NOURISHING GOODNESS FOR EVERYONE

INTEGRATED ANNUAL REPORT 2023

Farm Fresh®

Welcome to Farm Fresh Berhad's Integrated Annual Report for the financial year 2023

As the leading dairy brand in Malaysia, Farm Fresh is dedicated to providing nourishing goodness to all. Our extensive range of products encompasses a diverse selection of dairy products, plant-based alternatives such as soy, almond and oatmilk, as well as our product extension under Jom Cha, which includes bubble tea, soft-serve yoghurt and other milk tea products.

In addition, we are thrilled with the launch of our own brand of growing up milk for children, paving the way for healthier future generations. With this new addition, we reinforce our commitment to promoting wholesome choices and nourishment for young ones.

Our products are available throughout the country, in large format retailers, mini marts and convenience stores, as well as through our impactful home dealer network. Together with the support of our vast network of over 850 home dealers and regional stockists, we strive to continually expand our presence and ensure Farm Fresh products are available in every corner of the country.

At Farm Fresh, we are committed to fulfilling evolving customer needs through continuous innovation while staying true to our core purpose of providing fresh, nourishing goodness for everyone, every day.

About This Report

In our second year as a public listed company, we proudly present Farm Fresh Berhad's (otherwise referred to as "the Group" or "the Company") Integrated Annual Report 2023.

Enclosed within is a comprehensive overview of our strategic approach and the concerted efforts undertaken by the Group to address stakeholder needs, identify risks and opportunities, leverage key drivers for growth, enhance transparency and create sustainable value over the short, medium and long-term.

QR CODE DOWNLOAD

Follow these steps to download Farm Fresh Berhad's Integrated Annual Report 2023

Step01
Download the "QR Code Reader" on App Store or Google Play

Step02
Run the QR Code Reader app and point your camera at the QR Code

Step03
Get access to the soft copy of our reports and contact information

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders.

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Kawasan Perindustrian Larkin
80350 Johor Bahru, Johor

Further information can also be found on our website:

www.farmfresh.com.my

Cross References

Tells you where you can find more information within the report

how to navigate this report

Our **6** Capitals

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

Our Key **7** Stakeholders

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

OUR MATERIAL MATTERS

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

UN SDGs

STRATEGIC PRIORITIES

- EXPANSION
- INNOVATION
- REPUTATION

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

Our third Sustainability Report is incorporated into this <IR> and offers a detailed assessment of our economic, environmental and social sustainability performance within the context of issues determined to be material to the Group and our stakeholders. Its disclosures are guided by:

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

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 statements 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

SCOPE & BOUNDARY

- In addition to financial reporting, this report encompasses the non-financial performance and other achievements of the Group
- It covers the reporting period of 1 April 2022 to 31 March 2023, unless otherwise stated

Sustainability at Farm Fresh

At Farm Fresh, sustainability is not just a priority; it is the driving force behind our vision. We believe that by embracing sustainable practices, we can create a positive impact on local communities and the environment while simultaneously achieving financial success. To this end, we have developed a comprehensive approach to ESG matters, pillared on three focus areas.

Better Dairy

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

Related UNSDG's

Stronger Communities

- Local Economy Contribution
- Employee Welfare
- Youth Outreach

Related UNSDG's

Healthier Planet

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

Related UNSDG's

Highlights of our Sustainability Agenda

Since starting our regenerative agriculture practices in 2014, we have been making significant strides towards implementing regenerative agriculture practices across all our farms. By treating and recycling waste, we promote the responsible and efficient use of solid and liquid animal waste, which we process to transform into useful resources for animal bedding, crop irrigation, soil fertilisation and more. This also improves the welfare of our animals, translating into healthier and more nutritious products.

As champions of climate action, we are accelerating our transition to renewable energy sources. The successful completion of two solar rooftop projects at our Muadzam Shah and Larkin plants is just the beginning. Our third site with solar PV will be our Taiping farm, which is expected to be completed in early 2024. Additionally, we have started constructing our first biogas plant in Muadzam Shah, slated to be completed by December 2023.

In addition, we have undertaken a comprehensive carbon inventory exercise for the calendar year 2022, which revealed that our farms have significantly lower carbon emissions intensity compared to our peers in the region. Building upon this, we are proud to have achieved a commendable 9% reduction in carbon emissions intensity per liter of milk since 2020, a testament to our relentless pursuit of a greener future.

At the same time, we strive to be a force for the sustainable socio-economic advancement of local communities. In addition to our 'local-first' hiring policy, under which 72% of our employees come from rural and underserved communities, we empower local micro-entrepreneurs to flourish through our home dealer network, which offers them the opportunity to earn a good and consistent income stream by acting as a stockist, agent or dealer of our products. Further to this, we are active contributors to school-based nutritional programmes, distributing over 62 million packs of school milk to about 3,400 schools under the School Milk Programme in FY2023 alone.

For more information on our approach to sustainability and the outcomes we have generated, read 'Our Sustainability Journey' from page 136 to 169.

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INTEGRATED ANNUAL REPORT 2023

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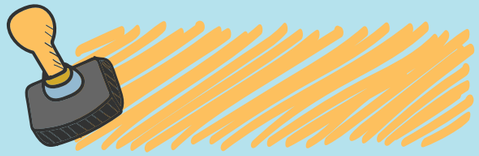

12th ANNUAL GENERAL MEETING

To be held virtually

Tuesday, 26 September 2023

3.00 p.m.

Overview of Farm Fresh Berhad

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HIGHLIGHTS:

pg10 Who We Are

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Who We Are: A Story of Growth and Innovation

In the 13 years since our inception, we have steadily expanded across the grass-to-glass value chain and successfully established our international presence, becoming one of Malaysia's most well-known homegrown brands.

Our journey began in 2009, when our visionary founder, Loi Tuan Ee, imported 60 Holstein Jersey cows from Australia and established a farm in Mawai, Johor. His mission: to produce pure dairy for the local Malaysian market, free from preservatives and artificial additives, and delivered fresh to supermarket shelves.

This unwavering commitment to freshness and quality proved to be a key differentiator that positioned us favourably against imported dairy brands that were mainly offering products containing powdered or reconstituted milk. Bolstered by the enthusiastic customer response we received, and with support from Khazanah National Berhad, we embarked on a transformative journey, expanding our production capacity and diversifying our product offerings.

Our establishment of an innovative home dealer network was a gamechanger on this journey. This groundbreaking initiative provided micro-entrepreneurs in both urban and rural areas of Malaysia with the opportunity to become stockists, dealers and agents of our products. As such, the programme not only empowered local communities with income generation opportunities but also strengthened our penetration into previously untapped markets.

Today, we proudly stand as a fully integrated dairy producer, operating six dairy farms and three processing facilities across Malaysia and Australia. Our diverse range of brands includes Farm Fresh, Yarra Farm, Yarra by Farm Fresh, Master Barista, Henry Jones, Nubian Goat's Milk, Jom Cha by Farm Fresh and our most recent acquisitions of Inside Scoop in Malaysia and St David Dairy in Australia. Collectively, we offer a comprehensive portfolio of 176 SKUs to a wide cross-section of customers across Southeast Asia and Australia.

From Ready to Drink (RTD) chilled and ambient products to yoghurts, plant-based alternatives and sauces, we have solidified our presence across various product segments. Propelled by strategic investment into research and development, we were the first to introduce innovative products such as organic milk, lactose-intolerant milk and almond milk to the evolving Malaysian market. Taking this further in FY2023, we launched our own liquid growing up milk, Farm Fresh Grow, enabling a younger audience to avail the benefits of our pure cow's milk fortified with the nutrients their bodies need.

Over the past year, we also introduced a new milk tea brand, Jom Cha by Farm Fresh, to the Malaysian market, while also making strong inroads into the consumer ice cream segment via our acquisition of the well-established premium ice cream brand Inside Scoop.

Building upon our rapid evolution from a homegrown upstart to Malaysia's largest integrated producer of dairy products, the next chapter of our international expansion is only just beginning. Our efforts will remain staunchly focused on further expanding our production capacity and capabilities, extending our reach to more markets in Malaysia, Australia and across the Asia Pacific as we deliver an ever-growing portfolio of dairy and plant-based products that places honesty, quality and the well-being of our consumers above all else.

"Our new growing up milk for children launched in FY2023 is fortified with essential vitamins and nutrients and contains zero sugar, sugar substitutes, preservatives or other unnecessary ingredients."

Vision, Mission and Values

OUR PROMISE (VISION)

To be a **sustainable and honest food company** that has an engrained culture of placing the well-being of consumers first, **culminating in strong brand love.**

OUR ACTION PLAN (MISSION)

We plan to achieve our brand promise by:

- **Diversifying our product portfolio** to capture a wide addressable market with different functional and nutritional needs, supported by a culture of innovation whilst being honest and meticulous with our ingredients based on the functional and nutritional needs of customers
- Being **ethical and truthful** in our labelling and marketing practices to foster strong brand trust
- Practicing **certified-humane farming practices** at our dairy farms and achieving high-yielding tropical dairy farming with our Australian Friesian Sahiwal (AFS) breed, including via continuous breed improvement utilising in vitro fertilisation (IVF)
- Enhancing our environmental stewardship by implementing **regenerative agriculture processes** that treat dairy manure for reuse in our farm operations
- Championing socially inclusive efforts such as the **home dealer network** and **creating rural employment**

SHARED VALUES

We have established and adhere to the following shared values, which are in line with our vision and mission:

I.S.A.A.C. – Integrity, Stewardship, Accountability, Agility and Collaboration.

Integrity

Key to our core principles is having integrity, implying strong moral principles based on honesty, which will translate to pure and honest products that we take pride in selling and consuming.

Stewardship

Guided by our belief of doing well by doing good, we assume stewardship of both the environment and society. We take a leadership role in our humane treatment of our dairy animals and regenerative agriculture practices, whilst on the societal front, we champion one of the best programmes for sharing wealth with micro-entrepreneurs in the form of our home dealer network.

Accountability

We are accountable first to our own actions, then to our department and company. This translates into a strong collective effort driven by our goals, fulfilling all our duties to the best of our capabilities in order to propel Farm Fresh going forward.

Agility

We have a glass half-full mentality that is driven by our entrepreneurial roots. We are not complacent with what we have achieved. Instead, we take pride in continuously learning, and staying flexible in our business approach to achieve sustainable results.

Collaboration

We value the diversity of our workplace by being inclusive, respectful and engaging meaningfully with internal stakeholders, from corporate management down to the factory floor and farm workers, as well as external stakeholders, such as regional regulators and the government of Malaysia.

Snapshot of FY2023

FINANCIAL HIGHLIGHTS

Revenue:
RM629.7 million
2022
RM501.9 million

Earnings Per Share:
2.69 sen
2022
4.87 sen

Shareholder's Equity:
RM635.9 million
2022
RM611.0 million

Profit Before Tax:
RM52.2 million
2022
RM65.7 million

Net Gearing Ratio:
0.51 times
2022
0.43 times

Net Profit:
RM49.9 million
2022
RM78.6 million

OPERATIONAL HIGHLIGHTS

Total landbank size of
5,367 acres
(2022: 5,416 acres)

93.5 million
litres of finished goods sold
(2022: 78.6 million litres)

25
new products
commercialised
(Total 176 SKUs)
(2022: 13 products)

11,925
dairy cows and bulls
(2022: 10,309)

SUSTAINABILITY HIGHLIGHTS

336.7 million
litres of Farm Dairy Effluent (FDE) recycled and removed from waste discharge

FY2022: 335.0 million litres

500.5 million
litres of municipal water saved through rainwater harvesting and tube well pumping

FY2022: 428.8 million litres

RM45.4 million
in gross income earned by stockists and dealers under our home dealer network

FY2022: RM46.5 million

88.3 million kg
of solid waste recycled and removed from waste discharge

FY2022: 86.4 million kg

35.5% of turnover from products using fully recyclable, sustainably sourced packaging

FY2022: 28%

RM1.7 million in income generated for our partner farmers

FY2022: RM3.2 million

1,748,730 kg of chemical fertiliser removed from our cycle

FY2022: 687,876 kg

0.42 tCO_2eq – Our carbon emissions intensity per tonne of milk in CY2022, representing a reduction of by 9% since 2020

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

FY2022: 72%

Awards & Recognitions

Brand of the Year 1

Dairy Products category at 2022-2023 World Branding Awards

Best IPO and Deal of the Year 2

Named as Best IPO for Retail Investors in Southeast Asia and Best Deal of the Year for Minority Shareholders in Southeast Asia in the Alpha Southeast Asia 16th Annual Best Deal and Solution Awards 2022

Platinum Award 3

Beverage – Dairy category in Putra Brand Awards 2022 (second consecutive win)

Steward Leadership 25 4

Named in the SL25 list of Asia-Pacific companies with inspiring sustainability initiatives, jointly curated by Stewardship Asia Centre (established by Temasek), INSEAD Hoffmann Global Institute for Business and Society, WTW and The Straits Times

Equity & IPO Deal of the Year 5

Received the IFN Equity & IPO Deal of the Year 2022 distinction in the IFN Deals of the Year 2022 Awards

Our Core Business Segments

Our "grass-to-glass" model has driven our expansion across the entire dairy value chain, from farming to finished product, and cemented our position as the leading integrated producer of dairy products in Malaysia.

This vertical integration has enabled us to have visibility and control over our value chain, while optimising cost-efficiency by reducing import and third-party expenses. Leveraging on this valuable competitive advantage, we are well-positioned to expand our operations and strengthen our presence in both the local Malaysian and regional markets.

FARMING

Systematic farm management, animal husbandry and milking practices

Six farms across Malaysia and Australia

- Our incorporation of a systematic breeding process using the AFS breed has resulted in high milk yield by our dairy herd in Malaysia
- Our adoption of a total mixed ration feeding regime ensures that our cows receive a chemically and nutritionally balanced diet
- Our purpose-built barns provide easy access to food and water, along with comfortable dry sand bedded areas, promoting the well-being of our herd and contributing to increased raw milk yield and herd longevity
- We prioritise strict biosecurity measures, overseen by a qualified team in veterinary science, animal science and husbandry, to ensure the health and safety of our herd
- We optimise milking schedules and utilise advanced milking stations to maximise efficiency and productivity

MANUFACTURING

Efficient processing of milk and finished dairy products in line with global food safety and quality standards

Three processing facilities across Malaysia and Australia

- Our processes are aligned with the Hazard Analysis Critical Control Points (HACCP) system, enabling us to effectively control biological, chemical and physical hazards across our production chain
- We have adopted Good Manufacturing Practices (GMP) to further enhance our food hygiene and safety standards
- We have developed and strictly adhere to the Farm Fresh Food Safety Management System, which incorporates key food safety controls tailored to the specific demands of our value chain

DISTRIBUTION

Extensive market penetration through our multi-channel distribution network

Diverse network comprising large-format retailers, modern trade outlets, distributor agents and home dealers

- Established presence in large-format retailers, including leading supermarkets and hypermarkets
- Strong presence across modern trade outlets, including convenience stores, minimarkets and petrol kiosks
- Robust sales pipeline to HORECA outlets via distributor agents
- Strong penetration of rural areas in Malaysia via the home dealer network, comprising 55 stockists, 801 home dealers and 952 agents across all states of Peninsular Malaysia

Our Products

We cater to both local and international markets, offering an extensive range of dairy and plant-based products to satisfy various consumer preferences and dietary needs. Our diverse product portfolio is carefully crafted in our own facilities, utilising pure dairy that is devoid of preservatives, artificial colourings, flavourings and hidden sugar. We take great pride in ensuring the highest quality and authenticity of our products, which are marketed exclusively under brands that are fully owned by the Group.

Our Brands

Farm Fresh

Malaysia's largest homegrown dairy brand

yarra

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

yarra by Farm Fresh

A more affordable range of UHT milk made with full cream milk powder

Master Barista

Specialist milk formulated for discerning coffee creators

Saint David Dairy

A premium range of locally sourced milk, butter, cream and yogurt serving the Melbourne HORECA market

Henry Jones & Co

Our Australian organic milk brand, available in both fresh and UHT varieties

Nubian Goat's Milk

A nutritionally wholesome alternative for the lactose intolerant

Taylor's

Gourmet sauces and marinades for home chefs

Jom Chá

A bubble milk tea brand with 30 outlets across Malaysia

Inside Scoop

Ice cream made using premium ingredients without artificial flavourings or preservatives

Our Farms & Processing Facilities

With a total of six farms and three processing facilities spanning Malaysia and Australia, we possess the necessary capabilities to meet the increasing consumer demand for dairy and plant-based offerings.

Moreover, the strategic proximity of our processing facilities to our farms, as well as the proximity of our processing facilities to key consumer bases, enables us to ensure speed-to-market across all areas of Peninsular Malaysia and safeguard the freshness of our products.

The impending commissioning of our new Taiping processing plant in June 2023 has bolstered our total annual production capacity by 10 million litres of milk. Meanwhile, the completion of our Philippines processing plant and Bandar Enstek manufacturing plant will further enhance our product volume and capabilities in the near future.

5,367 acres of land

11,925 dairy cows and bulls*

**Including non-milking cows*

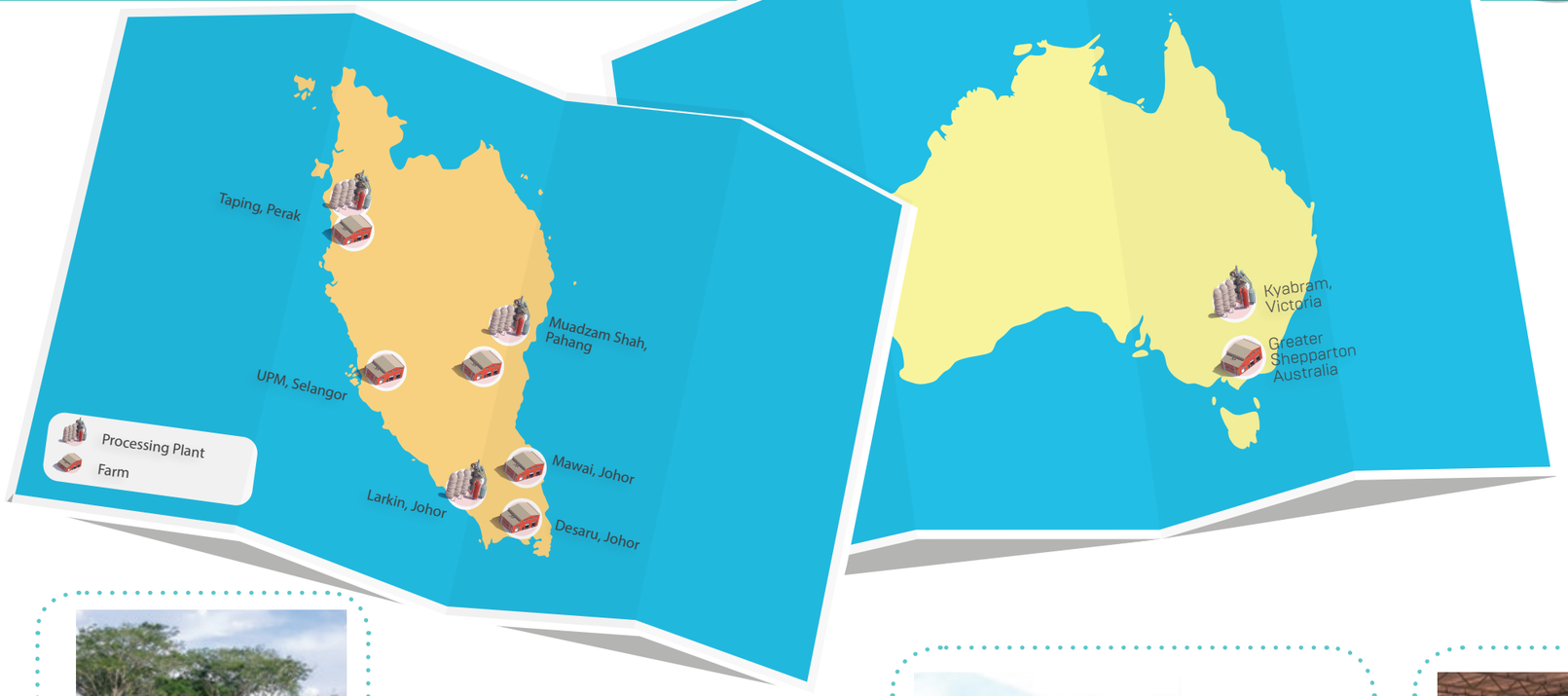
Annual capacity of
161.1 million litres of finished goods

84.0 million litres of processed milk

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 are in the midst of developing an additional 500 acres of land, for which we have obtained a 30-year lease from the Pahang State Government, that will increase total capacity to 6,000 dairy cows. In FY2023, we increased the capacity of our processing facility to 81.03 million litres per annum.



GREATER SHEPPARTON, AUSTRALIA

Commenced Production:	December 2017, February 2019 & April 2019 (based on progressive landbank expansion)
Area:	2,538 acres
Capacity:	3,200 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.

DESARU

Commenced Production:	September 2017
Area:	325 acres
Capacity:	600 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, which boasts a production capacity of 62.76 million litres per annum.

UPM

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

A full-scale dairy farm that also serves as the location for the Industry Centre of Excellence for dairy farming ("ICoE"), which we formed in collaboration with Universiti Putra Malaysia to boost research in areas related to dairy products and farming. Members of the public may access its visitor centre to learn about dairy farming, the benefits of fresh milk, and our brands.

MAWAI

Commenced Production:	October 2019
Area:	471 acres
Capacity:	1,550 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.

TAIPING

Commenced Production:	September 2021
Area:	828 acres
Capacity:	1,800 dairy cows

A full-scale dairy farm which has been recently integrated with an on-site milk processing facility. Upon full completion, it will have a capacity of 3,000 dairy cows.

Our Growth Strategies

Utilising our robust financial position and established presence across the dairy value chain, we will continue to pursue strategic opportunities to enhance our capabilities and diversify our portfolio of products. We are committed to further strengthening our position as one of the leading Malaysian dairy players while simultaneously expanding our market share outside Malaysia. To guide our ambitions, we have established the following three growth strategies.

Continue to Develop and Grow our Product Portfolio

Leveraging our market reputation, R&D and product development capabilities, as well as our wide distribution network, we are well positioned to innovate and expand our product range. Some of our key focus areas are to:

- Reinforce our presence in the growing up milk segment with the impending launch of a new powder variant of Farm Fresh Grow
- Leverage the expertise and experience of newly acquired The Inside Scoop to roll out consumer packaged goods ice cream by end December 2023
- Expand into the plant-based yoghurt segment in the second half of 2023, and continue to explore the potential of other product categories, such as non-dairy packaged food and beverage products

Expand Capacity and Capabilities Across the Malaysian Value Chain

With the Malaysian dairy industry producing insufficient milk to meet domestic requirements, we are ready to capitalise on the increasing demand by scaling up our farms and herd, increasing our milk production and processing capacity, and enhancing our distribution capabilities.

