenses	**28,041,453**	10,985,196	**13,696,968**	5,704,739
Accrued advertising and promotional expenses	**9,144,546**	7,830,837	**1,482,837**	1,112,691
Due to Directors	**894,796**	897,881	**–**	–
Derivative financial liabilities	**–**	280,158	**–**	–
	93,075,548	83,078,535	**28,470,582**	19,530,030

Included in trade and other payables of the Group and of the Company are amounts of RM1,359,495 (2021: RM1,109,969) and RM1,308,647 (2021: RM1,058,872) respectively due to a company in which a director cum minority shareholder in a subsidiary has substantial financial interests.

The amounts due to Directors are non-trade in nature, interest free, unsecured and have no fixed terms of repayment.

19. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
– At a point in time	**501,921,211**	490,498,015	**216,066,203**	211,810,803

19.1 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable elements in consideration
Manufacturing and distribution of plant based, cow's and goat's milk related products	Revenue is recognised when the goods are delivered and accepted by the customers	Credit period ranging from 7 to 75 days from invoice date or month-end date	Sales incentives and other sales related expenses are given to customers where the customers meet sales target or based on the agreed advertising and promotional activities

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCE INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income on net investment in lease	**61,952**	51,049	**–**	–
Other finance income	**1,204,963**	176,984	**2,502,736**	52,663
	1,266,915	228,033	**2,502,736**	52,663

21. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on lease liabilities	**329,686**	249,129	**215,722**	140,993
Other finance costs	**10,761,907**	9,735,212	**7,908,876**	4,273,966
	11,091,593	9,984,341	**8,124,598**	4,414,959
Less: Accrual of profit/finance cost	**(2,816,481)**	(3,152,084)	**(2,702,517)**	(3,153,596)
	8,275,112	6,832,257	**5,422,081**	1,261,363

22. TAX (CREDIT)/EXPENSE

Recognised in profit or loss

Major components of income tax expense include:

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense					
– Current year		**1,004,000**	10,671,033	**507,000**	181,000
– Prior years		**701,656**	–	**204,310**	–
		1,705,656	10,671,033	**711,310**	181,000
Deferred tax (income)/expense					
– Origination and reversal of temporary differences		**(4,396,610)**	(1,130,065)	**742,000**	2,130,000
– Under/(Over) provision in prior years		**300,000**	(488,711)	**418,000**	32,000
		(4,096,610)	(1,618,776)	**1,160,000**	2,162,000
Additional tax for prior years	22.1	**–**	25,708,582	**–**	–
Reversal of tax	22.1	**(10,490,033)**	–	**–**	–
		(12,880,987)	34,760,839	**1,871,310**	2,343,000

NOTES TO THE FINANCIAL STATEMENTS

22. TAX (CREDIT)/EXPENSE (CONTINUED)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Reconciliation of tax (credit)/expense					
Profit before tax		**65,684**	67,589	**31,320**	43,122
Income tax calculated using Malaysian tax rate of 24%		**15,764**	16,222	**7,517**	10,349
Non-deductible expenses		**2,099**	2,506	**1,787**	1,237
Non-taxable income		**(150)**	–	**(75)**	–
Tax incentive		**(19,760)**	(11,255)	**(7,980)**	(9,275)
Effect of unrecognised deferred tax assets		**(699)**	3,292	**–**	–
Effect of different tax rate in foreign jurisdictions		**(647)**	(1,223)	**–**	–
		(3,393)	9,542	**1,249**	2,311
(Over)/Under provision in prior years					
– Current tax and deferred tax		**1,002**	(489)	**622**	32
– Additional tax for prior years	22.1	**–**	25,708	**–**	–
– Reversal of tax	22.1	**(10,490)**	–	**–**	–
		(9,488)	25,219	**622**	32
Tax (credit)/expense		**(12,881)**	34,761	**1,871**	2,343

22.1 As disclosed in Note 9, a subsidiary has been granted Agricultural Tax Incentive for the rearing of cows/goats and milk processing projects. While the subsidiary filed its prior years taxes on the basis that it enjoyed full tax incentive on its operation, certain milk processing plants of the subsidiary had not been notified to the Ministry of Agriculture and Food Industries Malaysia and consequently not added as approved locations on a timely basis. In the preparation of the audited financial statements for the year ended 31 March 2021, based on the resolution with the Inland Revenue Board ("IRB"), an additional tax payable and penalty (Additional Tax Amount) of RM25,708,582 has been provided in respect of the non-approved locations for the relevant years of assessment ("YA") from 2014 to 2020 (RM5,870,334 relates to YA 2020, RM5,139,424 relates to YA 2019 and the remaining amount of RM14,698,824 relates to YA 2014 to 2018).

Further, the Ministry of Finance ("MOF") has approved the application for inclusion of the additional locations as approved locations, starting from YA 2022 onwards. Hence, tax was also provided in respect of these locations for YA2021 in the audited financial statements for the year ended 31 March 2021.

Upon a subsequent application to the MOF, the subsidiary has received approval that the additional locations are approved for a new Tax Incentive under Section 127 (3A) of Income Tax Act, 1967. Under the incentive, the subsidiary is allowed to claim income tax exemption on its statutory income arising from qualifying projects conducted in the additional locations for 10 (5+5) years commencing from YA 2021.

Accordingly, the tax payable amount of RM10,490,033 for YA 2021 previously recorded for in the financial year ended 31 March 2021 is reversed in the financial year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

23. PROFIT FOR THE YEAR

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit for the year is arrived at after charging/(crediting)					
Audit fees:					
– KPMG PLT					
– current year		**270,000**	244,000	**110,000**	50,000
– under provided in prior year		**18,000**	–	**55,000**	–
– Other auditor		**231,189**	153,130	**–**	–
Non-audit fees:					
– KPMG PLT		**830,000**	510,000	**830,000**	510,000
– Local affiliates of KPMG PLT Malaysia		**60,000**	60,000	**20,000**	20,000
Depreciation and amortisation:					
– property, plant and equipment		**26,738,344**	19,973,666	**9,864,574**	7,653,229
– right-of-use assets		**1,600,997**	1,236,926	**233,330**	189,838
– intangible assets		**233,301**	203,309	**11,178**	6,944
Expenses relating to short-term leases	a	**4,745,774**	2,781,426	**–**	–
Expenses relating to leases of low-value assets	a	**34,841**	24,051	**18,140**	8,388
(Reversal of impairment loss)/ Impairment loss on:					
– trade receivables		**(86,020)**	609,145	**–**	–
– property, plant and equipment		**78,635**	4,212,235	**–**	–
Written off of:					
– property, plant and equipment		**145,844**	–	**–**	–
– other receivables		**–**	411,486	**–**	–
– obsolete and slow-moving inventories		**840,027**	614,402	**258,907**	245,522
Gain on disposal of property, plant and equipment		**(120,672)**	(462,667)	**–**	–
Personnel expenses (including key management personnel):					
– contribution to state plans		**3,982,363**	3,186,432	**764,053**	592,658
– wages, salaries and others		**46,919,104**	38,041,353	**10,148,778**	8,117,880
Rental income from subleasing of property		**(1,656,655)**	(1,012,969)	**–**	–
Rental concession income		**(157,091)**	(224,700)	**(60,791)**	–
Redundancy costs		**4,850,849**	3,099,374	**–**	–
Government grant income	b	**–**	(2,462,563)	**–**	–
Amortisation of deferred income		**(270,697)**	(266,476)	**(270,697)**	(266,476)
Net foreign exchange loss/(gain)		**448,813**	(14,055)	**87,747**	(84,460)
Fair value (gain)/loss of:					
– derivatives financial instruments		**(1,518,875)**	–	**(2,668)**	–
– other investments		**35,124**	–	**202,728**	–
Dividend income from other investment		**(629,737)**	–	**(310,930)**	–
Gain arising from changes in fair value of dairy cows and goats:					
– Malaysian Farm		**(6,881,746)**	(3,996,068)	**(3,187,395)**	(2,274,532)
– Australian Farm		**(3,068,025)**	(325,137)	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

23. PROFIT FOR THE YEAR (CONTINUED)

Note a

The Group and the Company lease office and office equipment with contract terms of 1 to 2 years. These leases are short-term and/or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

Note b

The government grant income was a non-recurring subsidy from Australian Government in respect of financial assistance on the Covid-19 pandemic outbreak.

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2022 RM	2021 RM
Profit for the year attributable to owners	**79,886,892**	36,228,078

Weighted average number of ordinary shares are determined as follows:

	2022 RM	2021 RM
Weighted average number of ordinary shares	**1,641,108,485**[(i)]	1,635,000,137[(ii)]
Basic earnings per ordinary share (sen)	**4.87**	2.22

(i) Based on the weighted average number of issued share capital of 1,635,000,137 ordinary shares after the completion of Bonus Issue but before the Public Issue and 1,857,954,837 ordinary shares after the completion of the Public Issue.

(ii) Based on the issued share capital of 1,635,000,137 ordinary shares after the completion of Bonus Issue.

Diluted earnings per ordinary share

There is no dilutive ordinary share outstanding.

25. DIVIDEND

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period.

	Sen per share RM	Total amount RM'000
Final 2022	**1.07**	**19,972**

The final dividend will be recognised in the subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Managing Director) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Malaysia's operation — Includes rearing of dairy cows and production and marketing and sale of cow's and goat's milk, yogurt, and plant-based soya, oat, almond and other related products.
- Australia's operation — Includes rearing of dairy cows, production and marketing and sale of cow's milk, jam and sauces.

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

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Group Managing Director. Hence, no disclosure is made on segment assets and liabilities.

	Malaysia's operation RM'000	Australia's operation RM'000	Total RM'000
2022			
Segment profit/(loss)	**73,714**	**(8,030)**	**65,684**
Included in the measure of segment profit are:			
Revenue from external customers	**455,582**	**46,339**	**501,921**
Depreciation and amortisation	**(21,541)**	**(7,032)**	**(28,573)**
Impairment loss on property, plant and equipment	**–**	**(79)**	**(79)**
Redundancy costs	**–**	**(4,851)**	**(4,851)**
Finance costs	**(9,357)**	**(1,735)**	**(11,092)**
Finance income	**273**	**994**	**1,267**
Information provided to Group Managing Director			
Additions to non-current assets other than financial instruments and deferred tax assets	**73,829**	**13,104**	**86,933**
2021			
Segment profit/(loss)	88,173	(20,584)	67,589
Included in the measure of segment profit are:			
Revenue from external customers	438,783	51,715	490,498
Depreciation and amortisation	(17,740)	(3,674)	(21,414)
Impairment loss on property, plant and equipment	–	(4,212)	(4,212)
Redundancy costs	–	(3,099)	(3,099)
Finance costs	(7,023)	(2,961)	(9,984)
Finance income	228	–	228
Information provided to Group Managing Director			
Additions to non-current assets other than financial instruments and deferred tax assets	77,246	62,945	140,191

NOTES TO THE FINANCIAL STATEMENTS

26. OPERATING SEGMENTS (CONTINUED)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Revenue	
	2022 RM'000	**2021 RM'000**
Malaysia	**435,310**	420,072
Australia	**46,339**	51,715
Singapore	**18,993**	17,817
Brunei	**1,279**	894
Total	**501,921**	490,498

Major customers

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

	Revenue RM'000	**Segment**
2022		
Customer A	**67,021**	Malaysia's operation
2021		
Customer A	60,249	Malaysia's operation

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

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

(a) Amortised cost ("AC")

(b) Fair value through profit or loss ("FVTPL")
– Mandatorily required by MFRS 9

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2022			
Financial assets			
Trade and other receivables	**96,571**	**96,571**	**–**
Cash and cash equivalents	**28,103**	**28,103**	**–**
Derivative assets	**783**	**–**	**783**
Other investments	**280,595**	**–**	**280,595**
	406,052	**124,674**	**281,378**
Financial liabilities			
Loans and borrowings	**(284,618)**	**(284,618)**	**–**
Trade and other payables	**(93,076)**	**(93,076)**	**–**
	(377,694)	**(377,694)**	**–**
2021			
Financial assets			
Trade and other receivables	85,593	85,593	–
Cash and cash equivalents	11,724	11,724	–
	97,317	97,317	–
Financial liabilities			
Loans and borrowings	(241,943)	(241,943)	–
Trade and other payables	(82,798)	(82,798)	–
Derivative liabilities	(280)	–	(280)
	(325,021)	(324,741)	(280)

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2022			
Financial assets			
Trade and other receivables	**31,083**	**31,083**	**–**
Due from subsidiaries	**117,798**	**117,798**	**–**
Cash and cash equivalents	**9,565**	**9,565**	**–**
Derivative assets	**3**	**–**	**3**
Other investments	**260,108**	**–**	**260,108**
	418,557	**158,446**	**260,111**
Financial liabilities			
Loans and borrowings	**(205,477)**	**(205,477)**	**–**
Trade and other payables	**(28,471)**	**(28,471)**	**–**
Due to subsidiaries	**(3,393)**	**(3,393)**	**–**
	(237,341)	**(237,341)**	**–**
2021			
Financial assets			
Trade and other receivables	21,028	21,028	–
Due from subsidiaries	40,542	40,542	–
Cash and cash equivalents	6,632	6,632	–
	68,202	68,202	–
Financial liabilities			
Loans and borrowings	(75,599)	(75,599)	–
Trade and other payables	(19,530)	(19,530)	–
Due to subsidiaries	(70,931)	(70,931)	–
	(166,060)	(166,060)	–

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss				
– Mandatorily required by MFRS 9	**2,371,389**	–	**110,870**	–
Financial liabilities at fair value through profit or loss				
– Mandatorily required by MFRS 9	**–**	(263,389)	**–**	–
Financial assets at amortised cost	**282,518**	(738,103)	**2,502,736**	52,663
Financial liabilities at amortised cost	**(11,196,199)**	(9,563,312)	**(8,008,862)**	(4,189,506)
	(8,542,292)	(10,564,804)	**(5,395,256)**	(4,136,843)

27.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers. In addition, the Company has exposure to credit risk arising from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior period.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

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

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

There are no significant changes as compared to prior period.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there was no significant concentrations of credit risk and maximum exposure to credit risk arising from trade receivables, amounts due from subsidiaries are represented by the carrying amounts in the statements of financial position.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group maintains separate ageing analysis in respect of trade receivables from retailer and other than retailer.