- Increase our capacity for finished products through expansion at our existing facilities as well as via the establishment of a new central manufacturing hub at Bandar Enstek
- Leverage our gene bank ownership, in vitro fertilisation (IVF) proficiencies, efficient farm management and established animal husbandry practices to grow our farm land, herd size and milk production capacity
- Strategically grow our home dealer network to reach underpenetrated areas in Malaysia, while expanding our distribution channels, most notably in the convenience store and petrol kiosk segment, to expand the reach and accessibility of our products, especially new launches

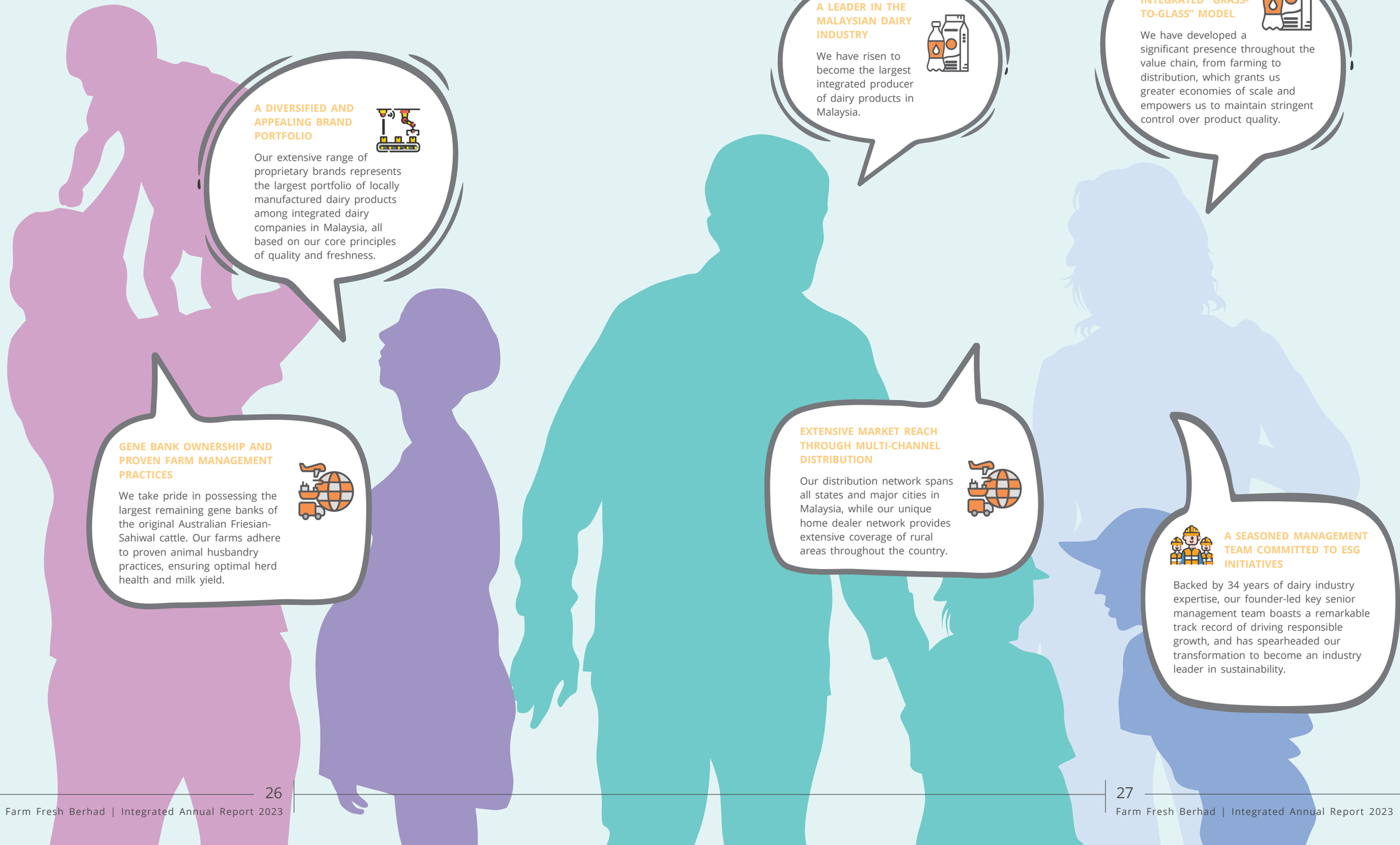
Regional Expansion Outside Malaysia

Having already established our presence in Australia since 2017, we have the opportunity to leverage on Australia's prominence as the fourth largest dairy exporter in the world, as well as the large capacity for production of finished goods at our Kyabram facility, to support our growth and expansion plans across Asia Pacific markets.

- Utilise the brand recognition and distribution network of newly acquired St David Dairy to enhance our distribution of dairy and plant-based products across Australia, while increasing production of their award-winning cultured butter to begin exports to Malaysia and other countries
- Capitalise on Australia's milk production surplus to grow our exports from Australia to Asia, where there is a positive perception of Australian dairy products being of high quality
- Establish a presence in Philippines once our new processing facility commences operations in second half of 2023, leveraging the strength of our local distribution partner as well as our experience in setting up our Malaysian distribution network

Our Competitive Advantage

Our competitive advantage is derived from our presence across the dairy value chain, creating cost efficiencies and enabling us to swiftly respond to market trends and evolving consumer preferences. Meanwhile, our gene bank ownership and unique home dealer network provide us with key advantages in production and distribution, unlocking wider reach for our high quality dairy and plant-based products.



A DIVERSIFIED AND APPEALING BRAND PORTFOLIO

Our extensive range of proprietary brands represents the largest portfolio of locally manufactured dairy products among integrated dairy companies in Malaysia, all based on our core principles of quality and freshness.

GENE BANK OWNERSHIP AND PROVEN FARM MANAGEMENT PRACTICES

We take pride in possessing the largest remaining gene banks of the original Australian Friesian-Sahiwal cattle. Our farms adhere to proven animal husbandry practices, ensuring optimal herd health and milk yield.

A LEADER IN THE MALAYSIAN DAIRY INDUSTRY

We have risen to become the largest integrated producer of dairy products in Malaysia.

EXTENSIVE MARKET REACH THROUGH MULTI-CHANNEL DISTRIBUTION

Our distribution network spans all states and major cities in Malaysia, while our unique home dealer network provides extensive coverage of rural areas throughout the country.

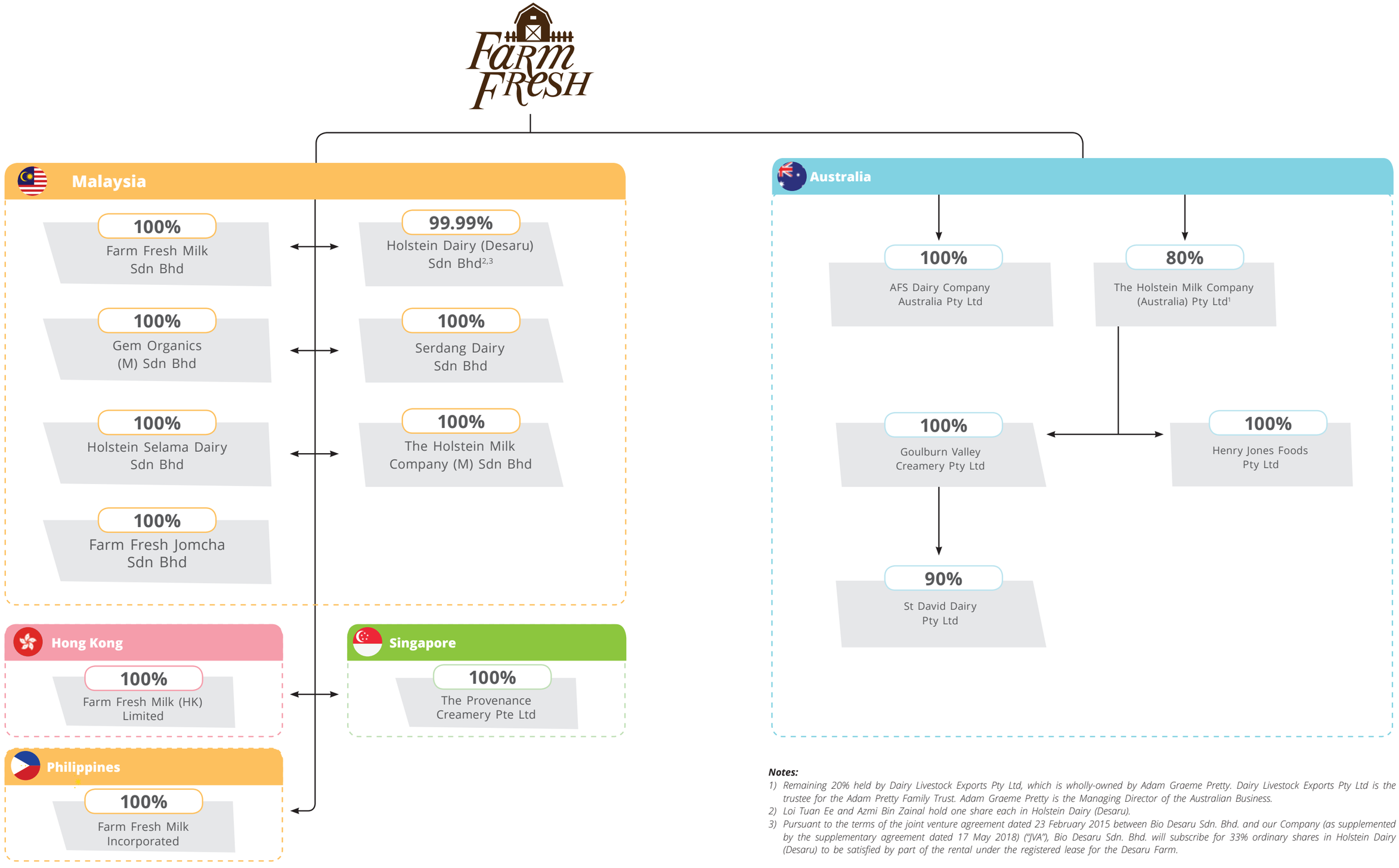
A VERTICALLY INTEGRATED "GRASS-TO-GLASS" MODEL

We have developed a significant presence throughout the value chain, from farming to distribution, which grants us greater economies of scale and empowers us to maintain stringent control over product quality.

A SEASONED MANAGEMENT TEAM COMMITTED TO ESG INITIATIVES

Backed by 34 years of dairy industry expertise, our founder-led key senior management team boasts a remarkable track record of driving responsible growth, and has spearheaded our transformation to become an industry leader in sustainability.

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.*

Key Milestones

2009

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

2011

- Khazanah Nasional Berhad, Malaysia's sovereign wealth fund, 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: 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 us ownership of one of the largest remaining gene banks 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.
- Became the first Malaysian company to launch kurma (palm dates) RTD milk using pure kurma extract.

2020

- Received the ASEAN Inclusive Business Award.
- Launched our oat milk, almond milk and chocolate soy milk products.

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, to serve as an additional landbank allowing for 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.

2018

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

2017

- Our Desaru Farm became fully operational, increasing our fresh milk supply capacity.
- Acquired Petabern Dairies, granting us access to an Australian Holstein 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 Department of Veterinary Services (DVS) for our Muadzam Shah Farm.

2021

- Commenced operations at our Taiping farm.
- Launched A2 organic milk and banana milk.
- 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 Department of Veterinary Services (DVS) for our UPM farm.
- Recognised as one of Asia's Best Performing Companies at the Asia Corporate Excellence & Sustainability Awards 2021 (ACES) in November 2021.

2022

- Received a Platinum Award in the Dairy Beverage category and Putra Most Enterprising Brand of the Year at the Putra Brand Awards 2022.
- Farm Fresh Berhad is listed on the Main Board of Bursa Malaysia on 22 March 2022.
- Completed a 90% acquisition of Melbourne-based premium dairy company St David Dairy Pty Ltd.
- Introduced our retail beverage brand, Jom Cha by Farm Fresh, to the Malaysian market.
- Acquired Greater Shepparton Farm 4, a 120-ha farm situated nearby our Kyabram facility in Australia.
- Received the prestigious Brand of the Year award in the Dairy Products category at the 2022-2023 World Branding Awards.
- Recognised for our sustainable dairy farming practices in the 2022 Steward Leadership 25 list of inspiring Asia Pacific companies.

2023

- Won our second consecutive Platinum Award in the Beverage – Dairy category at the Putra Brand Awards in January 2023.
- The success of our IPO exercise was commemorated in the Alpha Southeast Asia 16th Annual awards as we picked up the distinction for Best IPO for Retail Investors in Southeast Asia & Best Deal of the Year for Minority Shareholders in Southeast Asia 2022.
- We were also bestowed the IFN Equity & IPO Deal of the Year 2022 in the IFN Deals of the Year 2022 awards.
- Completed 65% acquisition of The Inside Scoop Sdn Bhd in May 2023.

Key Messages

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HIGHLIGHTS:

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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 2023, MARKING OUR FIRST FULL YEAR OF OPERATIONS 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

Our listing on Bursa Malaysia last year was a great milestone for us, unlocking new and exciting growth opportunities for the Group. While we have since faced external challenges that impacted our financial performance, we have also taken major steps on our long-term plan – pursuing strategic acquisitions, diversifying into untapped product segments and enhancing our internal processes. This sets the stage for us to further expand across the dairy value chain and capture new markets in Malaysia and across the Asia-Pacific region.

As we evolve, we remain steadfast in our commitment to being a sustainable and honest company that places the well-being of consumers, the health of the environment and the upliftment of our communities at the forefront of our operations. In this statement, I will highlight the numerous ways in which we are balancing our business priorities with these deeply-held responsibilities.

BECOMING THE MOST HONEST DAIRY COMPANY

Our overarching objective is to be recognised as the most ethical and transparent dairy company in the market, putting the well-being of our customers at the forefront of everything we do.

As we accelerate the diversification of our product portfolio, every innovation and expansion we undertake is underpinned by our commitment to honesty and clarity in ingredients. To this end, we strive to meet or exceed the nutritional expectations of our consumers and provide a range of options that cater to different needs, including products with no added sugar or minimal sugar content, while always ensuring that our products do not contain any artificial colourings or flavourings.

We acknowledge the prevalence of misleading advertising in the modern marketing landscape, especially where food ingredients are concerned. In response, our 'The Hidden Truth' campaign, launched alongside our growing up milk, aims to build trust with consumers by revealing the harmful ingredients commonly found in other growing up milk brands. Through this campaign, we aim to empower parents to make more informed decisions about the products they choose for their children, while fostering trust in Farm Fresh as an honest and well-intentioned brand.

Chairman's Statement

> Our dedication to producing nutritious dairy products with honesty and transparency underscores our commitment to prioritise the well-being of consumers

We are committed to utilising renewable energy from both solar power and biogas sources

35.5% of our products sold feature fully recyclable Tetra Pak packaging

Our ethical approach to business is validated by the recognition we continue to receive from our customers and across the industry. In FY2023, we were proud to be the recipient of the Brand of the Year in the Dairy Products category of the World Branding Awards in London. Meanwhile, we also took home the Platinum Award in the Beverage – Dairy category of the Putra Brand Awards, marking the second consecutive year that we have been recognised as the nation's favourite dairy beverage brand as voted by consumers.

LEADING THE WAY IN ANIMAL WELFARE AND ENVIRONMENTAL STEWARDSHIP

Our dedication to integrity and responsibility extends to our focus on animal welfare and environmental protection, as we work towards achieving greater sustainability by minimising our carbon footprint and fostering a harmonious relationship with our surroundings.

Illustrating this commitment, we proudly hold the distinction of operating the first dairy farms in Asia to be Certified Humane® in the handling and raising of livestock. In tandem, we are collaborating closely with tertiary institutions and scientific research organisations to develop innovative solutions that further enhance the nourishment and welfare of our cows, providing the added benefit of improved milk quality and yield.

We also look after the well-being of our herd by undertaking development of our in vitro fertilisation (IVF) unit to complement our breeding unit and the development of the best tropical dairy cow breed. This strategy entails utilising the wealth of data from our herd management systems to select the top 5-10% of our herd genetics with high milk production, fertility, longevity and adaptability to the harsh tropical environment. The end goal is to optimise the genetic makeup of our Australian Friesian-Sahiwal and Holstein Jersey cow, propagating a superior gene pool locally. By enhancing their natural resilience to the heat and humidity stresses prevalent in Malaysia, where they are not native, we are significantly bolstering their long-term health and well-being.

As a leading agrifood company in Malaysia, we recognise equally the critical role we must play in environmental protection. To this end, since 2014, we have progressively expanded our use of regenerative agriculture practices across our farms, which contribute significantly towards protecting natural resources and minimising the impact of animal waste on our surroundings.

Building upon this, we have begun placing greater focus on increasing our use of clean and renewable energy. We are in the process of developing a biogas plant in the Muadzam Shah farm, expected to be operational by end of 2023, which will utilise cow manure to produce biofuel, contributing to a substantial reduction of 9,800

Chairman's Statement

tonnes of carbon dioxide emissions annually and displacing or reducing diesel usage by 670,000 litres per year. Simultaneously, we are constructing our third rooftop solar power plant in Taiping.

In our consideration of the environment, we also recognise the importance of adopting packaging solutions that contribute to the circular economy. One of our key initiatives in this regard is increasing our use of fully recyclable Tetra Pak packaging, which now accounts for 35.5% of our product sales, equivalent to RM209.9 million in revenue. Additionally, we are expanding our innovative Milk on Tap programme, which enables customers to purchase our fresh milk in reusable glass bottles, thereby minimising our waste footprint.

EMPOWERING PEOPLE AND COMMUNITIES

Since our inception, creating shared value with the communities we serve has been at the core of our mission. Illustrating this, the adoption of 'local-first' policies across our operations ensures we provide abundant employment opportunities to locals, with 83.5% of our total workforce currently comprising of local staff and 72% recruited from rural and underserved communities.

Our home dealer network, the first of its kind in Malaysia, further exemplifies our dedication to fostering economic opportunities in rural communities. Through this initiative, we have provided micro-entrepreneurs – especially women (who make up 80% of our network) – with valuable income-generating prospects. With 55 stockists, 801 home dealers and 952 agents currently in our network, we have helped them earn a gross income of RM45.4 million in the past year. Their direct sales, as well as their distribution support for our School Milk Programme, have contributed towards 29% of our annual revenue. This flourishing network not only strengthens local economies but also plays an important role in increasing the accessibility of our products to the far reaches of the country.

We have also remained steadfast in supporting the partner-farmers who supply us with fresh milk. In FY2023, we not only enabled them to earn RM1.7 million but also continued to share our knowledge of regenerative agriculture and responsible farming practices, empowering them to enhance the competitiveness of their businesses and the Malaysian agricultural sector as a whole.

Meanwhile, our commitment to youth nutrition continued to thrive in FY2023, primarily through our new School Milk Programme, which is a collaboration with the Ministry of Education. Following our successful delivery of over 62 million packs of school milk in FY2023, we are thrilled to have been re-engaged by the Ministry for the subsequent phase of the project, which will also include the establishment of community centres to impart knowledge about nutrition and foster healthy lifestyle habits among the youth.

Our dedication to empowering Malaysia's youth is further demonstrated by the Farm Fresh Scholarship Programme, which supports high-performing Orang Asli students throughout their academic journey. By providing financial assistance and guaranteed employment for graduates who meet our performance standards, we are fostering a brighter future for these individuals. In FY2023, a total of RM30,000 was disbursed to this impactful programme, helping a total of 20 indigenous students.

STRENGTHENING OUR GOVERNANCE AND INTERNAL CAPABILITIES

Upholding the highest standards of governance and business conduct remains vital in our efforts to achieve continued progress towards our sustainability, growth and operational objectives. Our esteemed and diverse Board of Directors sets a strong example in this regard, demonstrating unquestionable commitment with their remarkable 100% attendance at all meetings, where they lend their collective wealth of experience and expertise to shape our strategies and safeguard the interests of our valued stakeholders.

Building upon the strong foundation we laid last year via the introduction of key policies and codes, such as the Code of Conduct and Business Ethics, Conflict of Interest Policy, Ethical Trading Policy and Whistle Blowing Policy, we further strengthened our governance framework during FY2023 with the introduction of an Investor Relations Policy, which will enhance our transparency and engagement with the investment community.

Further to this, we organised a Board retreat in May 2023 that focused on aligning our ESG (Environmental, Social, and Governance) practices with our vision, mission and shared values. Guided by a robust and cohesive framework, our leadership is empowered to embed the principles of sustainability across all levels of the organisation and inculcate responsible practices within our day-to-day operations.

During FY2023, we also moved ahead with plans to reward and empower our workforce with the launch of our Employee Share Option Scheme (ESOS). A total of 22,318,000 ESOS options have been accepted by eligible employees at an attractive price of RM1.35 per option. This initiative not only allows our dedicated team members to share in our growth and prosperity but also enhances our ability to attract and retain top talent.

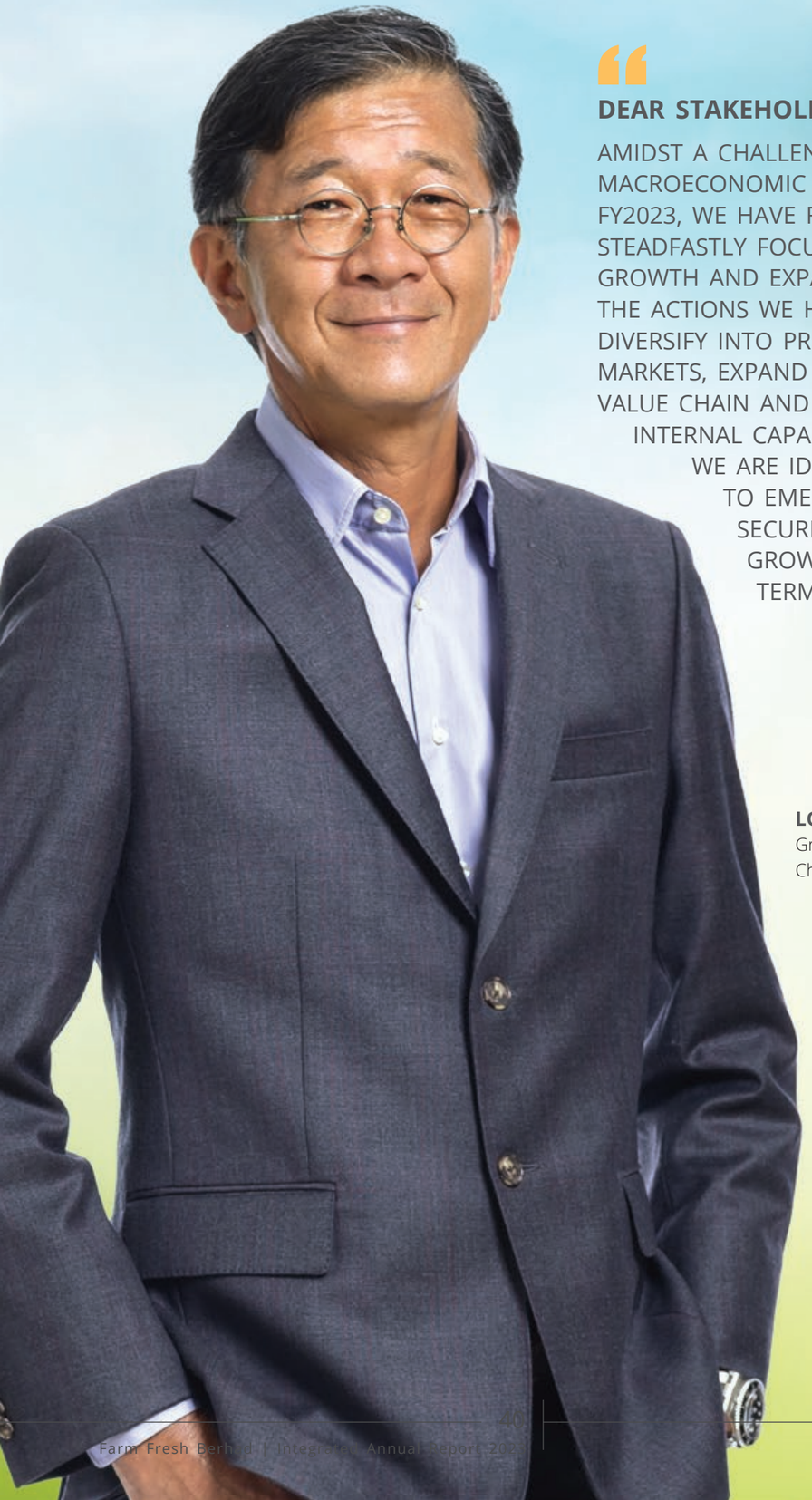
As we continue on our still-nascent journey as a listed company, these efforts to create stronger governance measures and encourage employee development stand us in good stead to achieve our long-term value creation ambitions.

ACKNOWLEDGEMENTS

On behalf of Farm Fresh Berhad, I would like extend my deepest gratitude and appreciation to our exceptional workforce, whose loyalty and dedication have been instrumental in driving our continued success. Led by the visionary guidance of our Founder, Group Managing Director and Group Chief Executive Officer, Loi Tuan Ee, our team has consistently demonstrated their commitment to achieving our goals and delivering excellence in everything they do.

I would also like to extend our heartfelt appreciation to our valued partners, including our suppliers, distributors and government authorities. It is through their collaborative efforts and unwavering support that we are able to fulfil our promise to our consumers as a trusted homegrown dairy company.

I look forward to breaking new ground on our ongoing evolution while remaining steadfastly focused on sustainability, integrity and customer centrism at every turn. Together, we hold the potential to build a prosperous future for Farm Fresh Berhad and maximise the positive impact we generate for our stakeholders, local communities and the environment.



DEAR STAKEHOLDERS,

AMIDST A CHALLENGING MACROECONOMIC ENVIRONMENT IN FY2023, WE HAVE REMAINED STEADFASTLY FOCUSED ON OUR GROWTH AND EXPANSION AMBITIONS. THE ACTIONS WE HAVE TAKEN TO DIVERSIFY INTO PREVIOUSLY UNTAPPED MARKETS, EXPAND ACROSS THE DAIRY VALUE CHAIN AND ENHANCE OUR INTERNAL CAPABILITIES MEAN THAT WE ARE IDEALLY POSITIONED TO EMERGE STRONGLY AND SECURE SUSTAINABLE GROWTH OVER THE LONG TERM.

LOI TUAN EE
Group Managing Director and
Chief Executive Officer

Group Chief Executive Officer's Statement

FY2023 was undoubtedly a year filled with challenges for Farm Fresh. Soaring price levels of food commodities and other input costs, which has reached unprecedented levels post the Russian-Ukraine conflict, have put a strain on our operations and significantly impacted our overall profitability. However, these challenges did not deter us from executing various expansion and diversification strategies to build a strong foundation for our future growth.

These efforts included the development of new products, which allowed us to venture into new dairy market subsectors and capture new consumer segments. We also pursued strategic acquisitions that bolstered our presence across the dairy value chain and in adjacent product categories, fortifying our position in the industry. As a result, we now stand in a strong position to grow sustainability when conditions normalise.

In the following statement, I shall outline the forward thinking moves we have made this year and how they are paving the way for us to become a regional dairy player in the near-to-mid-term future.

FY2023 GROUP REVENUE **RM629.7** MILLION ↑ 25.5%

FY2023 PROFIT BEFORE TAX **RM52.2** MILLION ↓ 20.6%

A RESILIENT FINANCIAL PERFORMANCE

Driven by increased sales volume for our chilled and ambient product categories, along with contributions from new product launches, we recorded a 26% increase in our annual revenue during FY2023, from RM501.9 million to RM629.7 million.

Our Profit Before Tax, however, contracted by 21% from RM65.7 million to RM52.2 million, as a variety of external factors colluded to compress our profit margins. A key factor was the escalating costs of dairy raw materials, particularly for whole milk powder and raw milk powder.

The whole milk powder prices spiked to record highs, i.e. around USD4,800 USD per metric tonne compared to the prices of around USD3,500 – USD3,800 per metric tonne before the onset of the Ukraine-Russian conflict, and the farmgate milk prices for the season from July 2022 to June 2023 also increased significantly by 29%.

In addition, we had to contend with higher labour costs, unfavourable foreign currency fluctuations and capacity constraints for portion packs within the ambient category due to growth in our sales under the School Milk Programme.

We are cognisant of the impact of a severe price hike to our consumers, and hence have limited price increases to our chilled ready-to-drink (RTD) range, with 5% and 10% increments in Malaysia and Singapore respectively affected during FY2023.

We remain confident of leveraging our market-leading position and carefully crafted expansion strategies to maintain a strong trajectory of growth as we capitalise on various opportunities to meet escalating demand for dairy and plant-based products in Malaysia and beyond.

Group Chief Executive Officer's Statement

INNOVATING OUR PRODUCT PORTFOLIO

In laying the groundwork for future value creation, we have successfully launched several new products and brands, thereby expanding our portfolio of products to widen our customer base and enabling us to more effectively meet the evolving needs of consumers.

The introduction of Farm Fresh Grow in FY2023 marked a significant milestone for us, opening up an exciting growth opportunity in the children's growing up milk segment. This product range focuses purely on providing pure cow's milk fortified with essential vitamins and nutrients that children need for their healthy development, without any preservatives, artificial flavouring, vegetable oil, calcium carbonate (from limestone) and, most importantly, hidden sugar in the form of maltodextrin. This stands in stark contrast to the practices of many players in the segment, providing us with a key competitive advantage by having an honest product for our future generation.

Bolstered by our reputation as a provider of honest and wholesome products, we have witnessed a positive market response since the launch of Farm Fresh Grow in October 2022. Moving forward, we plan to capitalise on this demand by ramping up production and distribution, in addition to launching a powder variant of Farm Fresh Grow, made with pure dairy whole milk powder, by end-2023.

As part of our strategy to reach a wider cross-section of Malaysians, we also launched a new range of UHT products made from pure whole milk powder under the Yarra by Farm Fresh brand in late 2022. Positioned at a lower price point to cater to price sensitive consumers in the lower-to-middle-income bracket, Yarra by Farm Fresh has received positive response from the market thus far. With the market share of this category valued at more than RM1.5 billion, and currently dominated by foreign multinational companies, we see great potential for revenue growth as we increase production capacity, introduce new variants and expand distribution for this product range.

Since its October 2022 launch, Jom Cha by Farm Fresh has expanded to

30 outlets as at 31 March 2023

A new powder variant of Farm Fresh Grow will be launched by end-2023

Voted Malaysia's favourite dairy beverage brand for the second year running at the Putra Brand Awards 2022

Expanding Across the **Dairy Value Chain**

Diversifying to Meet Evolving Consumer Needs

Innovating Honest and Nutritious Milk to Nourish the Next Generation

Meanwhile, the successful launch of Jom Cha by Farm Fresh in FY2023 has further strengthened our position in the downstream segment of the dairy value chain. This strategic expansion into the retail beverage sector – under which we offer bubble tea, soft-serve yoghurt and other milk tea products – capitalises on our internal supply of dairy and plant-based products to cater to the strong demand for bubble tea and milk-based beverages in Malaysia. It also serves as a valuable platform to promote our growing range of products amongst the general public.

Since its introduction in October 2022, Jom Cha by Farm Fresh has achieved rapid growth, with the number of outlets growing to 30 as at 31 March 2023. Among these outlets, 16 are owned by the Group, three are operated by licensees and 11 have been established by home dealers within our network. Moving forward, we are committed to enhancing our operational efficiencies and ensuring a consistent supply chain to support additional expansion.

We are delighted to see that our commitment to consumer satisfaction and well-being continues to be recognised. At the Putra Brand Awards 2022, we were honoured to receive our second consecutive Platinum Award in the Beverage – Dairy category. This achievement is particularly significant as we emerged victorious among other well-established brands in the same category. What makes this recognition even more special is that the award is determined by consumers' votes, serving as a heartwarming validation of our unwavering dedication to place the needs and desires of our customers above all else.

Group Chief Executive Officer's Statement

STRATEGIC DIVERSIFICATION THROUGH ACQUISITIONS

In addition to launching new product varieties, we are positioning ourselves for sustainable value creation by moving into related markets where we see strong growth in future demand.

We have long seen great potential within the Malaysian ice cream market, which recorded a substantial market size of over RM1.1 billion in 2021 combined with a projected CAGR of 4%. Despite being dominated by multinational brands, we believe our position as Malaysia's leading homegrown dairy brand uniquely positions us to disrupt the market and establish ourselves as the national champion in this category.

The acquisition of a 65% majority stake in the Inside Scoop ice cream brand in FY2023 places us ideally to achieve this ambition. Renowned for its use of pure and fresh ingredients, Inside Scoop aligns perfectly with our commitment to delivering high quality artisanal ice-cream products and unlocks potentially lucrative growth opportunities in both the retail and consumer packaged goods (CPG) ice cream markets.

To this end, we are now targeting to launch one new Inside Scoop outlet a month, which will result in Inside Scoop doubling its outlet count in 3 years' time. Concurrently, we have commenced investments in a CPG ice cream line at Inside Scoop's existing plant in Ara Damansara, with the aim of leveraging our existing resources and infrastructure, combined with the strong reputation of Inside Scoop and the expertise of its founders, to introduce CPG ice cream under the brand by end-2023.

Another deal completed in FY2023 is our 90% acquisition of St David Dairy, a premium dairy company based in the vibrant urban hub of Fitzroy in Melbourne. The acquisition provides us with access to the brand's well-established client base, which includes Melbourne's leading cafés, restaurants, and retailers, along with their range of award winning fresh milk and cultured butter. This will in turn unlock synergies by enabling us to utilise the capacity of our Australia-based processing facilities and expand our product portfolio.

Most notably, the acquisition has opened up a new avenue for us to begin producing premium cultured butter to be exported to various markets in the Asia-Pacific region.

RAMPING UP INTERNAL CAPACITIES AND CAPABILITIES

With our market share and product portfolio growing significantly over the past few years, constraints in our production capacity have become a major hurdle to achieving our business objectives. To address this, we undertook several capacity expansion initiatives in FY2023.

In Malaysia, we have commenced operations at our Taiping facility in June 2023, equipping us to meet escalating demand for fresh milk in the northern region of Peninsular Malaysia. We have also installed a third UHT processing line at our Muadzam Shah facility in April, effectively increasing throughput and enabling all seven of our production, filling and packaging lines to operate concurrently.

Furthermore, we are in the midst of installing an additional Tetra Pak UHT processing line to be commissioned in August 2023 with 10,000 litres capacity per hour, and an additional one-litre family pack line to be commissioned in September 2023 at our Muadzam Shah facility. The additional line will boost production to meet the increasing demand from both the increase in our Yarra by Farm Fresh range and growth in the HORECA segment, which has grown considerably post-pandemic, coupled with the higher recruitment of customers from major café and hotel chains.

Our longer-term capacity expansion plans have also progressed well during FY2023 as we successfully acquired industrial land at Bandar Enstek to bring our vision of our own transformative Central Region manufacturing hub to reality. Upon its anticipated completion in end-2024, this new manufacturing hub will redefine industry benchmarks and catapult our production and processing capabilities to new heights, solidifying our position as a national leader in the dairy industry. With no further space for expansion at our other processing facilities in Malaysia, the new hub will also play an important role in optimising our production of UHT dairy products and plant-based products, increasing our production capacity of CPG ice cream and utilising the production capacity to export to other markets in the Asia-Pacific region.

On this note, our expansion aspirations in the Philippines are close to fruition as we are in the process of completing our production facility in San Simon, which is about one hour away from metro Manila, and are on track to commence the local sale of dairy products in the fourth quarter of 2023.

Supporting our expansion plans, we have also undertaken concerted human capital investments. Our efforts included the recruitment of senior experts within our manufacturing plants, bringing valuable industry experience to improve efficiency, minimise downtime and uphold the highest standards of product quality. In the sales and marketing department, meanwhile, we have strengthened the team with very experienced executives, which will have a substantial impact on improving our sales distribution coverage and fulfilment in modern trade, general trade and with our HORECA customers, leading to better penetration, sales and customer satisfaction.

Group Chief Executive Officer's Statement

DELIVERING SHARED VALUE

While we aggressively pursue our expansion and growth plans, we remain an organisation that is committed to generating shared value for communities, people and the environment in everything we do.

One of the best examples reflecting this ethos is our home dealer programme, which currently consists of 55 stockists, 801 home dealers and 952 agents, many of which are micro-entrepreneurs from rural areas across Malaysia. We continue to contribute meaningfully to their social and economic advancement, helping them earn a total of RM45.4 million in FY2023. We have also provided our network partners with the opportunity to open small Jom Cha by Farm Fresh cafés on their existing premises, unlocking an income stream to further improve their livelihoods.

The promotion of healthy consumption practices is another area of focus in our sustainability agenda. During the past year, we collaborated with the Ministry of Education on the School Milk Programme, distributing over 62 million school milk packets to schoolchildren between April 2022 and March 2023. Our successful contribution has been rewarded with a new contract to deliver a further 70 million packs in the next phase of the programme.

On this note, we have also collaborated with SejutaKG in the The Weigh-In Campaign, Malaysia's 1st Weight Awareness Movement. As part of our participation, we have pledged to donate RM50,000 to feed deserving children 1 wholesome meal a day in school for a whole school term if Malaysia can collectively contribute to the 1,000,000kg counter. This campaign enabled us to be positioned as a brand that shares the same values towards a healthier nation and to educate the goodness of Farm Fresh milk, inspiring healthy micro-habits adoption towards a positive lifestyle change amongst participants.

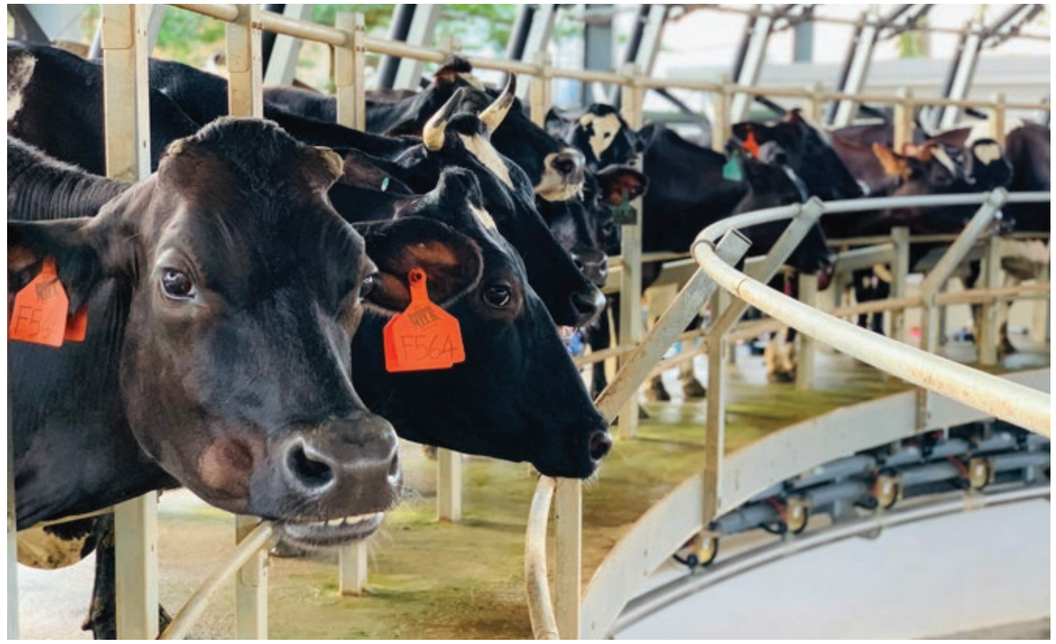
On the environmental front, we are building upon the success of our regenerative agriculture practices at our Muadzam Shah farm with the construction of an on-site biogas facility, which we expect to be operational by 2023. We have engaged Green Lagoon Technologies Sdn Bhd to construct the biogas plant, which will utilise the manure produced by our herd to generate biofuel, thereby reducing our reliance on fossil fuel. As a result, we expect the facility to contribute to the reduction of approximately 9,800 tons of carbon dioxide (tCO_2) emissions and displace the usage of approximately 670,000 litres of diesel fuel per year.

Encouraged by these potential positive outcomes, we will initiate a similar biogas project at our Taiping farm. Simultaneously, our Taiping processing facility has commenced activities for the installation of our third rooftop solar photovoltaic system with a capacity of 525.03 kWp, with our Muadzam Shah and Larkin rooftop solar projects already contributing a combined total of 1,714.09 kWp towards our energy needs. These renewable energy initiatives go a long way in our ongoing climate action journey.

I would also like to highlight our Milk on Tap initiative, which pioneered fresh milk sold in reusable glass bottles beginning in September 2022 in collaboration with Jaya Grocer. This trailblazing move will provide impetus to inculcate the habit of recycling among consumers. With five Milk on Tap stations currently in operation, we are able to save 30,000 plastic bottles a month, and are set to commence operations at a further three locations in the second half of 2023.

These wide-ranging efforts across the sustainability spectrum, specifically the regenerative agriculture practices at our farms, have culminated in Farm Fresh Berhad being recognised as one of the top 25 inspirational companies in the Asia-Pacific region with the prestigious Steward Leadership 25 accolade. Awarded by a joint committee from the Stewardship Asia Centre, INSEAD Hoffmann Global Institute for Business and Society, WTW and The Straits Times, this award validates our commitment to maintaining sustainable business practices and reinforces our dedication to making a positive impact on society and the environment.

We have also forged ahead with our efforts to develop our future Malaysian generation, with the recent launch in June 2023 of our Multidimensional Human Capital Development Programme to support hardcore poor



students covering aspects of education, nutrition and standard of living. Farm Fresh is committing to invest more than RM1 million in setting up ten Special Community Centres in locations that have prevalent hardcore poor students, with one already set up in the Sentul area in Kuala Lumpur. Currently, 60 students are benefiting from the programme, getting extra classes, tuition, religious classes, motivational sessions, as well as being supplemented with nutritional meals that include milk from Farm Fresh.

MOVING FORWARD & ACKNOWLEDGEMENTS

Taken as a whole, FY2023 has been an important year on our journey, marked by the achievement of several critical milestones. Fresh off our IPO, we executed on the majority of our planned initiatives – diversifying our presence, launching innovative new products and strengthening our internal capacity and capabilities. As a result, in spite of the significant macro-level challenges we faced which resulted in lower profitability, the category expansion and channel expansion strategies that we executed have placed us in good stead for our long-term growth.

For their continued support and contributions, I would like to express my profound gratitude to our dedicated and hardworking employees. I am incredibly proud of our team and the contributions they have made to the Group's growth and resilience.

I am also deeply grateful to our esteemed shareholders for their trust and confidence in us, as well as to our valued customers for continuing to support and champion our homegrown aspirations. My sincere appreciation also goes to our diverse business partners for their innovative and collaborative efforts, which have played a vital role in helping us achieve our objectives.

We will remain focused on bringing our plans to fruition, meeting the expectations of our shareholders and taking strides towards our goal of becoming a successful regional dairy player, all while prioritising honesty and transparency so we can continue to "do well by doing good".

LOI TUAN EE
Group Managing Director & Chief Executive Officer

Value Creation at Farm Fresh

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Our Approach to Value Creation

Our integrated value creation framework enables us to respond effectively to trends and risks that are prevalent across the dairy value chain and which may impact our operations and profitability. This approach empowers us to navigate challenges and seize opportunities in a way that maximises the shared and sustainable value we generate for our business and stakeholders, while aligning our efforts with our sustainability agenda.

ASSESS	FORMULATE	IMPLEMENT
1. Our Operating Landscape 2. Stakeholder Engagement 3. Material Matters 4. Key Risks and Mitigation	5. Our Strategic Priorities 6. Allocating our Resources	7. Value Creation 8. Integrating Sustainability

01 Our Operating Landscape

Page 62-65

We conduct a thorough analysis of global, local and industry-level trends to assess the external factors that can potentially influence our business processes, strategies and our ability to create value in the short, medium and long-term.

02 Stakeholder Engagement

Page 56-59

By consistently engaging with our stakeholders on pertinent matters, we strengthen our understanding of their expectations and aspirations, allowing us to align our strategies and actions accordingly.

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

03 Material Matters

Page 69-73

Taking our market research and feedback from stakeholders into account, we identify the material matters that have the greatest potential to impact our competitiveness, reputation and ability to generate shared value. These identified matters guide our focus when formulating business and sustainability strategies.

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

04 Key Risks and Mitigation

Page 66-68

With the guidance of our Risk Management framework, we systematically identify and assess key risks that are relevant to our business operations, evaluating both the likelihood and potential impact of these risks.

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

05 Our Strategic Priorities

Page 74-75

Our strategic priorities revolve around three key pillars that we consider essential to our long-term journey of value creation. They describe the fundamental importance we place on strategic and persistent expansion, innovation and diversification across the dairy value chain, and enhancing our reputation as a responsible corporate entity.

- Expansion
- Innovation
- Reputation

06 Allocating our Resources

Page 52-53

Our strategies are carefully formulated to optimise the efficient utilisation of our resources across the six capitals.

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

07 Value Creation

Page 54-55

The value we generate extends beyond financial results, encompassing the dividends we provide to shareholders, our positive impact on communities and national economies, the employment opportunities we create, as well as our investments in social and environmental initiatives.

08 Integrating Sustainability

Page 138-168

Sustainability serves as the foundation that unifies all aspects of our value creation process. It guides our engagement with stakeholders, shapes our risk assessments and influences the formulation of our strategies. By integrating sustainability into every component of our operations, we are better positioned to generate shared value for our stakeholders, communities and the planet.

Our Key Resources

The effective utilisation of our resources is fundamental to our ability to generate value for all stakeholders. These resources can be classified into the six capitals: Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural.

Financial Capital

Supported by our continuing profits and diligent oversight of utilisation of our funds, we are able to tap into our internal funds, or tap into both debt and equity capital markets to support our operations and execute our expansion ambitions. By strategically managing our financial resources, we aim to maintain fiscal resilience and navigate any market fluctuations or macroeconomic risks that may arise.

FY2023 highlights

- Revenue: RM629.7 million (FY2022 – RM501.9 million)
- Cash and Cash Equivalents: RM23.0 million (FY2022: RM28.1 million)
- Gearing Ratio: 0.55 times (FY2022: 0.48 times)

Manufactured Capital

We are consistently expanding the assets and resources that form the foundation of our operations, including our farms and processing facilities, our fully vertically integrated presence across the dairy supply chain, farm and milk processing equipment, as well as our established animal health and welfare practices.

FY2023 highlights

- 93.5 million litres of finished goods sold
- 298 acres of new land acquired
- Increased our production capacity by 24 million litres of finished dairy goods and added cultured butter production with the acquisition of St David Dairy

Intellectual Capital

By nurturing and leveraging our intellectual capital, including the skills and experience of our people, our access to key cattle gene banks and our systematic farm management and milk processing practices, we are empowered to drive innovation and maintain a competitive edge. This enables us to sustainably deliver high-quality products and exceptional value to our customers and stakeholders.

FY2023 highlights

- 25 new products commercialised
- Picked up three prestigious awards in FY2023, such as Putra Brand Awards, World Branding Awards and Steward Leadership 25
- All our completed Malaysian farms have been Certified Humane® by the Humane Farm Animal Care ("HFAC")

Human Capital

Our diverse workforce, led by our founder and an experienced senior management team, is the cornerstone of our organisation's success. We prioritise local hires and place emphasis on occupational health and safety while fostering a culture of continuous learning. With their skills, expertise and dedication, our employees drive innovation, operational excellence and customer satisfaction, ensuring our position as a leader in the dairy industry.

FY2023 highlights

- A diverse workforce of 992 employees across two continents
- 72% of employees are hired from local communities
- 100% of our employees are covered by our Safety Management System and our Safety, Health and Environmental Policy
- Zero work-related fatalities and serious injuries were recorded in FY2023

Social and Relationship Capital

Leveraging our long and robust track record of contributing to the betterment of local communities, we continue to forge strong collaborative relationships with government bodies, working together on initiatives that promote health and nutrition with a special focus on youth. Additionally, through our home dealer network, we have developed mutually beneficial relationships with stockists, dealers and agents, while we also support a satellite network of partner-farmers from whom we purchase milk.

FY2023 highlights

- RM45.4 million in gross income earned by stockists and dealers under our home dealer network (FY2022: RM46.5 million)
- RM1.7 million in income was generated for our partner-farmers
- More than 62 million packs of school milk were delivered to about 3,400 schools under the School Milk Programme

Natural Capital

Following our first carbon emissions inventory for the calendar year 2020, we have continued to enhance our waste, water and energy practices to improve our stewardship of the environment. Our efforts are driven by the adoption of sustainable farming practices that minimise waste discharge, rainwater harvesting and tube well pumping for reduced municipal water usage, the increasing use of renewable energy and the expansion of our use of sustainably sourced and recyclable packaging. We have also undertaken a second independent carbon footprint inventory exercise for the calendar year 2022 to self-check and assess the progress that we have made over the years.

FY2023 highlights

- 88.3 million kg of solid waste recycled and removed from waste discharge
- 35.5% of turnover from products using fully recyclable, sustainably sourced packaging
- 500.5 million megalitres of municipal water saved through rainwater harvesting and tube well pumping
- 1,748,730 kg of chemical fertiliser removed from our cycle

Our Value Creating Business Model

Through detailed engagements with our stakeholders and in-depth analysis of risks and industry trends, we gain a clear focus on the matters that are most material to our success. This is illustrated through our value creation business model, which shows the interconnectedness of our strategies and the impact we seek to generate for our stakeholders, industry and the nation.