For retailers, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. The Group and the Company grant credit period ranging from 7 to 75 days from invoice date or month-end date. Hence, any receivables having significant balances past due more than 90 days, shall be considered as credit impaired and monitored individually.

The Group and the Company use an allowance matrix to measure expected credit losses ("ECLs") of trade receivables other than retailers. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Current (not past due)	**55,983**	**–**	**55,983**
1 – 30 days past due	**27,200**	**–**	**27,200**
31 – 60 days past due	**1,582**	**–**	**1,582**
61 – 90 days past due	**141**	**–**	**141**
	84,906	**–**	**84,906**
Credit impaired			
More than 90 days past due	**846**	**181**	**665**
Individually impaired	**1**	**1**	**–**
	85,753	**182**	**85,571**
2021			
Current (not past due)	59,010	–	59,010
1 – 30 days past due	16,856	–	16,856
31 – 60 days past due	717	–	717
61 – 90 days past due	233	–	233
	76,816	–	76,816
Credit impaired			
More than 90 days past due	608	180	428
Individually impaired	665	665	–
	78,089	845	77,244

Company	Gross carrying amount/ Net balance	
	2022 RM'000	2021 RM'000
Current (not past due)	**17,124**	13,680
1 – 30 days past due	**6,926**	4,319
31 – 60 days past due	**585**	95
61 – 90 days past due	**31**	1
	24,666	18,095
Credit impaired		
More than 90 days past due	**181**	17
	24,847	18,112

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Credit impaired	
Group	**2022 RM'000**	**2021 RM'000**
At 1 April	**845**	196
Net remeasurement of loss allowance	**(86)**	609
Written off	**(615)**	–
Exchange differences	**38**	40
At 31 March	**182**	845

As at the end of the reporting, the Company does not recognise any allowance for impairment losses.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. There is no history of default on other receivables and there is no indicator these other receivables may default. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's and the Company's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM29,299,329 (2021: RM54,252,114) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when subsidiaries' financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiaries are unlikely to repay their credit obligation to the bank in full; or
- The subsidiaries are continuously loss making and are having deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

As at the end of the reporting period, the Company does not recognise any allowance as they are categorised as low risk.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The advances are repayable on demand. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

The Company considers amounts due from subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers amounts due from subsidiaries to be credit impaired when:

- The subsidiaries are unlikely to repay its amount due to the Company in full; or
- The subsidiaries are continuously loss making and is having a deficit shareholders' fund.

As at the end of the reporting, the Company does not recognise any loss allowance as they are categorised under low risk.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Net investment in a lease

Risk management objectives, policies and processes for managing the risk

The Group manages credit risk on net investment in a lease together with its leasing arrangements.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

There is no history of default on the investment in lease and there is no indicator this lease may default. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group is of the view that the loss allowance is not material and hence, it is not provided for.

27.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2022							
Non-derivative financial liabilities							
Sukuk	**202,487**	**3.72**	**233,450**	**7,420**	**7,440**	**218,590**	**–**
Secured bankers' acceptances	**41,889**	**1.77 – 3.05**	**41,889**	**41,889**	**–**	**–**	**–**
Secured hire purchase liabilities	**20,545**	**3.12 – 5.33**	**21,406**	**5,672**	**5,547**	**10,187**	**–**
Secured term loans	**18,726**	**1.97 – 5.60**	**19,018**	**1,782**	**1,499**	**15,737**	**–**
Trade and other payables	**93,076**	**–**	**93,076**	**93,076**	**–**	**–**	**–**
Lease liabilities	**6,879**	**4.21 – 5.00**	**10,758**	**1,261**	**704**	**1,561**	**7,232**
Short-term financing	**971**	**–**	**971**	**971**	**–**	**–**	**–**
	384,573		**420,568**	**152,071**	**15,190**	**246,075**	**7,232**
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
– Outflow	**–**	**–**	**(19,322)**	**(19,322)**	**–**	**–**	**–**
– Inflow	**783**	**–**	**20,105**	**20,105**	**–**	**–**	**–**
Interest rate swap	**736**	**–**	**736**	**736**	**–**	**–**	**–**
	386,092		**422,087**	**153,590**	**15,190**	**246,075**	**7,232**
2021							
Non-derivative financial liabilities							
Loan from a shareholder	34,012	10.00	36,300	36,300	–	–	–
Secured bankers' acceptances	62,180	3.12 – 3.28	62,180	62,180	–	–	–
Secured hire purchase liabilities	57,651	2.46 – 6.09	62,189	18,197	15,509	28,483	–
Secured term loans	68,668	3.75 – 7.35	77,082	11,384	10,796	46,086	8,816
Bank overdraft	14,272	4.21	14,272	14,272	–	–	–
Trade and other payables	83,079	–	83,079	83,079	–	–	–
Revolving credits	4,074	5.60	4,074	4,074	–	–	–
Lease liabilities	7,014	4.21 – 5.00	11,184	1,170	958	1,515	7,541
Short-term financing	1,086	5.50	1,086	1,086	–	–	–
	332,036		351,446	231,742	27,263	76,084	16,357
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
– Outflow	–	–	(423)	(423)	–	–	–
– Inflow	280	–	703	703	–	–	–
	332,316		351,726	232,022	27,263	76,084	16,357

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/coupon/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2022							
Non-derivative financial liabilities							
Sukuk	**202,487**	**3.72**	**233,450**	**7,420**	**7,440**	**218,590**	**–**
Due to subsidiaries	**3,393**	**–**	**3,393**	**3,393**	**–**	**–**	**–**
Trade and other payables	**28,471**	**–**	**28,471**	**28,471**	**–**	**–**	**–**
Lease liabilities	**4,520**	**5.00**	**8,130**	**527**	**414**	**774**	**6,415**
Secured term loans	**2,990**	**5.60**	**3,281**	**1,782**	**1,499**	**–**	**–**
Financial guarantee*	**–**	**–**	**29,299**	**29,299**	**–**	**–**	**–**
	241,861		**306,024**	**70,892**	**9,353**	**219,364**	**6,415**
2021							
Non-derivative financial liabilities							
Loan from a shareholder	34,013	10.00	36,300	36,300	–	–	–
Due to subsidiaries	70,931	–	70,931	70,931	–	–	–
Trade and other payables	19,530	–	19,530	19,530	–	–	–
Secured bankers' acceptances	6,424	3.12 – 3.20	6,424	6,424	–	–	–
Secured hire purchase liabilities	10,088	2.46 – 5.60	11,011	4,333	3,102	3,576	–
Lease liabilities	4,046	5.00	7,831	247	221	701	6,662
Secured term loans	21,000	5.60	25,435	3,633	3,633	10,900	7,269
Revolving credit	4,074	5.60	4,074	4,074	–	–	–
Financial guarantee*	–	–	54,252	54,252	–	–	–
	170,106		235,788	199,724	6,956	15,177	13,931

* *The disclosure represents the maximum amount that is required to be settled in the event of a default and the lenders, where applicable call on the Company to pay for a subsidiary.*

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other price risk that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Australian Dollar ("AUD") and New Zealand Dollar ("NZD").