KEY INPUTS

FINANCIAL CAPITAL
- Market capitalisation: RM2.79 billion
- Total assets: RM1.06 billion
- Low gearing ratio: 0.55 times

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
- Five well-established and reputable brands
- Home dealer network spanning 55 stockists, 801 home dealers and 952 agents
- Access to insights through our home dealer network

HUMAN CAPITAL
- 992 employees across the Group
- 72% of employees hired from local communities
- Effective occupational health and safety practices
- Founder-led senior management team with 34 years of industry experience

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

STRATEGIC CONSIDERATIONS

UPSTREAM (FARMING)

MIDSTREAM (MANUFACTURING)

DOWNSTREAM (DISTRIBUTION)

MEGATRENDS
- Consumer Well-being
- Climate Change
- Digitalisation & Industry 4.0
- Global Economic Uncertainly

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

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

OUTCOMES

FINANCIAL CAPITAL
- Revenue: RM629.7 million
- Profit Before Tax: RM52.2 million
- Earnings Per Share: 2.69 sen
- Shareholders' Equity: RM635.9 million
- Cash and cash equivalents: RM23.0 million

MANUFACTURED CAPITAL
- 93.5 million litres of finished goods sold
- 298 acres of new land acquired and 347 acres of land disposed
- Increased our production capacity by 24 million litres of finished goods
- Added new product line in the form of cultured butter with the acquisition of St David Dairy in Australia

INTELLECTUAL CAPITAL
- 25 new products commercialised
- Two consecutive Platinum Awards in the Dairy Beverage category of the Putra Brand Awards
- Brand of the Year award in the Dairy Products category of the 2022-2023 World Branding Awards
- One of 25 Asia-Pacific companies to be recognised in Steward Leadership 25 list curated by Stewardship Asia Centre, INSEAD Hoffmann Global Institute for Business and Society, WTW and The Straits Times

HUMAN CAPITAL
- RM62.5 million distributed for 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
- RM1.7 million in income generated for local farmers
- RM45.4 million in gross income earned by stockists and dealers under our home dealer network
- RM107.3 million in revenue contributed by direct sales from our home dealer network
- Over 62 million packets of school milk distributed to students from approximately 3,400 schools under School Milk Programme with the Ministry of Education
- Distribution support from our home dealer network contributed to RM73.3 million in revenue from the School Milk Programme

NATURAL CAPITAL
- 336.7 million litres of Farm Dairy Effluent (FDE) recycled and removed from waste discharge
- 88.3 million kg of solid waste recycled and removed from waste discharge
- 35.5% of turnover from products using fully recycle, sustainably sourced packaging
- 500.5 megalitres of municipal water saved through rainwater harvesting and tube well pumping
- 1,748,730 kg of chemical fertiliser removed from our cycle

Stakeholder Engagement

We actively engage with our stakeholders in a transparent and open manner to gain valuable insights into the impacts of our business and to better understand their expectations. These engagements play a vital role in our materiality determination process, which in turn influences our product development and investment strategies.

Consumers

Quality of Engagement :

How We Engage

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

Key Concerns

- The health, nutritional value and safety of our products
- The availability of products that cater to their dietary restrictions and preferences
- Our social and environmental responsibility as an organisation

How We Address Their Expectations

- Being the most honest dairy company that places consumer well-being above all else
- 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, and new products such as our growing up milk, affordable dairy products under Yarra by Farm Fresh and our upcoming consumer packaged ice cream.
- Ensuring all our production facilities continue to adhere to GMP and HACCP food safety and quality principles
- Investing consistently in community and environmental initiatives

Distributors

Quality of Engagement :

How We Engage

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

Key Concerns

To large format & on-trade retailers:
- Full and updated information on our products
- Clarity on distribution area and product resale price

To stockists and dealers under our home dealer network:
- Full and updated information on our products
- Clarity on distribution area and product resale price
- Support in business development and sales

How We Address Their Expectations

- Invoking clear and open communication on products, resale prices and distributor regulations
- Penetrating the rural school and canteen market, which has opened new sales opportunities within our home dealer network

Employees

Quality of Engagement :

How We Engage

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

Key Concerns

- A safe and respectful working 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

How We Address Their Expectations

- Employing clear and open methods to handle employee complaints and concerns
- Providing them with our Code of Conduct and Business Ethics and our Whistle Blowing Policies, with the use of an external party to operate an independent hotline that ensures confidentiality and provides additional confidence to parties who wish to lodge a report
- Supplying training courses that deliver job role-specific knowledge and professional development
- Rewarding performance and nurturing loyalty through our Employee Share Option Scheme (ESOS)
- Maintaining high standards in occupational health and safety

Governments & Regulators

Quality of Engagement :

How We Engage

- 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

- 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

How We Address Their Expectations

- Maintaining 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 delivered via collaboration with government departments
- Continuing to support local communities through preferential hiring of locals
- Supporting the Malaysian economy through income taxes and foreign currency contributions
- Participating in nutrition programmes in collaboration with the Ministry of Education

Stakeholder Engagement

Investors & Shareholders

Quality of Engagement :

How We Engage

- 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

Key Concerns

- Delivering sustainable and profitable long-term growth
- Safeguarding against any reputational damage from non-compliance, food safety issues and other issues

How We Address Their Expectations

- Upholding our responsibilities as described within our Investor Relations Policy
- Disclosing our performance in a timely and transparent manner
- Maintaining open dialogue with major investors via one-on-one meetings
- Maintaining high governance standards and stringent internal controls
- Continuing to invest in community and environmental initiatives

Local Communities

Quality of Engagement :

How We Engage

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

Key Concerns

- 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

How We Address Their Expectations

- Creating job opportunities in rural areas near our farms and processing facilities, with hiring preference given to locals, including indigenous populations
- Providing income-generation opportunities to micro-entrepreneurs through our home dealer network
- 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 communities through the Farm Fresh Scholarship Programme
- Holistically supporting the education, nutrition and living standards of hardcore poor students via the establishment of new community centres as part of our newly launched Multidimensional Human Capital Development Programme
- Practicing sustainable farming that minimises waste discharge from our farms

Suppliers

Quality of Engagement :

How We Engage

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

Key Concerns

- Maintaining a fair and robust procurement system
- Maintaining a robust approach to anti-bribery and anti-corruption
- Supporting the local Malaysian business ecosystem

How We Address Their Expectations

- Our comprehensive Code of Conduct and Business Ethics and Whistle Blowing Policy
- Maintaining a policy of hiring local suppliers wherever possible

Management Discussion and Analysis

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HIGHLIGHTS:

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Market Landscape – Key Market Trends

In our commitment to drive sustained value creation, we thoroughly analyse and evaluate all market factors and developments that hold the potential to shape our operations. The strategies we craft to address these global megatrends and respond to the shifting industry landscape play a vital role in safeguarding the sustainability and performance of our business.

Macroeconomic Challenges

Description

While the latest trends in the International Monetary Fund (IMF)'s Global Uncertainty Index indicate that uncertainty due to factors such as the COVID-19 pandemic and international trade tensions have contracted compared to last year, the Russia-Ukraine conflict remains the dominant contributor for global economic insecurity[1]. The ongoing war is likely to continue to cause volatility in commodities, materials and logistics costs.

Meanwhile, the World Bank recently softened its stance on impending global recession, but forecasted global GDP growth of just 2.1% in 2023, well below the 3.1% in global growth recorded last year. Despite this, we believe the expected continued growth in demand for dairy products in Southeast Asia, coupled with expected higher economic growth overall in Southeast Asia than the global average provides optimism for our expansion plans.

In Australia, strong domestic demand for milk products, combined with limited Australia milk pool has resulted in Australia farmgate prices to continue to remain elevated.

OUR RESPONSE

- Given the long-term nature of the headwinds and to counter the excessive impact of the input cost increases, we have increased our prices by an average of 5% in both August 2022 and July 2023 for our chilled products in Malaysia, on top of a 10% price increase in Singapore in August 2022
- To counter the elevated Australia farmgate prices, we have already started to vary our milk mix by expanding further our farm capacities in both Malaysia and Australia
- We closely monitor prices and stock levels to enable us to pre-emptively manage against supply and demand volatility
- We are hedging our costs by locking in prices for our ingredients upfront for future deliveries as well as entering into forward contracts to hedge our foreign currency exposure

Key Stakeholders | **Material Matters** | **Capitals**

1. *https://www.imf.org/en/Blogs/Articles/2023/01/26/global-economic-uncertainty-remains-elevated-weighing-on-growth*

Transition to a Low-Carbon Economy

Description

The latest May 2023 update released by the World Meteorological Organization (WMO) has indicated that global temperatures will surge to record highs in the next five years, with a high chance of at least one year exceeding the 1.5°C above pre-industrial levels that was specified in the Paris Agreement[2].

Given our reliance on resources and land, the dairy industry significantly contributes to global emissions, whether through methane released from cows, nitrous oxide from fertilisers, carbon dioxide from tillage or the use of fossil fuels for farming and processing.

We have thus elevated the minimisation of our environmental impact as a key priority in order to promote sustainability within our industry, meet the expectations of our customers and stakeholders, and enhance the long-term potential of our business.

OUR RESPONSE

- After undertaking our first independent carbon footprint exercise for the year 2020 and taking steps to reduce our carbon footprint, we have then undertaken a second independent carbon footprint inventory exercise to evaluate our performance for the calendar year 2022 and assess the progress that we have made over the years
- We have also started utilising renewable energy with the commencement of our solar PV projects at our Muadzam Shah and Larkin farms, and a new rooftop solar facility slated for launch at our Taiping processing facility in early 2024
- We are also on track to launch a new biogas plant at our Muadzam Shah by the end of 2023, with an additional biogas plant planned for our Taiping farm
- We continue to adopt regenerative agriculture practices across our farms to reduce our reliance on chemical fertilisers and curb methane emissions from animal waste, with a target of implementing regenerative agriculture practices across all our farms by 2024

Key Stakeholders | **Material Matters** | **Capitals**

2. *https://public.wmo.int/en/media/press-release/global-temperatures-set-reach-new-records-next-five-years*

Market Landscape - Key Market Trends

Health & Wellness

Description

In the realm of health and wellness, we are acutely aware of the pressing health challenges confronting the younger generation in Malaysia, as underscored by the 2019 National Health and Morbidity Survey[3] ("NHMS 2019"). Disturbingly, the prevalence of childhood obesity has surged from 6.1% in 2011 to an all-time high of 14.8% in 2019, surpassing rates in neighbouring countries like Thailand (7.8%), Vietnam (5%) and Indonesia (3.5%).

Furthermore, the NHMS 2019 reported that 21.8% of children in Malaysia are stunted, a concerning issue as it significantly impacts their future adult height, as pointed out by experts like Professor Dr Muhammad Yazid Jalaludin, a senior consultant paediatric endocrinologist at Universiti Malaya Medical Centre.

At the same time, findings from the South East Asian Nutrition Study (SEANUTS) has revealed that for urban children aged 7 to 12 years in six regions of Malaysia, 14.4% are overweight and 20.1% are obese.

The Ministry of Health is taking steps to address the issue and has implemented ten policies as of 2022 to improve national health, including measures like excise taxes on sugary beverages and restrictions on advertising unhealthy foods to children. Simultaneously, general health awareness continues to increase in the post-pandemic era, and informed consumers are beginning to seek healthier choices.

In tandem, we aspire to spearhead the mission of changing the nutritional landscape for children by launching and promoting a growing up milk that features pure cow's milk fortified with essential vitamins and nutrients crucial for children's healthy development, without any unnecessary ingredients such as hidden sugar that would only worsen the issue of obesity and malnutrition among Malaysian children.

OUR RESPONSE

- We will stay true to our mission of delivering a wide variety of nutritious dairy-based products, which are free from preservatives, artificial flavorings, colorings and foreign substances, as we cement our position as Malaysia's most trusted producer of dairy products
- Recognising the market demand, we successfully launched a growing up milk for children, that is fortified with nutrients and free from preservatives, artificial flavouring, sugar, maltodextrin and other unnecessary ingredients. We will continue to expand our penetration within this market with the launch of a powder variant by end-2023
- We launched two new plant-based products in FY2023, our Oat and Almond barista milk, and we will continue to introduce new products that meet the evolving needs and dietary restrictions of our consumers
- We aim to continually grow and expand our market share and product range in the yoghurt category to capitalise on growing consumer consumption of probiotic rich dairy products

Key Stakeholders **Material Matters** **Capitals**

3. https://iptk.moh.gov.my/images/technical_report/2020/4_Infographic_Booklet_NHMS_2019_-_English.pdf

Digitalisation & Industry 4.0

Description

As digital technology and its applications continue to evolve, it is reshaping the FMCG and dairy sectors and transforming the way goods are manufactured, marketed and consumed.

At the farm level, automation has emerged as a game-changer, reducing dependence on manual labour and delivering notable gains in time and cost efficiencies that ultimately benefits our financial performance. Moreover, the integration of data and analytics into farming practices empowers owners with valuable insights into weather patterns, crop conditions, animal health and other critical factors, enabling smarter decision-making processes.

Moving downstream, the widespread adoption of digital sales and marketing channels by FMCG companies has proven instrumental in streamlining distribution costs and connecting with a new generation of tech-savvy consumers. The acceleration of this digital shift during the COVID-19 pandemic further underscores its significance and potential as a key growth avenue for the future.

As we explore and implement relevant technologies that enhance our operations, we proactively address the risk posed by emerging technologies introduced by both new market entrants and existing players, securing our competitive edge in the industry.

OUR RESPONSE

- We have implemented Industry 4.0 technology, including automated milking stations and a modern palletising system, with plans to expand their use for increased efficiency and productivity
- To improve processing efficiency, we will continue to invest in advanced technology within our facilities to optimise production processes, reduce costs and enhance product quality

Key Stakeholders **Material Matters** **Capitals**

Key Risks and Mitigation

Due to the vertically integrated structure of our operations and their geographical diversity, we face various potential risks that can significantly impact our entire value chain. To address and minimise these risks, we employ a rigorous assessment and mitigation process, outlined below.

RISK RATING: Low | Moderate | High | Very Significant

RISK TREND: INCREASE | DECREASE | STABLE

1 PRODUCTION & SUPPLY CHAIN DISRUPTION

Improper handling of our products throughout various stages, from milking to bottling and transportation, as well as any deficiencies in our production processes, can result in a significant decline in product quality and even impact consumer health.

Link to Material Matters:

Capitals:

Mitigation Actions

- We provide all staff with comprehensive product familiarisation training to promote correct handling of products
- All staff, suppliers and third-party distributors undergo a food handling course twice a year
- Production machinery is regularly checked for defects and quality levels
- We align our processes with GMP and HACCP food safety and quality principles, which empower greater control of biological, chemical and physical hazards
- Our processes strictly adhere to the parameters of our internally-developed Farm Fresh Food Safety Management System

2 NON-COMPLIANCE WITH REGULATIONS

Given the public nature of our business and the substantial investments involved, any instances of non-compliance with regulations, be it related to product standards, labour practices, or environmental impact, can result in substantial financial losses and damage to our reputation.

Link to Material Matters:

Capitals:

Mitigation Actions

- Our Internal Audit & Risk department undertakes thorough and regular audits on our adherence to national regulations to ensure compliance
- We maintain active engagement with local, state and national authorities to ensure we remain apprised of any changes to regulations relevant to our business

3 FLUCTUATIONS IN RAW MATERIAL PRICES

Operating in a competitive marketplace and serving customers across different jurisdictions, we are susceptible to significant fluctuations in raw material prices, which can impact our ability to generate profits.

Link to Material Matters:

Capitals:

Mitigation Actions

- We continuously monitor prices and stock levels of raw materials to pre-emptively mitigate volatility in supply and demand
- We strategically optimise our procurement of animal feed, most notably by increasing our use of spent grain as the price of corn grain rose due to the Russia-Ukraine conflict
- Central procurement of raw materials helps us optimise our cost base, drive efficiency and achieve greater economies of scale

4 FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES

As a significant portion of our milk ingredients is sourced from Australia and the majority of our finished goods are sold in Malaysia, any notable fluctuations in the exchange rate between AUD and MYR can adversely affect our profitability.

Link to Material Matters:

Capitals:

Mitigation Actions

- We continuously monitor the AUD to MYR exchange rate to facilitate proactive planning
- We hedge our exposure to exchange rate fluctuations via forward contracts that lock in the purchase price for certain ingredients that we utilise

Key Risks and Mitigation

5 TECHNOLOGICAL RISK

In the dynamic dairy and plant-based markets, we face the possibility of new entrants leveraging advanced technology to gain a competitive edge in quality, cost efficiency or increased production capacity. This poses a potential risk to our market share.

As our business becomes increasingly digitised, cybersecurity also emerges as a critical concern. Our digital production systems and sales channels are vulnerable to cyber-attacks if not properly safeguarded.

Link to Material Matters:

Capitals:

Mitigation Actions

- Our dedicated IVF unit continually carries out research and development to achieve cow breeds with a higher productive capacity and resilience to our tropical climate
- We continually explore new and improved farm management and production methods in order to enhance product quality and operational efficiency
- We invest in improving the efficiency of our processing facilities, introducing new and advanced production lines and improving our existing lines
- All staff members are encouraged to attend training courses on cybersecurity and personal data protection
- Through collaboration with external experts, we conduct regular IT system health checks and security updates

6 BIOSECURITY

The effective and safe functioning of our farms relies on maintaining a healthy environment for the thousands of cows that inhabit them. Failure to effectively contain any infections may severely deplete our resources and affect product quality and safety. In turn, this can impact our bottom line and reputation.

Link to Material Matters:

Capitals:

Mitigation Actions

- Strict herd biosecurity measures are 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 signifies our upholding of good agricultural practices for livestock
- We have appointed a qualified team comprising veterinarians, as well as animal science and husbandry graduates, to oversee such measures and assume primary responsibility for the health of our herd
- We administer regular vaccinations on our herd, especially scheduled Foot Mouth Disease (FMD) inoculations

Material Matters

Our material matters are the critical issues that most significantly impact our ability to create value, sustainably. We identify these matters through a comprehensive process of materiality determination, which considers our strategies, risks and valuable input from our stakeholders.

Identification
By leveraging credible external sources and tapping into our collective internal knowledge of the business, we compile a comprehensive list of material topics. This compilation takes into account industry trends, relevant risks and our future growth plans.

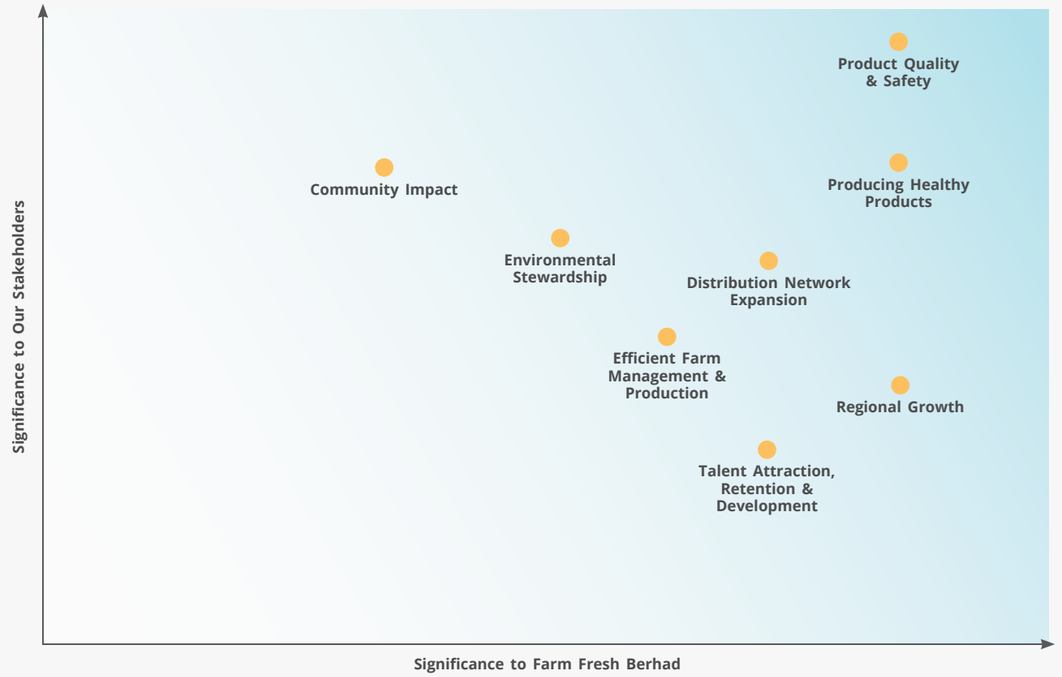
Assessment
Our Board of Directors meticulously assesses each topic, carefully evaluating its significance to both our financial and non-financial performance.

Stakeholder Engagement
We engage key stakeholders through a survey, presenting the same list of topics and inviting participants to assess the potential impact of each topic in their assessments of Farm Fresh Berhad.

Determination
Drawing upon the outcomes of the preceding stages, we plot the material topics on to a matrix, allowing us to identify specific matters to form our focus for FY2023.

The following materiality matrix reflects the outcome of the evaluation conducted by our Board and our stakeholders for each of the material matters.

FARM FRESH MATERIALITY MATRIX



Material Matters

PRODUCT QUALITY & SAFETY

Why It Matters

Our commitment to producing safe, high-quality products has earned us a robust reputation. Since 2014, we have had zero product recalls due to safety concerns. The consequences of any adverse events would be significant, with potential impacts on sales, customer loyalty and our future growth initiatives.

How We Address It

- Ensuring that operations at all our production facilities adhere to GMP and HACCP food safety and quality principles
- Observing an established system of checks and controls at each stage of the production process
- Carrying out thorough maintenance of existing equipment to maintain optimal functionality

Future Plans:

- Invest in equipment to progressively upgrade our facilities, especially to equip our upcoming central manufacturing hub

Link to:

Stakeholders: **Capitals:**

PRODUCING HEALTHY PRODUCTS

Why It Matters

In an era of increasing consumer health awareness, our reputation as a provider of health-conscious products places us in a favourable position to expand our market share and drive the sustainable growth of our business.

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 marketplace, like our kurma milk and A2 organic milk, and to new consumer bases, such as our recently launched pure cow's milk-based growing up milk and a new, more affordable, line of UHT milk made with a milk powder base
- Practising full transparency in our labelling and marketing practices

Future Plans:

- Continue to invest in developing healthy products that meet the nutritional needs of consumers, including a new growing up milk powder and plant-based yoghurts

Link to:

Stakeholders: **Capitals:**

EFFICIENT FARM MANAGEMENT & PRODUCTION

Why It Matters

Through ongoing enhancements to our established farm management and production methods, we can consistently deliver products of superior quality while ensuring competitive pricing, not just within Malaysia but across export markets.

How We Address It

- Leveraging our "grass-to-glass" business model to unlock greater production cost and supply chain efficiencies
- Driving continual improvement in our IVF practices, thereby rapidly developing superior genetics
- Enhancing our feeding, biosecurity and milking practices to maximise the productive capacity of our dairy herds
- Investing in advanced barns and other farm-based technologies to improve animal welfare
- Investing in 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 customised for tropical climates
- Unlock greater production efficiency through our central manufacturing hub

Link to:

Stakeholders: **Capitals:**

DISTRIBUTION NETWORK EXPANSION

Why It Matters

We have a strong distribution network in Malaysia – covering urban, suburban and rural areas – that provides us with a key competitive advantage. However, there are untapped regions within the country where we can expand further. In addition, we see potential in replicating our successful home dealer network in Indonesia as we expand regionally.

How We Address It

- Continually enhancing our home dealer incentive plan to improve livelihoods and drive increased sales amongst our network
- Actively recruiting new stockists and home dealers to expand our reach in underpenetrated areas of Malaysia
- Continuing to nurture relationships with new distributors to grow our presence in large-format and on-trade retail outlets

Link to:

Stakeholders: **Capitals:**

Material Matters

TALENT ATTRACTION, RETENTION & DEVELOPMENT

Why It Matters

Our experienced team members in dairy farming and production play a crucial role in upholding our commitment to food safety, quality and animal welfare. It is essential for us to retain and enhance this talented workforce as we introduce new products and enter new markets.

How We Address It

- Providing competitive remuneration packages to attract new talents and retain our experienced team
- Leveraging 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 students from indigenous communities through the Farm Fresh Scholarship Programme, with the intention of hiring suitable graduates upon completion of their studies

Link to:

Stakeholders: **Capitals:**

ENVIRONMENTAL STEWARDSHIP

Why It Matters

As corporate environmental responsibility and climate action increases its sway on consumer preferences and investor decisions, we recognise the need to prioritise these factors in our business practices. Further to this, it is our duty to undertake environmental management in ways that minimise the adverse effects of practices on local communities.