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

Currency risk (continued)

Risk management objectives, policies and processes for managing the risk

The Group and the Company use forward exchange contracts from time to time to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contacts are rolled over at maturity. The Group and the Company entered forward exchange contracts with notional contract amount of RM19,322,070 (2021: NIL) and RM64,611 (2021: NIL) respectively in order to manage the foreign currency exposures.

Foreign exchange exposures in transactional currencies other than the functional currency of the Group and the Company are kept to an acceptable level.

Exposure to foreign currency risk

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

	Denominated in				
Group	**USD RM'000**	**SGD RM'000**	**EUR RM'000**	**AUD RM'000**	**NZD RM'000**
2022					
Cash and cash equivalents	**6**	**55**	**2**	**3**	**–**
Trade and other receivables	**139**	**3,204**	**–**	**750**	**–**
Trade and other payables	**(365)**	**(33)**	**(272)**	**(1,309)**	**–**
	(220)	**3,226**	**(270)**	**(556)**	**–**
2021					
Cash and cash equivalents	6	118	2	3	–
Trade and other receivables	1,346	2,601	–	–	–
Trade and other payables	(564)	(35)	(301)	(1,059)	(1,285)
	788	2,684	(299)	(1,056)	(1,285)

	Denominated in		
Company	**USD RM'000**	**SGD RM'000**	**AUD RM'000**
2022			
Trade and other receivables	**17**	**95**	**750**
Trade and other payables	**(297)**	**(33)**	**(1,309)**
	(280)	**62**	**(559)**
2021			
Trade and other receivables	–	14	–
Trade and other payables	(124)	(33)	(1,059)
	(124)	(19)	(1,059)

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2021: 10%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted shares and purchases.

	Profit or loss			
	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
USD	**17**	(60)	**21**	9
SGD	**(245)**	(204)	**(5)**	1
EUR	**21**	23	**–**	–
AUD	**42**	80	**42**	80
NZD	**–**	98	**–**	–

A 10% (2021: 10%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's and Company's investments in fixed rate deposits 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.

Risk management objectives, policies and processes for managing the risk

The Group has entered into interest rate swap with a notional contract amount of RM15,736,500 (2021: NIL) in order to achieve an appropriate mix of fixed and floating rate exposure at 31 March 2022, the swap matures over the next five years following the maturity of a fixed rate bank loan of 1.05% and has a floating swap rate of AUD Bank Bill Swap Rate ("BBSY") - 1 month.

The Group does not design the interest rate swap as the hedge instrument.

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Financial assets	**1,088**	1,437	**–**	–
Financial liabilities	**(247,405)**	(165,776)	**(205,477)**	(44,511)
Lease liabilities	**(6,879)**	(7,014)	**(4,520)**	(10,088)
	(253,196)	(171,353)	**(209,997)**	(54,599)
Floating rate instruments				
Financial assets	**–**	–	**–**	21,000
Financial liabilities	**(37,213)**	(76,167)	**(2,990)**	(21,000)
	(37,213)	(76,167)	**(2,990)**	–

Interest rate risk sensitivity analysis

(a) 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.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point ("bp") in interest rate at the end of the reporting period would have decreased equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss			
	Group		Company	
	100 bp increase RM'000	**100 bp decrease RM'000**	**100 bp increase RM'000**	**100 bp decrease RM'000**
2022				
Floating rate instruments	**(283)**	283	**(23)**	23
2021				
Floating rate instruments	**(579)**	579	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

Other price risk

Price risk arises from the Group's and the Company's investments money market funds.

Risk management objectives, policies and processes for managing the risk

Management of the Group and the Company monitor the other investments on portfolio basis.

The Group and the Company invest in money market funds which seek to invest in money market instruments and deposit with licensed financial institution for reasonable rate of return on income while maintaining capital stability.

Price risk sensitivity analysis

Money market funds

The fund is invested in money market instruments and deposited with licensed financial institution. The net asset value ("NAV") of the money market mainly depends on the performance of the financial instruments which is affected by changes in the market interest rate.

At the end of the reporting period, with all the variables held constant, a change of 100 basis points ("bp") in the interest rate would have increased/(decreased) equity for investments classified as post-tax profit or loss for investment classified as fair value through profit or loss by the amounts shown below.

	Profit or loss	
2022	**Group RM'000**	**Company RM'000**
100bp increase	**2,806**	**2,601**
100bp decrease	**(2,806)**	**(2,601)**

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information

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

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

	Fair value of financial instruments carried at fair value Level 2 RM'000	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Group				
2022				
Financial assets				
Forward exchange contracts	**783**	**–**	**783**	**783**
Interest rate swap	**736**	**–**	**736**	**736**
Other investments	**280,595**	**–**	**280,595**	**280,595**
	282,114	**–**	**282,114**	**282,114**
Financial liabilities				
Hire purchase liabilities	**–**	**(19,217)**	**(19,217)**	**(20,545)**
Term loans	**–**	**(18,913)**	**(18,913)**	**(18,726)**
Sukuk	**–**	**(202,487)**	**(202,487)**	**(202,487)**
	–	**(240,617)**	**(240,617)**	**(241,758)**
2021				
Financial liabilities				
Hire purchase liabilities	**–**	**(56,068)**	**(56,068)**	**(57,651)**
Term loans	**–**	**(67,620)**	**(67,620)**	**(68,668)**
	–	**(123,688)**	**(123,688)**	**(126,319)**
Company				
2022				
Financial assets				
Forward exchange contracts	**65**	**–**	**65**	**65**
Other investments	**260,108**	**–**	**260,108**	**260,108**
	260,173	**–**	**260,173**	**260,173**
Financial liabilities				
Term loans	**–**	**(2,990)**	**(2,990)**	**(2,990)**
Sukuk	**–**	**(202,487)**	**(202,487)**	**(202,487)**
	–	**(205,477)**	**(205,477)**	**(205,477)**
2021				
Financial liabilities				
Hire purchase liabilities	**–**	**(10,161)**	**(10,161)**	**(10,088)**
Term loans	**–**	**(21,000)**	**(21,000)**	**(21,000)**
	–	**(31,161)**	**(31,161)**	**(31,088)**

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information (continued)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts and interest rate swaps are estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Term loans and hire purchase liabilities	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

28. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current year's addition	**60,815,285**	118,884,742	**20,075,311**	31,320,549
Less: Property, plant and equipment acquired from hire purchase liabilities	**(504,284)**	(43,790,778)	**–**	(4,280,453)
	60,311,001	75,093,964	**20,075,311**	27,040,096

NOTES TO THE FINANCIAL STATEMENTS

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base to fund its growth and safeguard the Group's ability to continue as a going concern. The Group's capital is represented by its total equity in the statement of financial position.

The Directors monitor the adequacy of capital on an ongoing basis, whilst maintaining optimal debt-to-equity ratio that complies with debt covenants. The Group is required to maintain a debt-to-equity ratio of not more than 1.0 times in accordance with the specified formulas as stated in the respective facility agreement and trust deed.

The debt-to-equity ratios at 31 March 2022 and 31 March 2021 were as follows:

	2022 RM'000	2021 RM'000
Total loans and borrowings (Note 17)	**284,618**	241,943
Lease liabilities	**6,879**	7,014
Less: Cash and cash equivalents (Note 14)	**(28,103)**	(11,724)
Net debt	**263,394**	237,233
Total equity	**610,963**	241,030
Debt-to-equity ratio	**0.43**	0.98

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

30. CAPITAL COMMITMENT

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Capital expenditure commitment				
Property, plant and equipment				
Contracted but not provided for	**2,955,647**	1,046,153	**248,578**	126,000
Intangible assets				
Contracted but not provided for	**267,522**	274,021	**267,522**	274,021
	3,223,169	1,320,174	**516,100**	400,021

31. CONTINGENT LIABILITIES

	Company	
	2022 RM	2021 RM
Secured:		
Corporate guarantees given to a financial institution in respect of outstanding term loans and bankers' acceptances of a subsidiary	**29,299,329**	54,252,114

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly 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 and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, person/companies connected to Directors, shareholder, government related entities and key management personnel.

Significant related party transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 8, 10, 17 and 18.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
A. Subsidiaries				
Sales of raw milk	–	–	**44,772**	–
Sales of finished goods	–	–	**52,442,162**	35,411,909
Sales of biological assets	–	–	**14,932,357**	5,015,755
Purchase of raw milk	–	–	–	(756,607)
Purchase of raw material	–	–	**(5,103,275)**	–
Purchase of biological assets	–	–	**(1,675,719)**	(695,782)
Purchase of property, plant and equipment	–	–	–	(2,000)
Loan to subsidiaries	–	–	**67,200,000**	21,000,000
Loan interest	–	–	**89,766**	89,766
Management fee	–	–	**393,851**	51,168
B. Key management personnel				
Directors				
Remuneration	**2,162,233**	3,608,559	**586,000**	–
Other key management personnel				
Remuneration	**3,858,651**	257,803	**285,815**	257,803
C. Minority shareholder in a subsidiary				
Purchase of biological assets and other animal health related products	**16,582,813**	9,692,186	**16,582,813**	9,505,989
D. Person connected to Directors				
Purchase of motor vehicles	**15,000**	–	–	–
E. Companies connected to Directors				
Sales of trading goods	–	1,018,588	–	–
Service fees	–	293,000	–	293,000
Rental expense	**15,000**	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

32. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
F. Substantial shareholder (see as Note G)				
Interest accrual	**551,507**	3,012,603	**551,507**	3,012,603
Purchase of raw material from a subsidiary of a shareholder	**84,000**	345,000	**84,000**	345,000
Logistics services rendered from an associate of a shareholder	**219,082**	599,462	**140,319**	44,947
Rental expenses payable to a subsidiary of a shareholder	**–**	57,817	**–**	–

G. Government – related entities

A wholly-owned subsidiary of Khazanah Nasional Berhad which is owned by the Government of Malaysia, is a substantial shareholder with more than 10% shareholding and Board representation in the Company.

As a result, the Malaysian Government owned entities (collectively referred to as "government-related entities") are related parties of the Group and the Company.

The Group and the Company had entered into transactions with government-related entities in the ordinary course of business operations, which include but are not limited to utilities and financial and treasury services. The Group and the Company are principally involved in investment holding, rearing of dairy cows and goats and the production, marketing and sale of consumers' products. These transactions are on commercial terms that are consistently applied to all customers and are comparable to those with other entities that are not government-related and as such are not disclosed in these financial statements.

33. SIGNIFICANT EVENT

33.1 On 31 March 2021, the Group has filed a legal action in Australia against Shepparton Partners Collective Group for various misrepresentations to The Holstein Milk Company (Australia) Pty Ltd during the course of due diligence of the business acquisition.

As at 31 March 2022, the case is still ongoing, and in the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

33.2 On 22 March 2022, the Company is listed on Main Market of Bursa Malaysia Securities Berhad with a public issue of 222,954,700 new ordinary shares in the Company and offer for sale by selling shareholders of up to 520,227,200 ordinary shares in the Company at a price of RM1.35 per share.

NOTES TO THE FINANCIAL STATEMENTS

34. SUBSEQUENT EVENT

On 24 May 2022, the Company exercised the call option in respect of the entire issued and paid up share capital of The Provenance Creamery Pte Ltd ("Provenance Creamery") granted by Loh Ngat Mui at a consideration of SGD1.00. Following the exercise of the call option, Provenance Creamery becomes the Company's wholly owned subsidiary. The details of the call option had been disclosed in Section 11.1.1 of the Company's Prospectus dated 11 February 2022.

Subsequent to the year end, the Group has entered into an agreement to purchase an industrial land at a consideration of RM18,241,366.

Additionally, in Australia, the Group also completed in June 2022 both the sale of one of its farm properties with a size of approximately 350 acres for a total sale consideration of AUD2.0 million and an acquisition of a farm property with a size of approximately 300 acres for a purchase consideration of AUD3.5 million respectively.

ANALYSIS OF **SHAREHOLDINGS**

As at 30 June 2022

Issued Share Capital : 1,857,954,837
Class of Shares : Ordinary Share
Number of Holders : 18,854
Voting Right : 1 vote per Ordinary Share

Size of Holders	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	65	0.344	1,222	0.000
100 – 1,000	6,149	32.614	3,798,916	0.204
1,001 – 10,000	10,030	53.199	43,349,165	2.334
10,001 – 100,000	2,168	11.499	60,156,678	3.238
100,001 – 92,897,740*	439	2.329	704,100,721	37.897
92,897,741 and above**	3	0.015	1,046,548,135	56.327
TOTAL	18,854	100.000	1,857,954,837	100.000

* *Less than 5% of issued shares*
** *5% and above of issued shares*

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

No.	Name of Shareholders	Direct		Indirect	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Rainforest Capital Sdn. Bhd.	571,011,515	30.733	–	–
2.	Farmchoice Foods Sdn. Bhd.	256,298,020	13.795	–	
3.	Agrifood Resources Holdings Sdn. Bhd.	219,238,600	11.800	–	–
4.	Khazanah Nasional Berhad	–	–	219,238,600	11.800
5.	Employees Provident Fund Board	103,717,800	5.582	–	–
6.	Loi Tuan Ee	7,338,801	0.395	827,309,535	44.528
7.	Loi Foon Kion	–	–	571,011,515	30.733