How We Address It

- Adopting sustainable farming practices that recycle animal waste for use as a bio-fertiliser, as cow bedding and to irrigate feed pastures
- Implementing rainwater harvesting and tube well pumping technologies to reduce municipal water utilisation
- Using sustainably sourced, recyclable packaging for selected products
- Conducted our first carbon footprint exercise for the calendar year 2020 to gain a full picture of our climate impact, followed up by a second independent carbon footprint inventory for the calendar year 2022 to monitor and assess our progress
- Installing 1.7MWp solar energy facilities at our Muadzam Shah and Larkin processing plants to generate renewable energy and reduce our reliance on non-renewable sources
- Commencing the construction of our third solar energy project with a capacity of 525.03 kWp at our Taiping processing facility
- Commencing the development of a biogas plant at our Muadzam Shah farm, which will contribute to an estimated reduction of 9,800 tonnes of carbon dioxide and 670,000 litres of diesel per annum
- Increasing our use of fully recyclable Tetra Pak packaging, which now accounts for 35.5% of our product sales

Future Plans:

- Install an additional biogas plant at our Taiping farm
- Reduce our carbon footprint in line with internally-set Scope 1 and Scope 2 targets
- Continue to increase our proportion of products sold in sustainably sourced, recyclable packaging
- Explore further renewable energy projects at our farms and processing facilities
- Set specific sustainability-linked criteria for supplier evaluation and selection

Link to:

Stakeholders: **Capitals:**

COMMUNITY IMPACT

Why It Matters

As a homegrown Malaysian company, we are deeply committed to uplifting local communities and consider it an integral part of our organisational purpose. With our considerable business presence, we have the unique opportunity to foster job creation, facilitate skills development and offer entrepreneurship opportunities, especially within rural and underserved communities.

How We Address It

- Generating job opportunities in rural areas near our farms and processing facilities, with preference given to local job applicants, including indigenous populations
- Creating income-generating opportunities for micro-entrepreneurs via our home dealer network
- 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
- Implementing school programmes that promote nutrition and health amongst youth
- Collaborating with The Weigh In, Malaysia's 1st Weight Awareness Movement, to participate in the Sejuta KG Campaign and promote positive lifestyle changes amongst Malaysians
- Collaborating with the Ministry of Education, Ministry of Health and Yayasan Didik Negara to commence a new Multidimensional Human Capital Development Programme, under which we will establish community centres in targeted neighbourhoods to support hardcore poor students in the areas of education, nutrition and living standards

Link to:

Stakeholders: **Capitals:**

REGIONAL GROWTH

Why It Matters

Currently, there is a noticeable scarcity of commercial dairy companies providing fresh milk-based products throughout Asia. With our proximity to these markets and expanding production capacity, we can tap into the growth potential that exists.

How We Address It

- Making headway in our Philippine expansion plans, with our new facility at San Simon in the Central Luzon region near Manila set to commence operations in the second half of 2023

Future Plans:

- In Hong Kong, we are making plans to distribute, sell and merchandise our dairy products under our FFM HK subsidiary
- Our Enstek manufacturing hub, expected to be completed in early 2025, is planned to cater to exports to the Asia Pacific region
- With our Taiping plant operational in June 2023, we will be able to then divert the capacity in our Larkin plant to export more to Singapore
- We plan to make out entry into Indonesia by establishing our manufacturing plant within the greater Jakarta area.

Link to:

Stakeholders: **Capitals:**

Our Strategic Priorities

As a proud Malaysian-grown company with a mission to provide healthier dairy products to the national population, we have consistently aimed to align our business goals with the betterment of people, communities and the natural environment. Now, as we enter this new and exciting phase of growth, expanding into untapped markets and introducing innovative products are our primary objectives. To unlock the true impact of these endeavours, however, we also recognise the importance of maintaining our reputation as a responsible and inclusive organisation that strives to generate shared value in everything we undertake.

It is vital that we instil a collective Group-wide effort towards attaining these goals. Thus, we have established the following three fundamental pillars to steer our value creation efforts in the short, medium and long-term.

EXPANSION Expanding and diversifying our product range to access untapped markets in Malaysia, Australia and the Asia Pacific, while simultaneously optimising the utilisation of our farms and processing facilities.	• Optimise the Group's performance and results • Enhance returns for our shareholders
INNOVATION Developing innovative products that align with changing consumer preferences and needs. Embracing a culture of innovation to drive continuous improvement of our processes throughout the dairy value chain.	• Produce better products and increase production efficiency • Increase customer satisfaction and loyalty
REPUTATION Enhancing our reputation as a producer of high-quality products and as a responsible organisation that actively contributes to making a positive societal and environmental impact.	• Improve performance across our Better Dairy, Stronger Communities and Healthier Planet sustainability pillars (See 'Our Sustainability Journey' for more)

WHAT IT MEANS

Expanding and diversifying our product range to access untapped markets in Malaysia, Australia and the Asia Pacific, while simultaneously optimising the utilisation 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 filling 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 at Bandar Enstek in the Central Region of Peninsular Malaysia by 2025
- Expand our distribution to convenience stores and petrol kiosks, while leveraging on our home dealer network 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 to deliver the required product supply

Desired Outcomes

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

WHAT IT MEANS

Developing innovative products that align with changing consumer preferences and needs. Embracing a culture of innovation to drive continuous improvement of our processes throughout the dairy value chain.

Our Action Plan

- Continue to innovate and expand our Farm Fresh Grow range with the launch of a milk powder variant to further strengthen our market penetration in the growing up milk segment
- Increase our presence in the school and canteen market via our network of home dealers
- Continue to grow our Yarra by Farm Fresh product portfolio to capture a larger share of the UHT/ambient milk segment
- Launch a new range of consumer packaged goods (CPG) ice cream that leverages on the artisanal experience and strong brand recognition of Inside Scoop
- Launch a new range of plant-based yoghurt products
- Explore expansion into new product categories such as non-dairy packaged food and beverage products
- Adopt greater use of automation technology to improve production efficiency

Desired Outcomes

- Penetration of new markets
- Improved production efficiency

WHAT IT MEANS

Enhancing our reputation as a producer of high-quality products and as a responsible organisation that actively contributes to making a positive societal and environmental impact.

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
- Increase our use of sustainably sourced Tetra Pak packaging to meet our packaging requirements
- Continue to invest in school-based campaigns that promote recycling
- Continue to collaborate with the Ministry of Education to supply schoolchildren with nutritional milk under the School Milk Programme
- Scale up our Farm Fresh Scholarship Programme, which supports the education and future employment of children from Orang Asli communities
- Further our collaborations with veterinary-related institutions, corporations and research centres to develop improved animal health and welfare practices catered to tropical climates

Desired Outcomes

- Enhance outcomes across our Better Dairy, Healthier Planet and Stronger Communities sustainability pillars

(See our Sustainability Statement for more)

Group Financial Review

DESPITE FACING VARIOUS MACROECONOMIC CHALLENGES, THE GROUP DELIVERED A RESILIENT PERFORMANCE IN THE PAST FINANCIAL YEAR. AT THE SAME TIME, OUR STRATEGIC INVESTMENTS IN EXPANSIONS, ACQUISITIONS AND DIVERSIFICATION PROVIDES A STRONG FOUNDATION FOR GREATER FUTURE RESILIENCE AND GROWTH.

RISING COSTS TEMPER REVENUE GROWTH

	FY2023 (RM million)	FY2022 (RM million)	Change
Revenue	629.7	501.9	+26%
Gross Profit	149.7	136.3	+10%
Profit Before Tax	52.2	65.7	- 21%
PATAMI	50.1	79.9	- 37%

Our total Group revenue demonstrated robust growth, increasing by 25.5% from RM501.9 million to RM629.7 million. This growth was primarily driven by strong sales performance in Malaysia, supported by volume growth in chilled and ambient categories, as well as the successful launch of new SKUs, including the Hero DC series, Strawberry milk, Growing up milk and Yarra by Farm Fresh series. Additionally, our foray into Agrotourism in May 2022 and the introduction of Jom Cha by Farm Fresh in October 2022 contributed to our Malaysian revenue growth. In Australia, higher external sales and the acquisition of St David Dairy also bolstered our overall revenue.

However, the year posed challenges with increasing input costs. Escalating prices of dairy raw materials, higher farming costs due to feed cost escalations, and higher labour costs impacted our gross profit margins.

Additionally, due to the capacity constraints faced during the financial year for portion packs due to School Milk Programme delivery commitments, we have had a reduction in the higher margin commercial UHT products. This, combined with the compressed margin for School Milk Programme resulting from the escalation of whole milk powder prices at the onset of the Ukraine war, has impacted our margins considerably. Despite our Gross Profit increasing by 10% from RM136.3 million to RM149.7 million, our Gross Profit Margin has dropped from 27.2% in FY2022 to 23.8% in FY2023.

Profit before tax declined by 20.6% from RM65.7 million to RM52.2 million. This contraction can be attributed to lower gross profit margins, higher distribution costs, increased salary expenses, expenses related to the rollout of the Employee Share Option Scheme (ESOS), fair value losses on biological assets, as well as currency exchange losses. The Group recorded a PATAMI of RM50.1 million. The prior year PATAMI of RM79.9 million had included a tax reversal of RM10.5 million and recognition of deferred tax income of RM4.8 million arising from Australia's business losses.

MAINTAINING A ROBUST FINANCIAL POSITION

During FY2023, our total assets increased by RM52.6 million, from RM1,010 million to RM1,062.6 million, reflecting a 5.2% growth. This increase is attributable to higher property, plant and equipment ("PPE") assets pursuant to the acquisition of industrial land at Bandar Enstek and our acquisition of St David Dairy, capital expenditure incurred at our Taiping farm and processing plant, as well as the expansion of our production lines in Muadzam Shah. Additionally, we also purchased biological assets during FY2023, and, as at the end of the financial year, have retained a higher receivables balance due to our higher sales, and recorded an increase in inventories for both raw materials and finished goods to cater to additional demand.

Meanwhile, total liabilities increased by RM27.6 million, from RM399.1 million to RM426.7 million, representing a 6.9% increase. This was primarily driven by the drawdown of a new loan of AUD4.5 million, which was used to finance the acquisition of a new farm property in Kyabram, Australia, as well as for the purchase of plant and equipment. We also increased our utilisation of trade financing and revolving credit to support our working capital requirements.

We recorded an increase in the total equity attributable to owners of the Company in FY2023, which grew by RM25.1 million from RM605.9 million to RM631 million, arising from the profitability of the Group, partially offset by dividends paid amounting to RM19.9 million.

Although our debt to equity ratio increased from 0.48 times to 0.55 times and our current ratio dropped from 3.61 times to 3.01 times, we maintain a comfortable position to execute our growth and expansion strategies while upholding our financial strength and stability.

DELIVERING HEALTHY SHAREHOLDER RETURNS

A final single tier dividend of 1.07 sen per ordinary share in respect of the financial year ended 31 March 2022 was approved during the 11th Annual General Meeting and paid out on 15 September 2022. The total dividend payout of 19.9 million reflects the Group's commitment of distributing at least 25% of the net profit of each fiscal year to shareholders.

The Board of Directors has recommended a single-tier final dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 March 2023, amounting to RM18.7 million, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

OUTLOOK AND PROSPECTS

From the record high prices for the July 2022 – June 2023 season, the farmgate prices have dropped slightly by about 4% for the July 2023–June 2024 season. Going forward, the strong Australian domestic demand for milk products, combined with the limited Australia milk pool, is expected to result in Australia farmgate prices remaining elevated. However, given our integrated nature, we are fully prepared to vary our milk mix by further expanding our farm capacities in both Malaysia and Australia in order to rely less on milk from third party farmers in Australia.

Efforts were also undertaken to overcome our constrained production of UHT during FY2023, which prevented us from fully realising sales potential across our retail markets. The addition of a new UHT processing line in April has already improved throughput and mitigated bottlenecks. Furthermore, our upcoming Taiping processing facility, scheduled to commence operations in the second half of the year, along with the additional filling and packaging line for 1-litre packaging arriving in August 2023 and expected to commence operations by end-September 2023, will significantly enhance our production capacity. These developments will position us to fully capitalise on sales opportunities and meet the growing demand for our products.

In line with our expansion and regional growth strategies, we are excited about the potential revenue streams that lie ahead. In the Philippines, our factory at San Simon is expected to be completed and commence operations in September 2023. This will be an important market for us to develop and grow in the next few years. Additionally, we have plans to introduce growing up milk powder and embark on the sales of Consumer Packaged Goods (CPG) ice cream by end-2023, further diversifying our product portfolio and capturing new opportunities for growth.

Looking ahead, we remain confident that our category, channel expansion and infrastructure investments have positioned us favourably to sustain and enhance our overall financial performance in the upcoming financial year.

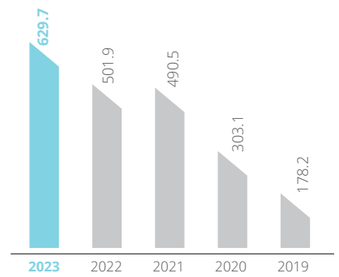
5-Year Group Financial Summary

Year Ended 31 March	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Results					
Revenue	**629,691**	501,921	490,498	303,067	178,227
Gross Profit	**149,653**	136,344	140,886	80,054	54,394
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**96,868**	104,082	98,759	56,554	40,755
Profit Before Tax ("PBT")	**52,174**	65,684	67,589	36,176	28,181
Profit After Tax ("PAT")	**49,934**	78,565	32,828	34,382	27,377
Profit Attributable to Owners of the Company ("PATAMI")	**50,080**	79,887	36,228	35,220	27,435
Statements of Financial Position Summary					
Non-current Assets	**576,554**	480,311	416,673	284,364	198,661
Current Assets	**486,082**	529,703	205,585	128,672	75,809
Total Assets	**1,062,636**	1,010,014	622,258	413,036	274,470
Share Capital	**381,071**	380,607	87,780	87,780	87,780
Reserves	**249,934**	225,336	146,863	101,510	69,901
Equity Attributable to owners of the Company	**631,005**	605,943	234,643	189,290	157,681
Non-controlling interests	**4,897**	5,019	6,387	8,475	6,130
Current Liabilities	**161,335**	146,607	261,484	109,261	56,431
Non-current Liabilities	**265,399**	252,445	119,744	106,010	54,228
Total Equity and Liabilities	**1,062,636**	1,010,014	622,258	413,036	274,470
Performance Indicators					
Basic Earnings Per Ordinary Share (Sen)	**2.69**	4.87	2.22	2.15	1.68
Net Dividends Per Share (Sen)	**1.00***	1.07	–	–	–
Net Assets Per Share (RM)	**0.34**	0.37	0.14	0.12	0.10
Net Gearing Ratio (Times)	**0.51**	0.43	0.98	0.74	0.37
Return on Equity (%)#	**8.0**	18.4	15.0	19.0	22.9
Net Operating Cash Flow (RM'000)	**(19,929)**	49,202	59,668	24,173	13,657

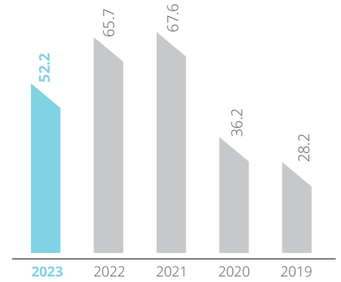
 # Basic earnings per share is computed based on weighted average number of ordinary shares for the financial year under review.
** The Board of Directors has recommended a single-tier final dividend of 1.00 sen per ordinary share amounting to RM18.7 million in respect of FY2023 subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.*

5-Year Financial Highlights

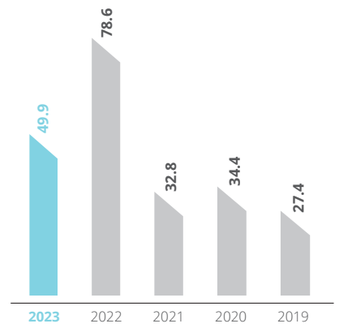
REVENUE (RM MILION) +25.5%



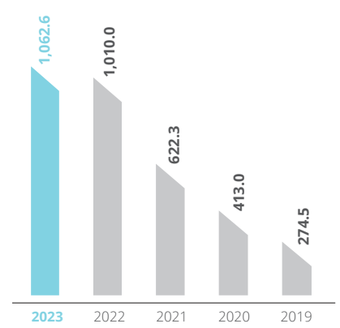
PROFIT BEFORE TAX (RM MILLION) -20.6%



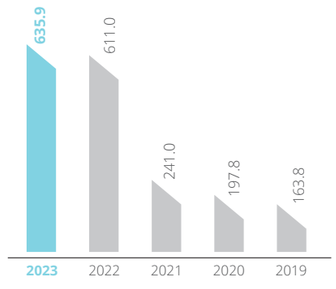
PROFIT AFTER TAX (RM MILLION) -36.5%



TOTAL ASSETS (RM MILLION) +5.2%



SHAREHOLDERS' EQUITY (RM MILLION) +4.1%



Our Financial Snapshot

The Group faced a variety of macroeconomic challenges during the year, Despite recording commendable topline growth, the unprecedented rising costs have resulted in our margins compressing, resulting in lower profitability of the Group.

Despite this challenging backdrop, the Group has recorded a profit before tax of RM52.2 million.

GROUP REVENUE

- Total Group revenue grew by 25.5% from RM501.9 million in FY2022 to RM629.7 million in FY2023.
- This growth was primarily driven by strong sales performance in Malaysia, supported by volume growth in chilled and ambient categories, as well as the introduction of new SKUs, including the Hero DC series, Strawberry milk, Farm Fresh Grow and Yarra by Farm Fresh series.
- Our foray into Agrotourism in May 2022 and the introduction of Jom Cha by Farm Fresh in October 2022 contributed to our Malaysian revenue growth.
- In Australia, higher external sales and the acquisition of St David Dairy also bolstered our overall revenue.

GROSS PROFIT

- While gross profit increased by 10% from RM136.3 million in FY2022 to RM149.7 million in FY2023, our gross profit margin has compressed by 3.4 percentage points, from 27.2% in FY2022 to 23.8% in FY2023.
- A variety of external factors contributed to reduced gross profit margins, including higher costs for raw materials, farming and labour, as well as the depreciation of the ringgit against the US dollar.
- Capacity constraints faced for portion packs due to School Milk Program delivery commitments had resulted in a reduction of the higher margin commercial UHT products. This, combined with the compressed margin for School Milk Program resulting from the escalation of whole milk powder prices at the onset of the Ukraine war, has impacted our margins considerably.

PROFIT BEFORE TAX

- Profit before tax declined by 20.6% from RM65.7 million in FY2022 to RM52.2 million in FY2023.
- This contraction can be attributed to lower gross profit margins, higher distribution costs, increased salary expenses due to amendments to the Employment Act 1965, expenses related to the rollout of the Employee Share Option Scheme (ESOS), fair value losses on biological assets, as well as unrealised derivative losses.

Statement of Financial Position

As of 31 March 2023, the Group has retained a sturdy financial position wish cash and cash equivalents of RM23.0 million and a debt to equity gearing ratio of 0.55 times.

TOTAL ASSETS

- During FY2023, our total assets increased by RM52.6million, from RM1,010.0 million to RM1,062.6 million, reflecting a 5.2% growth.
- Property, plant and equipment (PPE) and biological assets increased by RM74.3 million and RM19.5 million respectively.
- Inventories increased by RM54.8 million as we retained an increased amount of ngredients kept as buffer and a higher stock of finished goods to cope with rising demand.
- Cash, cash equivalents and other investments reduced by RM129.9 million primarily due to the investments and acquisitions outlined above, along with IPO expenses of RM7.3 million.

TOTAL LIABILITIES

- Total liabilities increased by RM27.6 million, from RM399.1 million to RM426.7 million, representing a 6.9% increase.
- Non-current loans and borrowings increased by RM11.0 million, primarily driven by the drawdown of a new loan of AUD4.5 million, which was used to finance the acquisition of a new farm property in Kyabram, Australia, as well as the purchase of plant and equipment. This was partially offset by repayment of term loans during the year.
- Current loans and borrowings swelled by RM40.6 million, reflecting our increased utilisation of trade financing and revolving credit to support our working capital requirements.

TOTAL EQUITY

- The Group's total equity increased by 4.1% from RM611.0 million in FY2022 to RM635.9 in FY2023.
- The RM24.9 million uptick reflects an increase in retained earnings arising from the Group's profitability.
- It is partially offset by payment of dividends amounting to RM19.9 million.

DEBT TO EQUITY RATIO

- The Group's debt to equity gearing ratio (gross borrowing including lease liabilities over total shareholder's equity) is at a comfortable level of 0.55 times, although it has increased from 0.48 times in the previous year.
- The increase was contributed by the drawdown of our loan in Australia, increased deployment of trade financing and revolving credit for working capital, as well as the distribution of RM19.9 million in dividends.

CURRENT RATIO

- The Group's current ratio reduced to 3.01 times as at 31 March 2023 compared to 3.61 times in the previous year.
- This was due to higher utilisation of short-term financing instruments, including banker's acceptance, revolving credit and hire purchase facilities, which collectively increased from RM52.3 million in FY2022 to RM92.9 million in FY2023.

Investor Relations

OUR COMMITMENT TO TRANSPARENT COMMUNICATION WITH THE INVESTMENT COMMUNITY IS ENSHRINED WITHIN OUR INVESTOR RELATIONS POLICY, WHICH GUIDES OUR EFFORTS TO PROVIDE TIMELY AND COMPREHENSIVE INFORMATION ON OUR STRATEGIES, INITIATIVES, PERFORMANCE AND FUTURE OUTLOOK. THROUGH ACTIVE ENGAGEMENT WITH ANALYSTS, FUND MANAGERS, INSTITUTIONAL INVESTORS, RETAIL INVESTORS AND THE MEDIA THROUGH VARIOUS CHANNELS, WE ENSURE THAT WE UNDERSTAND AND ADDRESS THE SPECIFIC INTERESTS AND EXPECTATIONS OF EACH STAKEHOLDER GROUP.

INVESTOR RELATIONS COMMUNICATION AND ENGAGEMENT CHANNEL

Engagement Channel	Method of Communication	Targeted Audience
Analyst & Fund Manager Briefing	• Quarterly Financial Result Briefing • Business updates and developments	• Institutional Investors • Analysts • Fund Managers
Investor Engagement	• Small Group Meeting • One on One Meeting • Investor Conferences • Retail Talk	• Institutional Investors • Analysts • Fund Managers • Retail Investors
Site Visits	• Farm and Processing Plant Site Visits	• Institutional Investors • Analysts • Fund Managers
Media Engagement	• Press Releases • Media Interviews	• Medias • Public
Extraordinary General Meeting, Annual General Meeting and Annual Report	• Financial Performance • Business Strategies • ESG Practices	• Shareholders

ANALYST AND MEDIA BRIEFINGS

To ensure transparency and facilitate effective communication, we conduct regular briefing sessions for analysts and the media. During these sessions, we provide detailed information on our quarterly, half-yearly and full-year financial performance. All relevant materials, including financial statements submitted to the stock exchange, investor presentations and press releases, are accessible on our corporate website.

Financial Result	Date of Announcement	Date of Briefing
Farm Fresh Q1FY2023 Results Briefing	24 August 2022	25 August 2022
Farm Fresh Q2FY2023 Results Briefing	23 November 2022	23 November 2022
Farm Fresh Q3FY2023 Results Briefing	24 February 2023	24 February 2023
Farm Fresh Q4FY2023 Results Briefing	30 May 2023	30 May 2023

Our corporate website provides a comprehensive suite of information pertaining to our business performance.

FINANCIAL PERFORMANCE

- Financial Highlights
- Financial Performance
- Financial Statements
- Segmental Analysis

CORPORATE INFORMATION

- General Information
- Directors' Profile
- Key Management Team
- Corporate Structure
- Chairman's Statement
- Management Discussion & Analysis

IPO CENTRE

- IPO Statistics
- Competitive Advantages
- Utilisation of Proceeds

GOVERNANCE AND MEETINGS

- Policy Disclosures
- Shareholders Meeting

STOCK INFO

- Price Ticker
- Price & Volume
- Interactive Stock Charts
- Distribution of Shareholdings
- Top 30 Shareholders
- Entitlements

NEWS CENTRE

- Bursa Announcements
- Press Releases
- Media News

REPORTS AND PRESENTATIONS

- Annual Reports
- Quarterly Reports
- Circulars
- Prospectus
- Analyst Coverage
- Corporate Presentations

INVESTOR RESOURCES

- Corporate Calendar
- News Alerts
- Investment Calculator

OUR ANNUAL GENERAL MEETING

Our 11th Annual General Meeting was held on Monday, 29 August 2022 at 2.30 pm and led by our Chairman Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr Haji Megat Khas. The meeting was organised virtually utilising the TIIH Online meeting platform to enable greater participation amongst shareholders, with online voting facilitated using the remote participation and voting facilities integrated into the TIIH platform.