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct		Indirect	
		No. of Shares	% of Shares	No. of Shares	% of Shares
1.	Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr. Haji Megat Khas	500,000	0.027	–	–
2.	Loi Tuan Ee	7,338,801	0.395	827,309,535	44.528
3.	Loi Foon Kion	–	–	571,011,515	30.733
4.	Dato' Dr. Quaza Nizamuddin Bin A.Hassan Nizam	500,000	0.027	–	–
5.	Jocelyn Ng Lai Leng	500,000	0.027	–	–
6.	Sukanta Kumar Dutt	–	–	–	–
7.	Effizal Faiz Bin Zulkifly	–	–	–	–

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022

LIST OF TOP 30 HOLDERS

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name of Holders	Holdings	%
1.	RAINFOREST CAPITAL SDN. BHD.	571,011,515	30.733
2.	FARMCHOICE FOODS SDN. BHD.	256,298,020	13.795
3.	AGRIFOOD RESOURCES HOLDINGS SDN. BHD.	219,238,600	11.800
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	70,676,300	3.803
5.	LEMBAGA TABUNG HAJI BHG PEMEROSESAN PELABURAN	40,700,000	2.190
6.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA PERMODALAN NASIONAL BERHAD	30,700,000	1.652
7.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (2)	24,481,300	1.317
8.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CAHAYA BINTANG LTD	23,633,900	1.272
9.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	21,153,700	1.138
10.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	18,684,800	1.005
11.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	17,733,900	0.954
12.	IFAST NOMINEES (TEMPATAN) SDN. BHD. GLOBAL SUCCESS NETWORK SDN. BHD.	15,000,000	0.807
13.	HSBC NOMINEES (ASING) SDN. BHD. JPMSE LUX FOR JPMORGAN FUNDS	13,554,800	0.729
14.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR JPMORGAN ASEAN FUND (BK EASTASIA TST)	11,974,000	0.644
15.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	11,272,500	0.606
16.	PERMODALAN NASIONAL BERHAD INVESTMENT PROCESSING DEPT	10,000,000	0.538
17.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 – DIDIK PERMODALAN NASIONAL BERHAD	9,417,880	0.506
18.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PBTB FOR TAKAFULINK DANA EKUITI	9,390,700	0.505
19.	HSBC NOMINEES (ASING) SDN. BHD. TNTC FOR BARINGS ASEAN FRONTIERS FUND	9,036,900	0.486
20.	CGS-CIMB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MERIT GLORY PTE LTD	9,000,000	0.484

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022

LIST OF TOP 30 HOLDERS (CONT'D.)

(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNTS BELONGING TO THE SAME REGISTERED HOLDER)

No.	Name of Holders	Holdings	%
21.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	8,252,000	0.444
22.	LOI TUAN EE	7,338,801	0.395
23.	HSBC NOMINEES (ASING) SDN. BHD. HSBC BK PLC FOR ASIA EX JAPAN EQUITY SMALLER COMPANIES (LXG HGIF)	7,163,200	0.385
24.	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	6,995,000	0.376
25.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,318,500	0.340
26.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND	5,837,000	0.314
27.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	5,634,400	0.303
28.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	5,428,500	0.292
29.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (UOB AMM6939-406)	4,989,400	0.268
30.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	4,954,400	0.266
	TOTAL	1,455,870,016	78.359

LIST OF **TOP 10 PROPERTIES**

Location	Description	Current Use	Tenure	Remaining Lease Period (Expiry Date)	Age of Building	Approximate Land Area (sq.m.)	Net Book Value RM'000
11& 11-1, Jalan Petaling, Kawasan Perindustrian Larkin, 80300 Johor Bahru, Johor	One single-storey factory building and two-storey office building	Processing facility and Office	Leasehold 99 years	19 years (expiring 23.10.2041)	35 years	3,836	3,749
14A, Jalan Petaling, Kawasan Perindustrian Larkin, 80300 Johor Bahru, Johor	Single-storey factory building	Processing facility and Warehouse	Leasehold 99 years	10 years (expiring 12.06.2032)	44 years	5,666	1,932
PTD 2975, Batu 13, Jalan Mersing, 81900 Kota Tinggi, Johor	Dairy farm	Farming	Leasehold 99 years	13 years (expiring 04.01.2035)	–	1,905,890	8,441
315 Fidge Road, Undera VIC 3629	Dairy farm	Farming	Freehold	–	–	6,114,178	28,267
490 Neal Road & 515 Norton Road & 695 Norton Road, Undera VIC 3629	Dairy farm	Farming	Freehold	–	–	2,950,849	7,428
705 Echuca Road, Ardmona VIC 3629	Dairy farm	Farming	Freehold	–	–	1,407,395	6,114
85 McCormick Road, Kyabram VIC 3620	Single-storey factory building	Processing facility, Warehouse and Office	Freehold	–	2 years	69,978	30,967
PTD 1721, KM10, Jalan Sedili Kecil, Mukim Sedili Kecil, 81900 Kota Tinggi, Johor	Dairy farm	Farming	Leasehold 30 years	26 years (expiring 27.03.2048)	–	1,214,058	3,666
Plot D, KM6, Muadzam Shah, Jalan Muadzam – Rompin, 26700, Pahang Darul Makmur	Dairy farm, One single-storey factory building and two-storey office building	Farming, Processing facility, Warehouse and Office	Leasehold 33 years	25 years (expiring 04.04.2047)	4 years	2,448,350	18,440
HSD 5570 PT 11701, Kampung Kundang, Mukim Bebar, Daerah Pekan, Pahang Darul Makmur	Dairy farm	Farming	Leasehold 30 years	28 years (expiring 31.12.2050)	–	2,023,430	1,507

GROUP CORPORATE **DIRECTORY**

MALAYSIA

LARKIN, JOHOR

No. 11-1, Jalan Petaling,
Kawasan Perindustrian Larkin,
80350 Johor Bahru, Johor, Malaysia
Tel : +607 232 3463, +607 232 8771
Fax : +607 232 7622

MUADZAM SHAH, PAHANG

Plot D, KM6, Jalan Rompin,
26700 Muadzam Shah, Pahang

UPM SERDANG, SELANGOR

Ladang 16, Bahagian Ternakan,
Taman Pertanian Universiti,
Universiti Putra Malaysia,
43400 Serdang, Selangor

DESARU, JOHOR

PTD 1721, KM 10,
Jalan Sedili Kechil,
Mukim Sedili Kechil,
81900 Kota Tinggi, Johor

MAWAI, JOHOR

PTD 2975,
Mukim Ulu Sungai Sedili Besar,
81900 Kota Tinggi, Johor

TAIPING, PERAK

PT 12802,
Mukim Batu Kurau,
Pondok Tanjung,
34010 Daerah Larut Matang, Perak

AUSTRALIA

KYABRAM, VICTORIA

85 McCormick Road, Kyabram,
Victoria 3620
Tel : +61(0)3 5852 1111

GREATER SHEPPARTON, VICTORIA

315 Fidge Road, Undera,
Victoria 3629

Legends:

HQ Office and Processing Facility

Farm and Processing Facility

Farm

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT **THE ELEVENTH (11TH) ANNUAL GENERAL MEETING OF FARM FRESH BERHAD** ("FFB or the Company") ("AGM") will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on **Monday, 29 August 2022 At 2:30 P.M** to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2022 and the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note 8(a)(i)**
2.	To approve a final single tier dividend of 1.07 sen per share in respect of the financial year ended 31 March 2022.	**Resolution 1**
3.	To re-elect the following Directors, each of whom is retiring by rotation in accordance with Clause 76(3) and Clause 78 of the Company's Constitution and being eligible, has offered himself/ herself for re-election:-	
	(i) Mr. Loi Tuan Ee	**Resolution 2**
	(ii) Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	**Resolution 3**
	(iii) Ms. Loi Foon Kion	**Resolution 4**
	(iv) Mr. Sukanta Kumar Dutt	**Resolution 5**
	(v) Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam	**Resolution 6**
	(vi) Ms. Jocelyn Ng Lai Leng	**Resolution 7**
	(vii) Encik Effizal Faiz Bin Zulkifly	**Resolution 8**
4 .	To approve the Directors fees up to RM550,000.00 to the following Directors for the period from the 1 April 2022 to the next AGM of the Company to be held in 2023.	**Resolution 9**
5.	To approve the payment of benefits of up to RM72,000.00 to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2022 to the next AGM of the Company to be held in 2023.	**Resolution 10**
6.	To re-appoint Messrs. KPMG PLT as the External Auditors of the Company for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.	**Resolution 11**
7.	To transact any other ordinary business of which due notice shall have been given in accordance with the Companies Act 2016.	

BY ORDER OF THE BOARD

YONG MAY LI (f)
(LS0000295) (SSM Practicing Certificate No. 202008000285)

WONG CHEE YIN (f)
(MAICSA 7023530) (SSM Practicing Certificate No. 202008001953)

Company Secretaries Johor Bahru
Dated: 29 July 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. *For the purpose of determining who shall be entitled to Participate at this 11th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., to make available to the Company a Record of Depositor as at 22 August 2022. Only members whose names appear therein shall be entitled to Participate at this 11th AGM or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member entitled to Participate at this 11th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
3. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
4. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
6. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
7. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*

   (i) In hard copy form

   In the case of an appointment made in hard copy form, this proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

   (ii) Online

   As In the case of an appointment made via online lodgment facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Administrative Notes on how to register to TIIH Online and submit your Form of Proxy electronically.
8. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 General Meeting or adjourned General Meeting at which the person named* in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is 2.30 p.m. on Saturday, 27 August 2022.
11. A corporate member who has appointed a representative, please deposit the ORIGINAL or duly certified certificate of appointment with the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        (a) at least two (2) authorised officers, of whom one shall be a director; or

        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
12. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note on Ordinary and Special Business:

Ordinary Business

(i) Item 1 of Agenda

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

(ii) Ordinary Resolution 1

The proposed dividend is in accordance with the dividend policy which had been disclosed in FFB's prospectus Section 12.4, i.e., distribute 25% of net profit of each fiscal year on a consolidated basis after taking into account working capital and maintenance capital requirements.

The dividend payment date is fixed on 15 September 2022

(iii) Ordinary Resolutions 2, 3, 4, 5, 6, 7 and 8

Pursuant to Clause 76(3) & Clause 78 of the Company's Constitution, Mr. Loi Tuan Ee; Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas; Ms. Loi Foon Kion; Mr. Sukanta Kumar Dutt; Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam; Ms. Jocelyn Ng Lai Leng; and Encik Effizal Faiz Bin Zulkifly are standing for re-election at this 11th AGM and being eligible, have offered themselves for re-election as Directors of the Company.

The Board of Directors has through the Nomination and Remuneration Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The profiles of the Directors standing for re-election are provided on pages 65 to 71 in the 2022 Annual Report.

(iv) Ordinary Resolution 9 and 10

Pursuant to Section 230(1) of the Companies Act 2016, 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.

The Proposed Ordinary Resolution 9 is to facilitate the payment of Directors' Fee for the Period from 1 April 2022 up to the next Annual General Meeting to be held in 2023.

The Proposed Ordinary Resolution 10 are for the Directors' benefits and meeting allowance based on the number of scheduled meetings for the Board and Board Committee up to the next Annual General Meeting to be held in 2023.

(v) Ordinary Resolution 11

The Audit and Risk Management Committee had at its meeting held on 21 July 2022 assessed the suitability and the independence of the External Auditors and recommended the re-appointment of Messrs. KPMG PLT as External Auditors of the Company for the financial year ending 31 March 2023. The Board has in turn reviewed the recommendation of the Audit and Risk Management Committee and recommended the same be tabled to the shareholders for approval for the forthcoming AGM of the Company.

CLOSURE OF BOOKS

To determine shareholders' entitlement to the dividend payment, if approved at the 11th AGM of the Company, the Share transfer books and Register of Members will be closed on 2 September 2022.

The dividend, if approved, will be paid on 15 September 2022 to shareholders whose names appear in the Register of Members and Record of Depositors at the close of business on 2 September 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:

(a) shares transferred into the depositor's securities account before 4:30 p.m. on 2 September 2022 in respect of transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING THE NOTICE OF **ANNUAL GENERAL MEETING**

THAT THE **ELEVENTH (11TH) ANNUAL GENERAL MEETING OF FARM FRESH BERHAD** ("**FFB**") WILL BE CONDUCTED ON A FULLY VIRTUAL MANNER THROUGH LIVE STREAMING AND ONLINE REMOTE MEETING PLATFORM OF TIIH ONLINE PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. VIA ITS WEBSITE AT HTTPS://TIIH.ONLINE OR HTTPS://TIIH.COM.MY (DOMAIN REGISTRATION NUMBER WITH MYNIC: D1A282781) ON **MONDAY**, **29 AUGUST 2022 AT 2:30** P.M.

DIRECTORS STANDING FOR ELECTION/APPOINTMENT

There are no individuals standing for election/appointment as Directors at the 2022 Annual General Meeting ("AGM").

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, FFB wishes to highlight the Directors who are standing for re-election pursuant to Clause 76(3) and Clause 78 of the Company's Constitution at the 11th Annual General Meeting of the Company are as follows:

1. Clause 76(3) of the Company's Constitution

- Mr. Loi Tuan Ee

2. Clause 78 of the Company's Constitution

- Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas
- Ms. Loi Foon Kion
- Mr. Sukanta Kumar Dutt
- Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam
- Ms. Jocelyn Ng Lai Leng
- Encik Effizal Faiz Bin Zulkifly

The Profiles of the above Directors are set out on pages 65 to 71 of this Integrated Annual Report.

ADMINISTRATIVE NOTES FOR THE 11TH ANNUAL GENERAL MEETING

Date	: Monday, 29 August 2022
Time	: 2.30 p.m.
Online Meeting Platform	: https://tiih.online

Precautionary Measures Against the Coronavirus Disease ("COVID-19")

- In light of the Coronavirus (COVID-19) pandemic and in line with the Guidance and Frequently Asked Questions (FAQs) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) (SC Guidance), the AGM of the Company will be conducted fully virtual through live streaming and online remote platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") in Malaysia via its TIIH Online website at https://tiih.online. Members are to attend, speak (including posing questions to the Board of Directors of Farm Fresh Berhad ("FFB") via real time submission of typed texts) and vote (collectively, "Participate") remotely at this AGM via Remote Participation and Voting ("RPV") facilities provided by Tricor.
- According to the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022, an online meeting platform located in Malaysia is recognised as the meeting venue and all meeting participants of a fully virtual general meeting are required to participate in the meeting online.
- We strongly encourage you to attend the AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the AGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

Remote Participation and Voting

- The RPV facilities are available on Tricor's TIIH Online website at https://tiih.online.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

BEFORE THE AGM DAY

Procedure	Action
i. Register as a user with TIIH Online	• Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ADMINISTRATIVE NOTES FOR THE 11TH ANNUAL GENERAL MEETING

BEFORE THE AGM DAY (CONTINUED)

Procedure		Action
ii.	Submit your request to attend AGM remotely	• Registration is open from Friday, 29 July 2022 until the day of AGM on Monday, 29 August 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate the AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) Farm Fresh Berhad 11th AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 22 August 2022, the system will send you an **e-mail on or after 27 August 2022 to approve or reject your** registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*

ON THE AGM DAY

Procedure		Action
i.	Login to TIIH Online	• Login with your user ID and password for remote participation at the AGM at any time from 1.30 pm i.e. 1 hour before the commencement of meeting at 2.30 pm on Monday, 29 August 2022.
ii.	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) Farm Fresh Berhad 11th AGM**" to engage in the proceedings of the AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii.	Online remote voting	• Voting session commences from 2.30 pm on Monday, 29 August 2022 until a time when the Chairman announces the end of the session. • Select the corporate event: "(REMOTE VOTING) Farm Fresh Berhad 11th AGM" or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv.	End of remote participation	• Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

ADMINISTRATIVE NOTES FOR THE 11TH ANNUAL GENERAL MEETING

Note to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

3. In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616/011-4080 3168/ 011-4080 3169/011-4080 3170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 22 August 2022 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/ attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Saturday, 27 August 2022 at 2.30 pm:

  (i) In Hard copy:

  By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

  (ii) By Electronic form:

  All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.

ADMINISTRATIVE NOTES FOR THE 11TH ANNUAL GENERAL MEETING

Entitlement to Participate and Appointment of Proxy (continued)

(ii) By Electronic form: (continued)

Procedure	Action
i. Steps for Individual Shareholders (continued)	
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. • Select the corporate event: "**Farm Fresh Berhad 11th AGM – SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and reset your own password. *(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate event name: "**Farm Fresh Berhad 11th AGM – SUBMISSION OF PROXY FORM**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event name: "**Farm Fresh Berhad 11th AGM – SUBMISSION OF PROXY FORM**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE NOTES FOR THE 11TH ANNUAL GENERAL MEETING

Voting at Meeting

- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App").
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the AGM at 2.30 pm. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

Door Gift or Food Voucher

- There will be no door gifts or food vouchers for attending the AGM.

No Recording or Photography

- Unauthorised recording and photography are strictly prohibited at the AGM.

Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Saturday, 27 August 2022 at 2.30 pm. The Board of Directors will endeavour to address the questions received at the AGM.

Annual Report and Circular to Shareholders

The following documents are available for downloading from our corporate website at https://www.farmfresh.com.my:

1. Integrated Annual Report 2022
2. Corporate Governance Report 2022
3. Notice of the 11th AGM
4. Proxy Form
5. Administrative Notes for the 11th AGM

In an effort to support green environment, we encourage shareholders to refer to the electronic copy of the abovementioned documents. However, you may request for a printed copy of our Integrated Annual Report 2022 through telephone or email at the number or e-mail address given below or request at https://tiih.online by selecting "Request for Annual Report/Circulars" under the "Investor Services".

Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 am to 5.30 pm (Monday to Friday), or alternatively email to is.enquiry@my.tricorglobal.com.

FORM OF **PROXY**

CDS Account No.	No. of Shares held

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____
[Full Address]

being member(s) of **FARM FRESH BERHAD** ("**FFB**" or the "**Company**"), hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Eleventh (11th) Annual General Meeting of the Company will be conducted on a fully virtual manner through live streaming and online remote meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) on **Monday, 29 August 2022** at **2:30 P.M**. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No	Agenda	Resolution	For	Against
1.	To approve a final single tier dividend of 1.07 sen per share in respect of the financial year ended 31 March 2022.	1		
2.	To re-elect Mr Loi Tuan Ee, retiring pursuant to Clause 76(3) of the Constitution of the Company.	2		
3.	To re-elect Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas, retiring pursuant to Clause 78 of the Constitution of the Company.	3		
4.	To re-elect Ms. Loi Foon Kion, retiring pursuant to Clause 78 of the Constitution of the Company.	4		
5.	To re-elect Mr. Sukanta Kumar Dutt, retiring pursuant to Clause 78 of the Constitution of the Company.	5		
6.	To re-elect Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam, retiring pursuant to Clause 78 of the Constitution of the Company.	6		
7.	To re-elect Ms. Jocelyn Ng Lai Leng, retiring pursuant to Clause 78 of the Constitution of the Company.	7		
8.	To re-elect Encik Effizal Faiz Bin Zulkifly, retiring pursuant to Clause 78 of the Constitution of the Company.	8		
9.	To approve the Directors fees up to RM550,000.00 to the following Directors for the period from 1 April 2022 to the next AGM of the Company to be held in 2023.	9		
10.	To approve the payment of benefits of up to RM72,000.00 to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2022 to the next AGM of the Company to be held in 2023.	10		
11.	To re-appoint Messrs. KPMG PLT as the External Auditors of the Company for the financial year ending 31 March 2023 and to authorise the Directors to fix their remuneration.	11		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____ 2022

* *Manner of execution:*
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

_____
Signature*
Member
Contact No

Fold this flap for sealing

Notes:

1. For the purpose of determining who shall be entitled to Participate at this 11th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., to make available to the Company a Record of Depositor as at 22 August 2022. Only members whose names appear therein shall be entitled to Participate at this 11th AGM or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to Participate at this 11th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   In hard copy form

   In the case of an appointment made in hard copy form, this proxy form must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

   Online

   As In the case of an appointment made via online lodgment facility, please login to the link website at https://tiih.online and select "e-Services" to login. Please refer to the Administrative Guide on how to register to TIIH Online and submit your Form of Proxy electronically.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, 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 General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is 2.30 p.m. on Saturday, 27 August 2022.
11. A corporate member who has appointed a representative, please deposit the ORIGINAL or duly certified certificate of appointment with the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
        (a) at least two (2) authorised officers, of whom one shall be a director; or
        (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated
12. Pursuant to Paragraph 8.29(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM shall be put to vote by poll.

Then fold here

AFFIX STAMP

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration No.: 197101000970 (11324-H)]

Unit 32-01, level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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