In addition to announcing the single tier final dividend for the year, the AGM was utilised to undertake a vote by poll of 11 ordinary resolutions, in accordance with paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, which states that all resolutions listed in the notice of general meeting must be voted on by poll. All resolutions were duly discussed and passed following the vote.

The Board and Management Team attempted to answer all questions posed during the AGM, with any unanswered questions due to time constraint being noted and answered directly to shareholders via email or posted on the Company website after the meeting.

Focus Areas of Meeting

- The Group's business and financial performance
- Sustainability
- Strategies and Future Prospects

Investor Relations

INVESTOR RELATIONS EVENTS

We undertook a variety of meetings, conferences and briefings during FY2023 to engage with the investment community, listed as follows:

Events	Venue	Date
One-on-One Meeting with Janchor Partners	Virtual	11 April 2022
Albiza Capital Site Visit	UPM Farm	12 April 2022
Kenanga Consumer Day Webinar	Virtual	26 April 2022
DCG Capital Site Visit	Virtual	13 May 2022
UBS Securities Site Visit	Muadzam Shah	17 May 2022
Credit Suisse Investor Conference	Singapore	23 May 2022
One-on-One Meeting with HSBC Global Asset Management	Virtual	30 May 2022
UBS One ASEAN Conference 2022	Virtual	8 June 2022
UBS Securities Site Visit	UPM Farm	13 June 2022
EPF Site Visit	Muadzam Shah	16 June 2022
UOB Kay Hian Shariah Gems Virtual Conference 2022	Virtual	29 June 2022
Public Mutual Site Visit	UPM Farm	7 July 2022
Maybank Invest ASEAN 2022	Virtual	8 July 2022
JP Morgan AM Site Visit	UPM Farm	19 July 2022
Bursa Malayia Virtual Marketplace	Virtual	23 July 2022
One-on-One Meeting with CLSA	Virtual	2 August 2022
One-on-One meeting with UBS AM	UPM Farm	2 August 2022
KAF Site Visit	UPM Farm	19 August 2022
Macquarie 13th ASEAN Conference 2022	Fullerton Hotel, Singapore	22 August 2022
Kayne Anderson Site Visit	UPM Farm	2 September 2022
CLSA Corporate Day	Virtual	14 September 2022
One-on-One Meeting with Wellington Management	Virtual	29 September 2022
RHB Site Visit	Larkin	6 October 2022
UBS Securities Non-Deal Roadshow	Mandarin Oriental Hotel, Singapore	2 November 2022
Public Investment Bank Analyst Coverage Engagement	UPM Farm	3 November 2022
Small Group Lunch Meeting with Analyst and Fund managers	UPM Farm	9 November 2022
UBS Securities Site Visit	UPM Farm	10 November 2022
TA Securities ESG Presentation	Menara TA One	10 November 2022
BIMB Securities Analyst Coverage Engagement	UPM Farm	15 November 2022
Wasatch Global Investor Site Visit	UPM Farm	29 November 2022
Entrepreneurship conference 2022	Sime Darby Convention Centre (SDCC)	7 December 2022
One-on-One Meeting with Maybank Analyst	Virtual	9 January 2023
One-on-One Meeting with HSBC Research	Virtual	9 January 2023
Great Eastern Site Visit	UPM Farm	8 December 2022
Credit Suisse 14th ASEAN Conference	Ritz-Calton Hotel, Singapore	6 January 2023
CGS-CIMB 15th Annual Malaysia Virtual Corporate Day 2023	Virtual	9 January 2023
One-on-One Meeting with Vergent Asset Management	Virtual	1 February 2023
Analyst & Fund Managers Small Group Site Visit	Taiping	6 March 2023
Analyst & Fund Managers Small Group Site Visit	Taiping	7 March 2023
19th CITIC CLSA ASEAN Forum 2023	Grand Hyatt Hotel, Bangkok	9 March 2023
Rakuten Retail Talk	Virtual	14 March 2023

MARKET PERFORMANCE AND EXPECTATION

Dividend Policy

The Group deeply values the trust and ongoing support of our shareholders. We have implemented a dividend policy that outlines a targeted dividend payout ratio of 25% of the net profit for each fiscal year on a consolidated basis, after taking into account our working capital and maintenance capital requirements.

Dividend Declared

For the financial year ended 31 March 2022, a final single tier dividend of 1.07 sen per ordinary share was paid out, amounting to RM19.9 million. In respect of the financial year ended 31 March 2023, the Board of Directors has recommended a single-tier final dividend of 1.00 sen per ordinary share, amounting to RM18.7 million, which is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

Return to Shareholders

The dividend payout in FY2022 amounted to RM19.9 million, representing a dividend payout ratio of 25%. The proposed dividend payout for FY2023 amounts to RM18.7 million, representing a dividend payout ratio of 37%.

Investor Relations

RESEARCH COVERAGE

The Group continues to gain more coverage with its active engagement with the investment community. As of end-June 2023, the stock (Bursa: 5306, Bloomberg: FFB:MK) remains actively covered by a total of 10 sell-side analysts and research houses and has a substantial following amongst domestic, regional and global buy-side analysts and fund managers.

Research Houses

- Macquarie Capital Securities
- UBS Securities
- BIMB Securities
- Credit Suisse Securities
- HSBC Global Research
- Maybank Investment Bank
- RHB Investment Bank
- TA Securities
- UOB Kay Hian
- CGS-CIMB Securities

CREDIT RATING

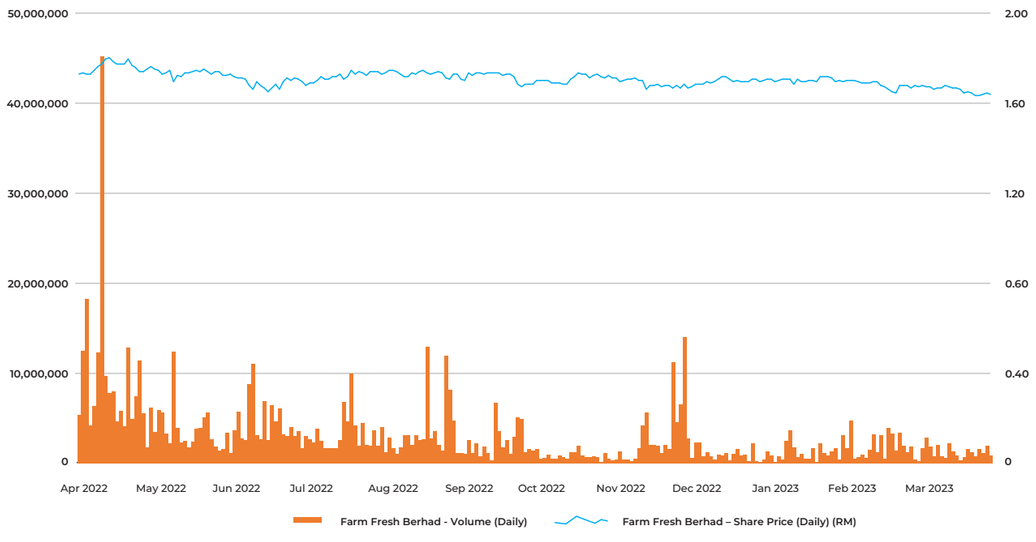
We maintain year-long engagements with Malaysian Rating Corporation ("MARC"), particularly during annual review periods, when meetings with senior members of management are facilitated for a comprehensive discussion on all financial and strategic matters related to the Group. The Investor Relations team compiles and furnishes complete operational data and financial disclosures to enable the rating agencies to conduct a fair and thorough assessment. MARC Ratings has affirmed the rating of **AA-IS** on Farm Fresh Berhad's Islamic Medium-Term Notes (IMTN) Programme of RM1.0 billion under the Shariah principle of Wakalah Bi Al-Istithmar. The rating outlook is **stable**.

MARC Ratings

2021	2022	2023
AA–	AA–	AA–

SHARE PRICE MOVEMENT AND VOLUME TREND

Period: 1 April 2022 to 31 March 2023



Financial Calendar

2022

24 May 2022
- Announcement on unaudited financial results for the 4th quarter ended 31 March 2022

28 July 2022
- Announcement on the notice of Annual General Meeting for the financial year ended 31 March 2022
- Announcement on a final single tier dividend of 1.07 sen per share in respect of 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

24 August 2022
- Announcement on unaudited financial results for the 1st quarter ended 30 June 2022

29 August 2022
- 11th Annual General Meeting

15 September 2022
- Payment of final single tier dividend of 1.07 sen per share in respect of the financial year ended 31 March 2022

23 November 2022
- Announcement on unaudited financial results for the 2nd quarter ended 30 September 2022

2023

24 February 2023
- Announcement on unaudited financial results for the 3rd quarter ended 31 December 2022

20 April 2023
- Announcement on the notice of Extraordinary General Meeting for proposed acquisition and proposed subscription

10 May 2023
- Extraordinary General Meeting

30 May 2023
- Announcement on unaudited financial results for the 4th quarter ended 31 March 2023

Operational Review

“The macroeconomic landscape of the regional dairy industry remained challenging in FY2023, but we once again proved our resilience and remained steadfast in our commitment to expand our market presence and achieve our strategic growth objectives.

Building upon the significant milestone of our successful public listing last year, we are strategically leveraging our increased stature and financial resilience to make shrewd acquisitions, execute essential expansion initiatives and diversify our operations for long-term sustainability and profitability.

This operational review provides an overview of the actions we have taken across our vertically integrated value chain, examining the potential or realised impact of these actions on our business.”

Farming

"Our dairy herd capacity increased by 10.8% in FY2023"

INCREASING OUR MALAYSIAN MILK PRODUCTION

Having commenced operations at our Taiping Farm in the last financial year, we have since increased the farm's dairy herd capacity from 1,400 to 1,800 cows. We are currently adding more barns at the Taiping Farm to further increase its capacity to 3,000 cows. Beyond Taiping, we have started work in obtaining planning permissions for our Muadzam Farm 2, which is situated on a 500-acre land for which we have signed a 30-year lease from the Pahang State Government. The proximity of the land to our current Muadzam Shah farm will enable us to scale the farm quickly in an economical way, sharing human capital and other resources with our current set up in Muadzam Shah. The eventual outcome expected from this is for us to double our current capacity to a total of 6,000 dairy cows for both the current Muadzam Farm and our Muadzam Farm 2, further increasing our milk production in Malaysia. This is expected to result in our Group contributing to more than 30% of Malaysia's fresh milk production.

STRATEGICALLY CONSOLIDATING OUR AUSTRALIAN LANDBANKS

We have set our intentions on rapidly growing our footprint in Kyabram following our development of a processing facility and purchase of a 300-acre farm property in FY2022 situated near our processing facility in Kyabram. Due to its proximity, this new farm strategically fits to the next step expansion as it can absorb all the treated wastewater from our Kyabram trade waste pond thus adding value for farming purposes. The new farm will continue the AFS breed development for the Group's Malaysian farms, which was previously done at another 350-acre farm situated further away at Echucha Road, Ardmona, which has since been disposed. We have equipped the new farm with a new rotary milking station and with the added milking capacity we will be able to increase the herd size to enable more milk production from our own farms in Australia.

	FYE 31 March 2022	FYE 31 March 2023
Farms	6 (5 in Malaysia, 1 in Australia)	6 (5 in Malaysia, 1 in Australia)
Total Acreage	5,416 acres	5,367 acres
Total Dairy Herd Capacity	9,650	10,700
Total Dairy Herd Size	8,938	10,355

Manufacturing

STEADILY EXPANDING PROCESSING CAPACITY AND CAPABILITIES

To meet the increasing supply requirements of our steady retail market expansion in Malaysia, we have grown our capacity to produce finished goods and processed milk across all regions of the peninsula.

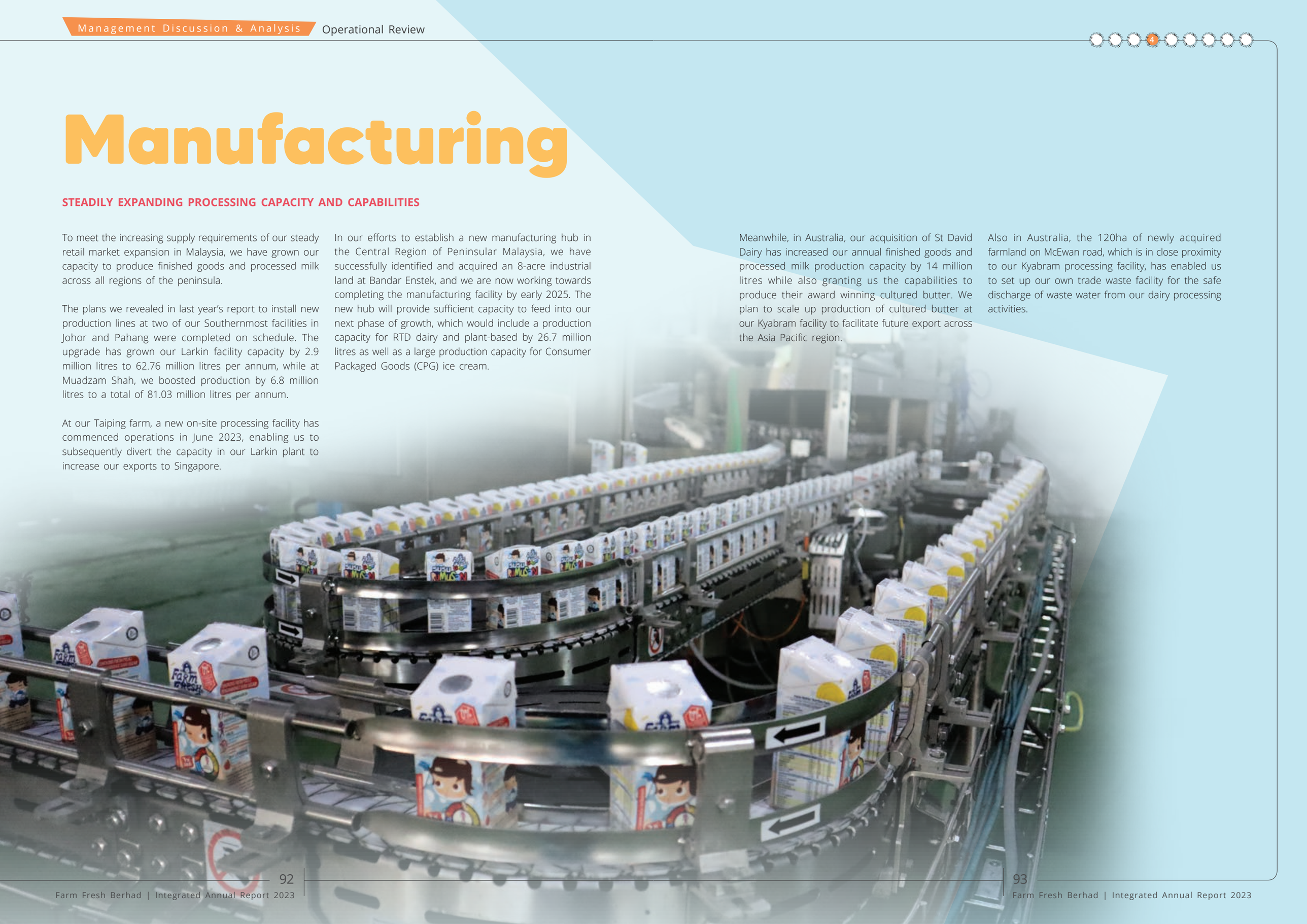
The plans we revealed in last year's report to install new production lines at two of our Southernmost facilities in Johor and Pahang were completed on schedule. The upgrade has grown our Larkin facility capacity by 2.9 million litres to 62.76 million litres per annum, while at Muadzam Shah, we boosted production by 6.8 million litres to a total of 81.03 million litres per annum.

At our Taiping farm, a new on-site processing facility has commenced operations in June 2023, enabling us to subsequently divert the capacity in our Larkin plant to increase our exports to Singapore.

In our efforts to establish a new manufacturing hub in the Central Region of Peninsular Malaysia, we have successfully identified and acquired an 8-acre industrial land at Bandar Enstek, and we are now working towards completing the manufacturing facility by early 2025. The new hub will provide sufficient capacity to feed into our next phase of growth, which would include a production capacity for RTD dairy and plant-based by 26.7 million litres as well as a large production capacity for Consumer Packaged Goods (CPG) ice cream.

Meanwhile, in Australia, our acquisition of St David Dairy has increased our annual finished goods and processed milk production capacity by 14 million litres while also granting us the capabilities to produce their award winning cultured butter. We plan to scale up production of cultured butter at our Kyabram facility to facilitate future export across the Asia Pacific region.

Also in Australia, the 120ha of newly acquired farmland on McEwan road, which is in close proximity to our Kyabram processing facility, has enabled us to set up our own trade waste facility for the safe discharge of waste water from our dairy processing activities.



Manufacturing

MITIGATING COST VOLATILITY

Maintaining our cost proposition has remained a significant focus amidst the challenges faced during FY2023. The year was marked by rising material costs, including higher priced raw milk and whole milk powder from Australia, leading to margin compression. The geopolitical instability resulting from the Russia-Ukraine conflict further exacerbated the situation, significantly increasing commodity prices globally. The whole milk powder prices spiked to record highs, i.e. around USD4,800 per metric tonne compared to the prices of around USD3,500 – USD3,800 per metric tonne before the onset of the Ukraine-Russian conflict, and the farmgate milk prices for the season from July 2022 to June 2023 also increased significantly by 29%.

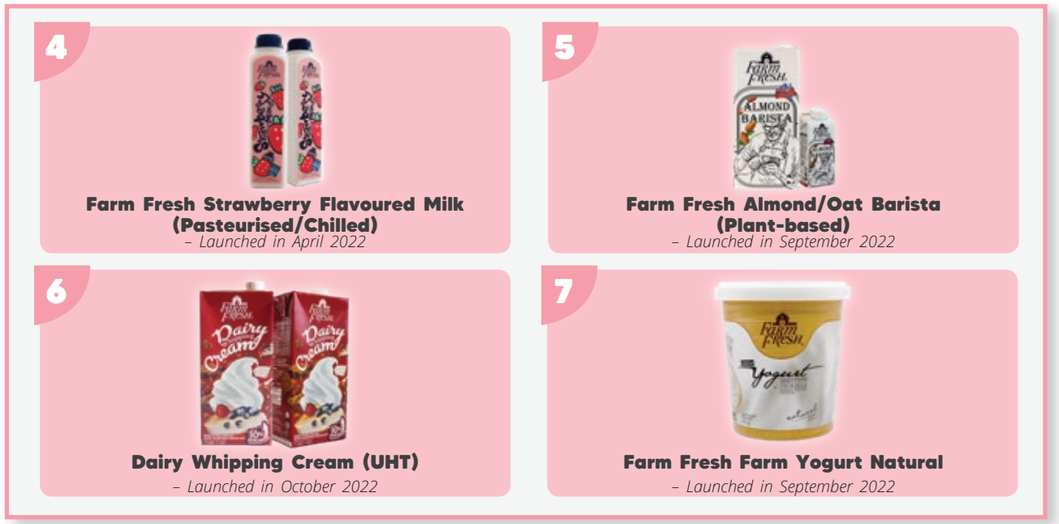
To address these challenges, we took proactive measures to manage cost volatility while maintaining our competitiveness. One such action involved implementing price adjustments across our chilled ready-to-drink (RTD) product category to pass on the higher input costs incurred. Accordingly, we increased prices by 5% in Malaysia and by 10% in the Singapore market from August 2022.

To ensure long-term cost-efficiency and reduce our reliance on external raw milk supply, we have continued to leverage on our internal competencies and implement strategic solutions. These include the prioritisation of spent grain over corn grain, expanding our regenerative farming practices to reduce external fertiliser costs, and enhancing our internal milk output to fully capitalise on the vertically integrated nature of our operations. These initiatives not only contribute to cost reduction but also align with our commitment to sustainability and the nutritional quality of our products.

Moving forward, we remain dedicated to continuously exploring innovative farming and production methods, with the overarching aim of maintaining our cost proposition and positioning ourselves for sustainable growth and continued success in the dynamic dairy industry.

EXPANDING AND DIVERSIFYING OUR PRODUCT PORTFOLIO

We have continued to leverage on our expanding capabilities and capacity to launch a variety of new products in FY2023, including two new product segments in the form of our Farm Fresh Grow growing up milk and a new Yarra by Farm Fresh RTD range of affordable UHT milk that uses full cream milk powder as a base.



Our acquisition of St David Dairy has given us newfound access to their existing clientele of Melbourne's leading cafés, restaurants and retailers, to which we will continue supplying a premium range of locally sourced milk, butter, cream and yogurt. Following the acquisition, we have increased our total Australian SKUs to 60 and overall portfolio to 176 SKUs as at 31 March 2023.

FY2023 also saw us penetrate previously untapped market segments with exciting prospects for long-term growth. We introduced the new milk tea brand Jom Cha by Farm Fresh in October 2022 and have subsequently opened 30 outlets across Malaysia as at 31 March 2023.

Our strategic initiative to enter the consumer packaged goods (CPG) ice cream market is close to fruition upon completion of the acquisition of a 65% stake in Inside Scoop in end-May 2023. The premium ice cream brand, which currently has 36 outlets and a strong brand recognition and brand equity among the Malaysian consumers, represents a keen prospect for expansion, and we plan to double the brand's outlet footprint in three years' time.

Simultaneously, our stake in Inside Scoop will play a vital role in enabling us to roll out consumer packaged goods (CPG) ice cream by early 2024, as we leverage on the strong brand recognition of the brand and the competencies of its founders to support our CPG ice cream aspirations.

	FYE 31 March 2022	FYE 31 March 2023
Processing Facilities	3 (2 in Malaysia, 1 in Australia)	3 (2 in Malaysia, 1 in Australia)
Annual Production Capacity (Finished Goods)	137.0 million litres	161.1 million litres
Annual Production Capacity (Processed Milk)	84.0 million litres	84.0 million litres
SKUs	135	176

Distribution

STREAMLINING OUR DISTRIBUTION NETWOEK

Our commitment to our home dealer network – and its important role in empowering micro-entrepreneurs – remains as strong as ever. Through our support, the programme continues to serve as a cornerstone of our operations, allowing us to extend our reach into rural areas and create sustainable economic opportunities within local communities.

In light of the prevailing economic challenges and high-cost environment, we recognised the need to streamline our operations to protect our margins and ensure that the high quality standards synonymous with our brand are maintained. As a result, there has been a slight contraction in the overall numbers of stockists, dealers and agents within our home dealer network. Notwithstanding, direct sales to stockists and distribution support provided by our network partners contributing towards 29% of our total revenue in FY2023.

We have also made the decision to discontinue Farm Fresh Mart on our website due to a lack of utilisation by customers, who are more inclined to contact home dealers directly. The rationalisation will enable us to focus our efforts on other online platforms which we are working now, including TikTok which has been making good traction in terms of online following and sales.

On that note, we foresee significant future growth from the HORECA segment – comprising hotels, cafes and restaurants – whose customer base has expanded in the post-pandemic era. To capitalise on this opportunity, we are actively expanding our business development activities and recruiting experienced professionals with demonstrated track records in the segment.

> **"Our volume of dairy and plant-based finished goods sold increased by 19.0% in FY2023"**

PROGRESSING OUR REGIONAL EXPANSION

Building upon the momentum of our previous year's achievements, we remain committed to driving regional expansion and exploring new frontiers for our dairy products, capitalising on the growing demand and lack of supply of dairy products in the Asia-Pacific region.

As part of our expansion roadmap, we are delighted to announce that we are on track to launch a new production facility at San Simon in the Central Luzon region of the Philippines during the second half of 2023. Located just an hour outside Manila, the upcoming processing facility will be complemented by our local partner's strenght in HORECA distribution, positioning us to penetrate the Philippines market effectively.

Further to this, we continue to explore potential partnerships and value creation avenues in Indonesia and Hong Kong, two markets where we see immense potential for the penetration of our premium dairy products.

	FYE 31 March 2022	FYE 31 March 2023
Finished Goods Sold (Dairy and Plant-Based Products)	78.6 million litres	93.5 million litres
Stockists (Home Dealer Network)	45	55
Home Dealers (Home Dealer Network)	900	801
Agents (Home Dealer Network)	1,772	952
Large Format Retailers	15	15
HORECA Outlets	7 hotels and 252 cafes	8 hotels and 740 cafes
Convenience Stores	>7,200	>8,800

Leadership

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HIGHLIGHTS:

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pg112 Organisation Structure

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 & GROUP CHIEF EXECUTIVE DIRECTOR

LOI FOON KION
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

EFFIZAL FAIZ BIN ZULKIFLY
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

JOCELYN NG LAI LENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

SUKANTA KUMAR DUTT
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' DR. QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM
INDEPENDENT NON-EXECUTIVE DIRECTOR

AUDIT & RISK MANAGEMENT COMMITTEE

Chairman:
SUKANTA KUMAR DUTT

Members:
- **JOCELYN NG LAI LENG**
- **DATO' DR QUAZA NIZAMUDDIN BIN A HASSAN NIZAM**

NOMINATION & REMUNERATION COMMITTEE

Chairman:
SUKANTA KUMAR DUTT

Members:
- **JOCELYN NG LAI LENG**
- **DATO' DR QUAZA NIZAMUDDIN BIN A HASSAN NIZAM**
- **LOI FOON KION**
- **EFFIZAL FAIZ BIN ZULKIFLY**

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

Listing Date : **22 March 2022**
Stock Name : **FFB**
Stock Code : **5306**

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@farmfreshmilk.com.my

COMPANY SECRETARIES

- **YONG MAY LI (LS 0000295) (SSM Practicing Certificate No. 202008000285)**
- **WONG CHEE YIN (MAICSA 7023530) (SSM Practicing Certificate No. 202008001953)**

AUDITORS

KPMG PLT (LLP0010081-LCA)
Level 3, CIMB Leadership Academy No. 3, Jalan Medini Utara 1, Medini Iskandar
79200 Iskandar Puteri
Johor, Malaysia

Tel : +607 266 2213
Fax : +607 266 2214

REGISTERED OFFICE

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

Tel : +607 332 2088
Fax : +607 332 8096

SHARE REGISTRAR

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, Malaysia.

Tel : +603 2783 9299
Fax : +603 2783 9222
E-mail : is.enquiry@my.tricorglobal.com

PRINCIPLE BANKERS

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

Board at a Glance

Composition

1 Executive Director

4 Independent Non-Executive Directors

2 Non-Independent Non-Executive Directors

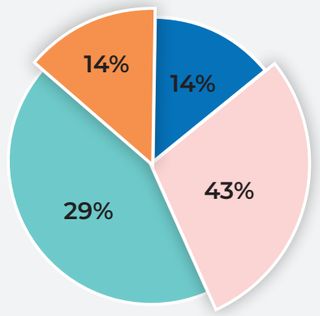
Ethnicity

3 Malay

3 Chinese

1 Indian

Age



- Up to 50 Years Old : **1**
- 51 to 60 Years Old : **3**
- 61 to 70 Years Old : **2**
- Above 70 Years Old : **1**

Gender

MALES
5

FEMALES
2

Profile of Board of Directors

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

Independent Non-Executive Chairman

Nationality: **Malaysian**

Age: **79** Gender: **Male**

Date of Appointment: **25 September 2021**

Length of Service: **18 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

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 recently retired as Chairman of Sime Darby Plantations Berhad in June 2023. He is currently the Chairman of Asian Pac Holdings Berhad and SEG International 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 2023.

LOI TUAN EE

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

Nationality: **Malaysian**

Age: **60** Gender: **Male**

Date of Appointment: **24 March 2010**

Length of Service: **13 years 0 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

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. More recently, he has led the Group to back-back Platinum Awards (Beverage – Dairy category) in 2021 and 2022 at the Putra Brand Awards, the Brand of the Year award in the Dairy Products category at the 2022-2023 World Branding Awards and recognition in the Steward Leadership 25 list of Asia-Pacific companies during 2022. 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 Programme 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 2023.

Profile of Board of Directors

LOI FOON KION

Non-Independent Non-Executive Director

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 programme 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 2023.

Nationality: **Malaysian**

Age: **56** Gender: **Female**

Date of Appointment: **25 September 2021**

Length of Service: **18 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

Membership(s) of Board Committees:
Nomination and Remuneration Committee

EFFIZAL FAIZ BIN ZULKIFLY

Non-Independent Non-Executive Director

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 Programme 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 and Services. 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 at Khazanah Americas Inc. (KAI), he was made Director of Internet & Technology (I&T) and Innovation and Entrepreneurship (IxE) space. Prior to Khazanah, he was a business analyst with Citibank Berhad. He is currently a board member of UEM Group Berhad and Cenviro Sdn Bhd.

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 2023.

Nationality: **Malaysian**

Age: **44** Gender: **Male**

Date of Appointment: **18 April 2022**

Length of Service: **12 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

Membership(s) of Board Committees:
Nomination and Remuneration Committee

Profile of Board of Directors

SUKANTA KUMAR DUTT

Independent Non-Executive Director

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 2023.

Nationality: **Malaysian**

Age: **65** Gender: **Male**

Date of Appointment: **25 September 2021**

Length of Service: **18 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

Membership(s) of Board Committees:
- **Audit and Risk Management Committee (Chairman)**
- **Nomination and Remuneration Committee (Chairman)**

DATO' DR. QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM

Independent Non-Executive Director

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 programmes for Malaysia. He was also involved in overseeing effective disease control programmes, 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 professor and Head of the School of Veterinary Medicine, Taylor's University, 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 2023.

Nationality: **Malaysian**

Age: **63** Gender: **Male**

Date of Appointment: **25 September 2021**

Length of Service: **18 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

Membership(s) of Board Committees:
- **Audit and Risk Management Committee**
- **Nomination and Remuneration Committee**

Profile of Board of Directors

JOCELYN NG LAI LENG

Independent Non-Executive Director

Nationality: **Malaysian**

Age: **59** Gender: **Female**

Date of Appointment: **25 September 2021**

Length of Service: **18 months**
(as at 31 March 2023)

Number of Board Meetings Attended: **8/8**

Membership(s) of Board Committees:
- **Audit and Risk Management Committee**
- **Nomination and Remuneration Committee**

Jocelyn Ng Lai Leng has over 30 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 Programme 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 2023.

Profile of Key Senior Management

Loi Tuan Ee
Group Managing Director and Group Chief Executive Officer

For details on Loi Tuan Ee, refer to his Directors' profile on page 103.

Azmi Bin Zainal
Group Chief Operating Officer

Age : 57
Gender: Male
Nationality : 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 2023.

Mohd Khairul Bin Mat Hassan
Group Chief Financial Officer

Age : 44
Gender: Male
Nationality : 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 Master's 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 an 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 2023.

Profile of Key Senior Management

Loi Tuan Kin
Plant Operations Director

- Age : 59
- Gender: Male
- Nationality : 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 2023.

Jacob a/l Mathan
Group Senior Farm Manager

- Age : 33
- Gender: Male
- Nationality : 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 2023.

Adam Graeme Pretty
Managing Director of the Australian Business

- Age : 50
- Gender: Male
- Nationality : Australian
- Date of Appointment : 5 October 2017

Adam Graeme Pretty has over 27 years of experience as a livestock manager with Greenham 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 2023.

Ding Chai Thong
Sales Director

- Age : 57
- Gender: Male
- Nationality : Malaysian
- Date of Appointment : 1 November 2022

Ding Chai Thong has over 32 years of extensive sales management and operation experience in the Fast-Moving Consumer Goods (FMCG) under various world-renowned brands. He attended Sekolah Menengah Tengku Menteri at Changkat Jering, Perak for his secondary education.

He began his career with Nestle in 1990 under Purina PetCare and rose through the ranks to eventually being appointed National Sales Manager Purina PetCare in 2004. Subsequently, he moved to the Grocery Division and was promoted to senior management roles, first being redesignated as National Sales Operation Manager Modern Trade in 2010 and later to National Customer Business Manager Hypermarket/Supermarket channel in 2019. He additionally held the role as Project Lead for Customer Planning and Managing (CP&M) and was responsible for rolling out the implementation of system and planning tools for Malaysia and Singapore in 2010/11.

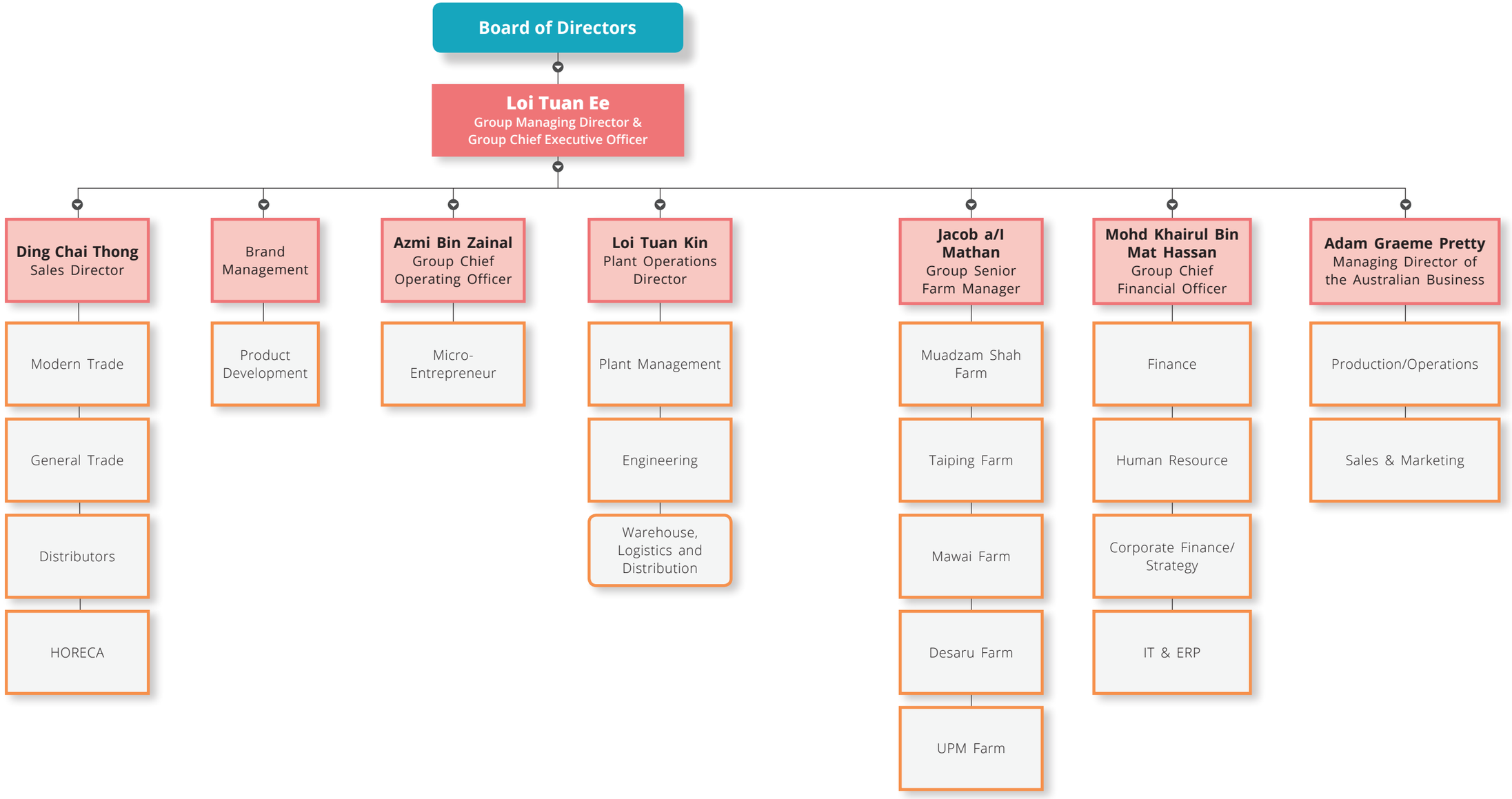
He has held two terms as Nestle Management Negotiation Team Chairman, from 2016-2018 and from 2019-2021, being directly involved in negotiations with the National Union of Commercial Workers (NUCW).

During his tenure with Nestle, he attended a variety of business development programmes and courses, including Managing Trade Concentration (October 1998, Australia), Confectionary Workshop (January 1999, Switzerland), Customer Management Best Practices (May 2000, Thailand), Advance Field Sales Management Seminar (February 2011, India), Professional Excellence in Marketing & Sales (August 2005, Switzerland) and Value Based – Personal Effectiveness (March 2007, Nestle-NUS Business School).

He was appointed as the Sales Director of the Group on 1 November 2022, assuming responsibility over sales and distribution operations across all retail channels.

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 2023.

Organisation Structure



Our Governance

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Chairman's Overview on Corporate Governance

Dear Shareholders,

IT IS MY PLEASURE TO PRESENT OUR CORPORATE GOVERNANCE OVERVIEW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023. THIS STATEMENT AND ITS ACCOMPANYING REPORTS OUTLINES THE APPROACH TO CORPORATE GOVERNANCE WHICH WE HAVE IMPLEMENTED AND UPHOLD STRINGENTLY TO ENSURE OUR ONGOING ABILITY TO SAFEGUARD THE INTERESTS OF THE GROUP, ITS SHAREHOLDERS AND STAKEHOLDERS.

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

As we forge ahead with our ambitious plans for growth, expansion, and diversification, strong leadership is crucial to ensure exceptional performance and the enduring sustainability of our business. Transparency and accountability are at the core of our governance practices, and we place the highest importance on upholding ethical business conduct and providing stakeholders with effective channels to voice their concerns and issues.

In 2022, we have significantly bolstered Group-wide governance through the implementation of five Group-wide policies and codes, including our Code of Conduct and Business Ethics, Conflict of Interest Policy, Ethical Trading Policy, Whistle Blowing Policy and Employees' Share Option Scheme. This guiding framework was further enhanced in FY2023 with the introduction of an Investor Relations Policy, which outlines our responsibilities towards shareholders and reinforces our commitment to fostering open and effective communication with the investment community.

In parallel, we continue to adopt a comprehensive approach to risk management to effectively navigate the ever-evolving business landscape within the dairy value chain. Our efforts in this area are spearheaded by the Audit and Risk Management Committee (ARMC) and the Group's Internal Audit Department, which collectively work with the Board to ensure the effectiveness of our mitigation strategies and internal control systems, while addressing any instances of non-compliance.

Our commitment to corporate governance aligns with the recommendations set forth in the Malaysian Code on Corporate Governance ("MCCG") 2021. By embracing these globally recognised governance principles and practices, we aim to strengthen board oversight and incorporate sustainability considerations across all levels of our organisation.

Operating amidst a backdrop of turbulent macroeconomic conditions and heightened environmental concerns, we recognise the need to develop strategies that deliver balanced growth and enhance shared value. Our decision-making process is thus underpinned by our focus on environmental, social and governance (ESG) factors, enabling us to meet stakeholder expectations and contribute to a better future.

I have great confidence in our esteemed Board of Directors, as they bring a diverse range of expertise and perspectives to the table. With their extensive experience spanning dairy farming and production, investment management, risk management, corporate governance and government relations, they provide invaluable oversight and strategic direction as we strive to solidify our position as a regional dairy powerhouse.

To further empower our Board in fulfilling their responsibilities, we organised a Board retreat in May 2023 that centered on reinforcing our commitment to adopting sustainable business practices and aligning our ESG amibitions with our vision, mission and shared values.

The Group's path ahead is abundant with opportunity, as our successful public listing has been followed through with our category and channel expansions to unlock further growth prospects domestically and abroad. It is now more than ever that we must leverage on robust leadership and governance practices to propel us towards our ambitions, as we simultaneously generate greater shared value for all our stakeholders.

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

Corporate Governance Overview Statement

THE BOARD OF DIRECTORS OF FARM FRESH BERHAD ("BOARD") ACKNOWLEDGES THE IMPORTANCE OF UPHOLDING GOOD CORPORATE GOVERNANCE PRINCIPLES TO SAFEGUARD STAKEHOLDER INTERESTS AND ENHANCE SHAREHOLDER VALUE. TRANSPARENCY, ACCOUNTABILITY AND INTEGRITY ARE KEY PILLARS THAT THE BOARD PRIORITISES IN ITS COMMITMENTS AND RESPONSIBILITIES.

Furthermore, the Group is dedicated to integrating good environmental, social and governance ("ESG") practices into its operations, emphasising the principles of sustainability throughout its business processes. A comprehensive account of our sustainability initiatives and practices can be found in the Sustainability Statement included in this Integrated Annual Report, which provides a detailed analysis of our sustainability performance in relation to material ESG matters and underscores our support of relevant United Nations Sustainable Development Goals (UN SDGs).

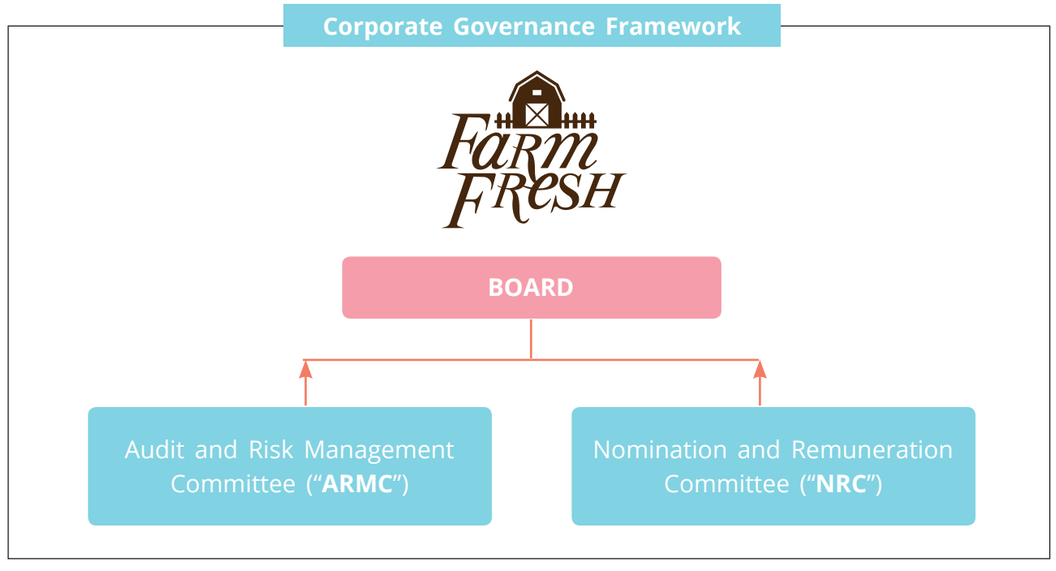
This Corporate Governance Overview Statement adheres to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities") and aligns with the principles outlined in the Malaysian Code on Corporate Governance ("MCCG") 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board assumes the crucial role of determining the Group's strategic direction, prioritising sustainable value creation for stakeholders, and safeguarding the Group's interests. In fulfilling these responsibilities, the Board upholds principles of good governance and ethical conduct, serving as a guiding force in shaping corporate strategies and overseeing their successful implementation.

The governance structure of the Board is outlined as follows:



To ensure effective oversight and accountability, the positions of Chairman and Group Managing Director/Chief Executive Officer are held by separate individuals, promoting a balanced distribution of power and authority. The respective roles and responsibilities of the Chairman and the Group Managing Director/Chief Executive Officer are clearly outlined in the Board Charter, which can be accessed at https://www.farmfresh.com.my/investor-relations/.

The Board has full and unrestricted access to all relevant information pertaining to the Group, and may rely on the support of the Group's Company Secretary and senior management at all times to aid in the effective discharge of their fiduciary duties. The notices and meeting papers are provided to all Board members and Board Committees prior to scheduled meetings, allowing sufficient time for thorough review and consideration of the issues at hand.

The Board's leadership is strengthened by the following policies and codes that were implemented 2022 and 2023:

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

These documents, which clearly describe and define the Group's commitments to good corporate governance, undergo periodic review to ensure their ongoing relevance and applicability. They can be accessed at https://www.farmfresh.com.my/investor-relations/.

BOARD COMPOSITION

The Board of Farm Fresh comprises seven (7) members, all of whom possess extensive experience and expertise in various fields. Four (4) of these members are Independent Non-Executive Directors ("INED"). None of the board members have previously served as key audit partners for the external auditors of the Company.

The Board has established two key committees to assist in the discharge of its responsibilities, namely the Audit and Risk Management Committee (ARMC) and the Nomination and Remuneration Committee ("NRC"). Both these committees are chaired by Independent Non-Executive Directors who are not the Chairman of the Board. The specific functions, duties and authorities of each committee are outlined in their respective Terms of Reference, which can be accessed at https://www.farmfresh.com.my/investor-relations/.

The Board, through the NRC, has implemented a comprehensive set of criteria for the evaluation of all directors, including independent directors. These criteria serve as a guideline for the Board's annual assessment of both new and existing directors and are regularly reviewed to ensure their continued relevance.

Additionally, the effectiveness of the Board, its Committees and each individual director is subject to an annual review. To further enhance the objectivity and thoroughness of these evaluations, the Board has engaged during the financial year a professional services firm to devise its Board of Directors and Board Committees evaluation and Directors Peer evaluation questionnaire.

(i) Assessment of independence of INEDs

The NRC annually conducts a thorough assessment of the independence of all INEDs. This assessment extends beyond considering the director's qualifications and current activities, encompassing an evaluation of their ability to act independently of management and any potential conflicts of interest that could impede their exercise of independent judgment in the best interests of the Group.

It has been determined by the NRC that all INEDs have maintained their objectivity and independence. Each INED has provided a confirmation of their independence to the NRC.

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

The NRC has conducted a review of the competencies, contributions, and performances of each individual Director, as well as the effectiveness of all Board Committees and the Board as a whole. Through these assessments, the NRC has determined that all parties have demonstrated effectiveness in fulfilling their respective roles and responsibilities.

Corporate Governance Overview Statement

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

As part of its annual processes, the NRC conducts a review of the independence, composition, skills and expertise, term of office and overall performance of the ARMC. Furthermore, the NRC, through the ARMC, has conducted a thorough evaluation of the objectivity, independence, competency, professionalism and resource capacity of the Group's external and internal auditors. Based on its findings, the NRC is satisfied with the performance and capabilities of all parties.

(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 per annum for the period from 1 April 2023 to the next AGM of the Company to be held in 2024 will be tabled at the forthcoming 12th Annual General Meeting ("AGM") of the Group for the approval of shareholders.

(v) Rotation of Directors

In accordance with the Constitution of the Company, one-third of the Directors who have served for a minimum of one (1) year shall retire from office shall be eligible for re-election at every AGM. Additionally, the Constitution stipulates that all Directors shall retire from office at least once every three (3) years.

At the forthcoming 12th AGM, two of the Board's Directors, Loi Tuan Ee and Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas, are standing for re-election and have expressed their intentions to seek re-election. The Board has carefully assessed the suitability, effectiveness and attendance of these Directors at Board and Board Committee meetings during the year under review. The assessment also considered other factors such as their directorships on other public listed and public companies and the potential for any conflicts of interest with the Group. Based on these considerations, the Board recommends their re-election to be approved by shareholders at the forthcoming 12th AGM.

Board and Board Committee meetings are scheduled quarterly, with additional meetings convened as needed. These meetings follow a formal agenda, which allocates time for discussion and deliberation on relevant matters. The Chairman of the Board and the Chairperson of each Board Committee preside over the meetings, and detailed minutes are recorded by the Company Secretary. The draft minutes are made available to all members of the Board and Board Committees before being confirmed at the next meeting. Each Director is required to attend a minimum of fifty (50) percent of the Board meetings held in each financial year.

The attendance of Board members at Board of Directors Meetings ("BODM") and Special Board of Directors Meetings ("SBODM") held during FY2023 were as follows:

	Financial Year Ended 31/03/2023								Numbers of Meetings Attended
Name of Director	BODM 24/05/2022	BODM 21/07/2022	BODM 24/08/2022	SBODM 31/10/2022	BODM 23/11/2022	SBODM 15/02/2023	BODM 15/02/2023	SBODM 14/03/2023	
TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS	Y	Y	Y	Y	Y	Y	Y	Y	8/8
LOI TUAN EE	Y	Y	Y	Y	Y	Y	Y	Y	8/8
DATO' DR QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM	Y	Y	Y	Y	Y	Y	Y	Y	8/8
JOCELYN NG LAI LENG	Y	Y	Y	Y	Y	Y	Y	Y	8/8
LOI FOON KION	Y	Y	Y	Y	Y	Y	Y	Y	8/8
SUKANTA KUMAR DUTT	Y	Y	Y	Y	Y	Y	Y	Y	8/8
EFFIZAL FAIZ BIN ZULKIFLI	Y	Y	Y	Y	Y	Y	Y	Y	8/8

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities. Additionally, they are responsible for continuously assessing their own training needs to stay up-to-date with relevant regulatory requirements and evolving business developments. The Board is dedicated to keeping informed about training programmes and workshops offered by Bursa Malaysia Securities and other training providers, and receives periodic updates on new statutory and regulatory requirements.

During FY2023, each of the Group's Directors actively participated in various training programmes, seminars, conferences and forums, the details of which are as follows:

Director's Name	Training	Date of Event
TAN SRI DATO' SERI HAJI MEGAT NAJMUDDIN BIN DATUK SERI DR HAJI MEGAT KHAS	PNB Knowledge Forum-Tall Buildings & Living in the Space Age: The Enigma & Convergence of Science & Art	21 April 2022
	PNB Knowledge Forum 2022 — Sustainable Investing ESG at the Forefront (Online)	21 April 2022
	MPOB Transfer of Technology Seminar & Exhibition 2022 (Online)	28 June 2022
	PNB Knowledge Forum 2022 — Tall Buildings & Living in the Space Age: The Enigma & Convergence of Science & Art (Venue: Grand Hyatt, Kuala Lumpur)	10 August 2022
	Climate Governance: A Standing Item on Board Agenda (Venue: Bursa Malaysia Berhad)	11 August 2022
	Governance in Audit Conference "Auditing in This New Governance Era"	6 September 2022
	Governance in Audit Conference — Auditing in This New Governance Era (Venue: Double Tree Hilton Kuala Lumpur)	6 September 2022
	HC-SIDC Corporate Governance Conference 2022: Investment Stewardship in Times of Heightened Sustainability Demands (Venue: Securities Commission Malaysia)	23 September 2022
	Sime Darby Plantation Berhad — Board Retreat 2022 "Forging Growth through Sustainability & Innovation"	28-30 September 2022
	Board Talk on The Working Future: More Human, Not Less (Online)	18 October 2022
	Malaysia Global Boardroom Programme Launch/The DNA of Future Chairs (Venue: Pavilion Hotel, Kuala Lumpur)	17 November 2022
	Building Towards a Corrupt-Free Nation	15 December 2022
LOI TUAN EE	Steward Leadership Summit	30 November 2022
	Federation of Malaysian Manufacturers (FMM) Entrepreneurship Conference 2022	7 December 2022
DATO' DR QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM	ESG Power Talk Series	27 June 2022
	Health & Nutrition Asia Exhibition and Seminar	7-9 September 2022
	IIC-SIDC Corporate Governance Conference 2022: Investment Stewardship In Times Of Heightened Sustainability Demands	23 September 2022
	Rabies In Borneo Conference 2022	27-28 September 2022
	Khazanah Megatrends Forum	3-4 October 2022
	Universiti Malaysia Kelantan Veterinary International Conference (UVIC) 2022	2-3 November 2022
	FAVA (Federation of Asian Veterinary Associations) Congress 2022, Japan	11-13 November 2022
	VIV Asia 2023	8-10 March 2023

Corporate Governance Overview Statement

Director's Name	Training	Date of Event
JOCELYN NG LAI LENG	ICDM FCD Series Module D: Financial Essentials for Non-Finance Directors	15-16 June 2022
	ICDM PowerTalk ESG Series #4 – ESG Disclosure at a Glance: Key Developments and Future Trends	27 July 2022
	ICDM PowerTalk ESG Series #5 – Climate Change and Carbon: From the Financial Risk & Reporting Perspectives	4 August 2022
	ICDM PowerTalk ESG Series #6 – Characteristics of ESG & Sustainability Leadership	11 August 2022
	Khazanah Megatrends Forum 2022	3-4 October 2022
	The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees	17 November 2022
	30% Club Diversity, Equity & Inclusion (DEI) Conversation #5: Embrace Equity	7 March 2023
	ICDM PowerTalk Series – Navigating ESG Data into Decisions	21 March 2023
LOI FOON KION	BURSA Board Leadership/ Conversation on Climate Governance	11 August 2022
	Dairy Foods – Addressing Challenges Associated with Sugar Reduction	20 September 2022
	IIC-SIDC Corporate Governance Conference 2022 – Investment Stewardship in Times of Heightened Sustainability Demands	23 September 2022
	Khazanah Mega Forum 2022	3-5 October 2022
	ICDM Power Talks – Navigating ESG Data into Decisions	21 March 2023
SUKANTA KUMAR DUTT	AML Refresher Training	15 June 2022
	Corporate Governance: Assessing Your Organizational Culture	22 June 2022
	Corporate Governance & ESG Practices for the ESG World	6 September 2022
	Cooler Earth Sustainability Summit	20 September 2022
	Cooler Earth Sustainability Summit – Experiential: The Magical Mysteries of Bukit Kiara	24 September 2022
	Khazanah Megatrends Forum 2022	4 October 2022
	The Legal 360	18 October 2022
	CIMB Expert Talk Series for Board & Key Management: Sustainability Finance/Sustainability Training KPIs	19 October 2022
	Securities Commission Briefing for Audit Committees	17 November 2022
	Cyber Security Senior Management Briefing	22 November 2022
	Emerging Trends, Threats and Risks in the Financial Services Industry	24 November 2022
	Cyber Security Briefing for the Board	12 December 2022
	CIMB-Cambridge Institute for Sustainability Leadership Programme (CISL)	11 January 2023
	FIDE Distinguished Leadership Series with Kishore Mahbubani: 'Can America stop China's rise? Will ASEAN be damaged?'	12 January 2023
	Cambridge Institute for Sustainability Leadership Session 2: A New Context for Business	8 February 2023
EFFIZAL FAIZ BIN ZULKIFLI	Briefing on the latest developments of Section 17A of the MACC Act 2009	13 April 2022
	Sequoia PitStop 2022	12-15 September 2022
	ICDM's International Directors Summit 2022	26-28 September 2022
	KPMG Board Leadership Centre Exclusive – Understanding the requirements in Bursa Malaysia's enhanced sustainability reporting framework	2 November 2022
	Evening talk on "Inflation, Looming Recession & Climate Change: A Tricky Balancing Act?"	7 November 2022
	Sustainability Training	29 November 2022
	Korea Privates Conference 2022 – online	7 December 2022
	CES Conference 2023	3-7 January 2023

REMUNERATION

The Group recognises the importance of attracting and retaining highly skilled Directors, and therefore strives to offer competitive remuneration packages, which typically comprise of a basic salary, allowances, bonuses and other benefits-in-kind. The remuneration of Non-Executive Directors is determined based on their experience and the level of responsibilities they undertake. The Director in question abstains from participating in discussions and voting on matters related to their own remuneration package.

DIRECTORS' REMUNERATION FOR FY2023

Name/Designation	Directors' Fee (RM)	Basic Salary (RM)	Allowance (RM)	Other (EPF, SOCSO, EIS) (RM)
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas *Independent Non-Executive Director*	150,000	–	12,000	–
Loi Tuan Ee *Non-Independent Executive Director*	–	750,000	245,760	91,061
Loi Foon Kion *Non-Independent Non-Executive Director*	100,000	–	13,000	–
Sukanta Kumar Dutt *Independent Non-Executive Director*	100,000	–	18,000	–
Dato' Dr. Quaza Nizamuddin Bin A. Hassan Nizam *Independent Non-Executive Director*	100,000	–	18,000	–
Jocelyn Ng Lai Leng *Independent Non-Executive Director*	100,000	–	18,000	–
Effizal Faiz Bin Zulkifly *Non-Independent Non-Executive Director*	–	–	–	–
Total	**550,000**	**750,000**	**324,760**	**91,061**

Corporate Governance Overview Statement

SENIOR MANAGEMENT'S REMUNERATION FOR FY2023

The remuneration of our top five key senior management members is disclosed below in bands of RM50,000, reflecting totals that encompass their salary, allowance, bonus, benefits in-kind and other emoluments.

Key Senior Management	Total Remuneration (RM)
Loi Tuan Ee	1,050,000 – 1,100,000
Mohd Khairul Bin Mat Hassan	1,050,000 – 1,100,000
Adam Graeme Pretty	800,000 – 850,000
Loi Tuan Kin	700,000 – 750,000
Azmi Bin Zainal	700,000 – 750,000

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 consists of three INEDs, all of whom meet the "independence" requirements outlined in the Listing Requirements of Bursa Malaysia Securities. The requirements entail that 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. All members of the ARMC possess financial literacy, extensive corporate experience and the necessary business skills to effectively carry out their responsibilities.

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 the activities carried out by ARMC in discharging its duties during FY2023 is disclosed in the 'Audit and Risk Management Committee Report' of this Integrated Annual Report on page 129. The profiles of ARMC members may be accessed at https://www.farmfresh.com.my/investor-relations/.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board maintains responsibility for establishing an effective risk management and internal control system, which is regularly reviewed to ensure its ongoing relevance and effectiveness, and implementing adequate measures that protect the interests of shareholders and the Group. To fulfil this role, the Board is supported by the Audit and Risk Management Committee (ARMC), which conducts regular reviews of significant risks and assesses their potential impact on the Group. Based on their analysis, the ARMC provides recommendations for management actions, with key risk matters further escalated to the Board for further attention and appropriate actions.

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

COMMUNICATION WITH STAKEHOLDERS

The Board places great emphasis on transparency and accountability when communicating with stakeholders and employs various channels to provide information on the Group's operations, activities and performance, including via the Group's Integrated Annual Report, corporate announcements made to Bursa Malaysia Securities and updates posted to the Company's corporate website. Additionally, during the period under review, the Company has emphasised on engagements with the investment community and conducted more than 40 one-to-one and group meetings, which is detailed on pages 84-85. During these engagements, the Group would address their concerns, where possible, to deliver sustainable value to its shareholders. Both the Group Managing Director & Group Chief Executive Officer and Group Chief Financial Officer are authorised spokespersons in relation to the disclosure of material information to shareholders and stakeholders.

In accordance with Paragraph 15.26(a) of the Listing Requirements, the Directors fulfil their responsibility in preparing financial statements that present a true and fair view of the Group's financial position, performance and cash flows for each financial year. The Board also ensures the maintenance of accurate accounting and other records that reflect the Group's financial position with reasonable accuracy at any given time.

We ensure our financial statements comply with the Companies Act 2016 and applicable approved accounting standards in Malaysia, as well as the Listing Requirements of Bursa Malaysia Securities. The Audit and Risk Management Committee ("ARMC") plays a vital role in reviewing the Group's quarterly financial results and annual Audited Financial Statements to ensure their accuracy, adequacy and completeness before seeking Board approval.

For a more comprehensive understanding of our stakeholder activities and issues raised with stakeholders, please refer to "Key Stakeholder Engagement" on pages 56-59.

CONDUCT OF GENERAL MEETINGS

The Company ensures that notice of all general meetings is sent to shareholders within the prescribed timeframes, with a minimum of 14 days' notice provided for regular meetings and at least 21 days' notice for meetings involving special resolutions or Annual General Meetings ("AGMs").

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

In accordance with Paragraph 8.29A of the Listing Requirements of Bursa Malaysia Securities, the Board has implemented poll voting for all resolutions listed in the notice of general meetings. At least one (1) independent scrutineer is appointed to validate the votes cast at general meetings. The outcome of general meetings, including the results of poll voting, is announced to Bursa Malaysia Securities on the same day after the conclusion of the meetings. This information is also made accessible through the Company's website 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 available at https://www.farmfresh.com.my/investor-relations/.

This Corporate Governance Overview Statement was approved by the Board on 26 July 2023.

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 audit review outcome of business's internal process 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 during 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 adapted based on the internationally recognised Committee of Sponsoring Organisations ("COSO") 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.

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

Principal Risks	Description	Key Mitigation Measures
Cyber Security Risk	Lack of awareness of cyber security risk might cause financial losses to the company.	• Continuously emphasising the importance of using stronger passwords, and enforcing the practices of no password sharing, no saving of passwords in browser, and promptly reporting any cyber security threat. • Engaged third party to perform penetration testing for internal and external users in May 2023 to identify our Group's network and systems vulnerabilities for improvement actions. • Implemented and upgraded antivirus, firewall, anti-malware, and phishing prevention tools.
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 materials and finished goods prior to releasing to retailer.
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"). • Adhering to the Good Animal Husbandry Practices (GAHP) Manual and the Humane Farm Animal Care Dairy Cattle Welfare Standards which govern our farm practices, and to the guidance of MyGAP and Certified Humane certifications that certify our compliance with good agricultural practices for livestock. • Assigning a designated veterinary health team to each farm in the Group to ensure continuous monitoring is carried out and adequate treatment is 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.

Statement on Risk Management and Internal Control

Principal Risks	Description	Key Mitigation Measures
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.	• Implemented third party whistleblowing system platform to enable anonymous and confidential management of misconduct reporting. • Performed roadshow to educate and create awareness of "Whistleblowing Policy & Procedures" among employees at different work location sites within Malaysia. Communication will be extended to our Australian employees in the following financial year.

INTERNAL CONTROL PROCESS AND STRUCTURE

- **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 Committee.

- **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.

- **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 the 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 consolidated results are 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 26 July 2023.

Audit and Risk Management Committee Report

THE BOARD OF DIRECTORS OF FARM FRESH BERHAD ("BOARD") HEREWITH PRESENTS THE GROUP'S AUDIT AND RISK MANAGEMENT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023.

ARMC MEMBERS

The Audit and 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 that satisfy the "independence" requirements stipulated in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia 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 five (5) meetings during FY2023. The dates of these meetings and details of attendance by each member serving on the ARMC is depicted below:

	Financial Year Ended 31/03/2023					
Name of Director	24/05/2022	21/07/2022	23/08/2022	22/11/2022	23/02/2023	Numbers of Meetings Attended
DATO' DR QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM	Y	Y	Y	Y	Y	5/5
JOCELYN NG LAI LENG	Y	Y	Y	Y	Y	5/5
SUKANTA KUMAR DUTT	Y	Y	Y	Y	Y	5/5

To facilitate informed deliberations and decision making, invitations are extended to other members of the Board, members of the Group's management team, the Group's external auditors or the Group's Company Secretary to attend these meetings as and when relevant or necessary.

SUMMARY OF ARMC ACTIVITIES

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

In discharging its functions, duties and responsibilities, the ARMC has undertaken the following activities during FY2023:

a) Risk Management and Internal Control
   - Engaging and deliberating with Internal and External Auditors on internal control, risks and audit matters

b) Internal Audit
   - Reviewing annual internal audit deliverable plans for year 2023
   - Monitoring the control gap highlighted by the External Auditors

Audit and Risk Management Committee Report

c) External Audit
- Reviewing audit plans and work of audit scope for FY2023

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

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 for outsourcing the whistleblowing system service to an external party

INTERNAL AUDIT FUNCTION

Reporting directly to the ARMC, the Group's Internal Audit Department conducts audits on the Group's operations in order to provide independent assurance on the adequacy and effectiveness of the Group's governance and internal control processes.

Following evaluations that were conducted during FY2023, recommendations were developed and circulated to the management for their further action, with these suggestions also highlighted to the ARMC. The Internal Audit Department then monitored the management's responses and ensured that appropriate actions were taken accordingly, with the findings and outcomes thereafter reported to the Board.

This Audit and Risk Committee Report is prepared in accordance with the resolution of the Board on 26 July 2023.

Nomination and Remuneration Committee Report

THE BOARD OF DIRECTORS OF FARM FRESH BERHAD ("BOARD") IS PLEASED TO PROVIDE THE GROUP'S NOMINATION AND REMUNERATION COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023, HIGHLIGHTING THE GROUP'S APPROACH TO NOMINATING MEMBERS OF THE BOARD AND OUTLINING THE ACTIVITIES UNDERTAKEN IN THE FULFILMENT OF ITS RESPONSIBILITIES.

THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee ("NRC") is entrusted with the responsibility of overseeing the nomination and remuneration of Board members at Farm Fresh Berhad.

The NRC plays a vital role in assisting the Board in various key areas, including the nomination of new directors, reviewing the structure, size, composition (including the skills, knowledge and independence) and diversity (including gender diversity and experience) of the Board, assessing the overall effectiveness of the Board and its committees, evaluating the performance of individual directors and recommending the remuneration policies 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 stipulated in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities").

Members	Position
Sukanta Kumar Dutt	Chairman *(Independent Non-Executive Director)*
Loi Foon Kion	Member *(Non-Independent Non-Executive Director)*
Effizal Faiz Bin Zulkifly	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 five (5) meetings during FY2023. The dates of these meetings and details of attendance by each member serving on the NRC is depicted below:

	Financial Year Ended 31/03/2023					Numbers of Meetings Attended
Name of Board Member	18/04/2022	24/05/2022	23/08/2022	21/10/2022	06/03/2023	
DATO' DR QUAZA NIZAMUDDIN BIN A. HASSAN NIZAM	Y	Y	Y	Y	Y	5/5
JOCELYN NG LAI LENG	Y	Y	Y	Y	Y	5/5
LOI FOON KION	Y	Y	Y	Y	Y	5/5
SUKANTA KUMAR DUTT	Y	Y	Y	Y	Y	5/5
EFFIZAL FAIZ BIN ZULKIFLI (Appointed w.e.f. 18/04/2022)		Y	Y	Y	Y	4/4
Former Board Member						
TAN MEI SHWEN SERENA (Resigned w.e.f. 18/04/2022)	Y					1/1

Nomination and Remuneration Committee Report

To facilitate informed deliberations and decision making, invitations are extended to other members of the Board, members of the Group's management team, the Group's external auditors or the Group's Company Secretary to attend these meetings as and when relevant or necessary.

SUMMARY OF NRC ACTIVITIES

The functions and duties of the NRC are defined in its terms of reference and made available at https://www.farmfresh.com.my/investor-relations/.
In discharging its functions, duties and responsibilities, the NRC has undertaken the following activities during FY2023:

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

b) Remuneration Matters
   a. Recommending directors' fees for FY2023 and FY2024
   b. Recommending the benefits payable to the non-executive Chairman and non-executive Directors

c) Other Matters
   a. 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 total 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 FY2023 are as follows:

Type of Services/External Auditors		Fees (RM) Company	Fees (RM) Group
Audit Fees	KPMG PLT	110,000	277,000
	Other Auditor	–	222,431
Total Audit Fees		**110,000**	**499,431**
Non-Audit Fees	KPMG PLT[1]	257,500	257,500
	Local affiliates of KPMG PLT[2]	20,000	314,000
	Other Auditor[3]	–	134,529
Total Non-Audit Fees		**277,500**	**706,029**

Notes:
1) Review of interim financial information and Statement of Risk Management and Internal Control.
2 Tax services and financial due diligence.
3) Tax services.

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 FY2023.

3. Employees' Share Option Scheme (ESOS)

The Group has established the Employees' Share Option Scheme (ESOS) effective 21 March 2022. The movements in outstanding options offered to take up unissued ordinary shares and the exercise price is as follows:

		Number of options ('000)				
Date of offer	Exercise price	At 1 April 2022	Granted	Exercised	Lapsed	At 31 March 2023
21 March 2022	RM1.35	--	33,380	(284)	(11,062)	22,034

Additional Compliance Information

4. Utilisation of IPO Proceeds

In conjunction with the Group's listing on the Main Market of Bursa Malaysia Securities Berhad on 22 March 2022, we have utilised and expect to utilise the gross proceeds from our Public Issue amounting to RM301.0 million in the following manner:

Details of use of proceeds	Estimated timeframe for the use of proceeds	Proposed utilisation as disclosed in IPO prospectus RM'000	Variation[1] RM'000	Proposed utilisation as varied by 15.02.2023 RM'000	Actual utilisation to 31.03.2023 RM'000
1. Capital expenditure of our Group					
– *Establishment of a new manufacturing hub, a new dairy farm and integrated processing facility in Malaysia*	Within 24 months	140,000	(8,763)	131,237	(19,041)
– *Expansion of our production facility in Australia*	Within 18 months	60,000	(55,149)	4,851	(4,851)
– *Regional expansion outside of Malaysia*	Within 24 months	40,000	–	40,000	(5,416)
2. Working capital	Within 12 months	40,789	–	40,789	(40,789)
3. Estimated listing expenses	Within 3 months	20,200	–	20,200	(18,982)
4. Proposed acquisition of TISSB	On the date of completion of the SSA and SPA (as defined herein)	–	63,912	63,912	–
TOTAL		**300,989**		**300,989**	**(89,079)**

Note:
(1) The variation was announced on 15 February 2023

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

Statement of Board Responsibilities

The Board is accountable for the preparation and integrity of the annual financial statements of Farm Fresh Berhad. As required by the Companies Act 2016 ("Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 March 2023 have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act. The Board ensures that proper accounting records are maintained that disclose with reasonable accuracy the financial position of the Group.

The Board declares that the financial statements have been prepared using appropriate accounting policies, which have been applied consistently and are supported by reasonable and prudent judgements and estimates. Moreover, the Board affirms that the financial statements present a true and fair representation of the Group's financial position as at the end of the year and of the 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, the MMLR of Bursa Malaysia Securities, Malaysian Code on Corporate Governance ("MCCG") 2021, Board Charter and other relevant laws, rules and regulatory guidelines in discharging its duties and responsibilities as follows:-

a) set corporate values and promote a culture of good corporate governance 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 the 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 account 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 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.

Our Sustainability Journey

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Sustainability Statement

WE HAVE ENSHRINED THE PRINCIPLES OF SUSTAINABILITY INTO THE VERY CORE OF OUR BUSINESS STRATEGY. DRIVEN BY OUR VISION TO BE A SUSTAINABLE AND HONEST FOOD COMPANY THAT PRIORITISES THE WELL-BEING OF CONSUMERS, WE ARE CONSISTENTLY EXPANDING OUR SUSTAINABILITY PRACTICES TO MAXIMISE THE POSITIVE IMPACT WE DELIVER TO PEOPLE, THE ENVIRONMENT AND LOCAL ECONOMIES.

Our commitment to sustainability extends well beyond our primary mission to produce nutritional dairy and plant-based products, as we recognise our responsibility to minimise our environmental impact through sustainable farming and processing practices. Our ongoing efforts in adopting sustainable practices across all our farms and closely monitoring our carbon footprint exemplify our dedication to this objective.

At the same time, we strive to ensure that the value our business generates is shared meaningfully with local communities. This is evidenced by the employment and career advancement opportunities we provide employees, the skills and know-how we impart to our partner-farmers, the support we provide to micro-entrepreneurs in rural and economically disadvantaged areas, as well as the youth outreach and CSR programmes we regularly undertake.

The importance and significance of sustainable practices is becoming increasingly pronounced, and our holistic efforts to drive responsible value creation will safeguard the resilience and longevity of the Group while ensuring the delivery of sustainable, long-term benefits to local communities, our stakeholders and the planet.

About This Statement

This report has been prepared in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and in reference to the Global Reporting Initiative (GRI) Standards. The following key principles are covered:

Stakeholder Inclusiveness

Identifying and addressing our stakeholders' expectations

Sustainability Context

Presenting our performance in the wider context of sustainability

Completeness

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

Materiality

Identifying and prioritising the key sustainability issues that the Group encounters

Our sustainability practices are further aligned with their respective contributions towards the United Nations Sustainable Development Goals ("UN SDGs").

SCOPE & BOUNDARY

This report includes all subsidiaries under Farm Fresh Berhad, with an emphasis on our Malaysian businesses, which constitute the bulk of our operations.

REPORTING PERIOD & CYCLE

This statement covers our sustainability performance for the financial year ended 31 March 2023 ("FY2023"), unless otherwise stated.

RESTATEMENTS OF INFORMATION

This statement contains no restatements of any information or performance data presented in previous reports or statements.

MEMBERSHIPS AND ASSOCIATIONS

The Group is currently not a member of any associations relevant to our industry.

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, which includes our Internal Auditor review of the key figures in the Sustainability Report. Importantly, in reporting our GHG emissions, we have engaged an independent third party firm, Eco-Ideal Consulting Sdn Bhd, to perform the Group-wide carbon footprint inventory exercise.

Sustainability Highlights

336.7
million litres of Farm Dairy Effluent (FDE) recycled and removed from waste discharge
FY2022: 335.0 million litres

88.3
million kg of solid waste recycled and removed from waste discharge
FY2022: 86.4 million kg

1,748,730
kg of chemical fertiliser removed from our cycle
FY2022: 687,876 kg

500.5
million litres of municipal water saved through rainwater harvesting and tube well pumping
FY2022: 428.8 million litres

35.5%
of turnover from products using fully recyclable, sustainably sourced packaging
FY2022: 28%

The carbon emissions intensity of our Malaysian farms is **17%** lower than the average Asian dairy farm

The carbon emissions intensity of our Australian farms is **31%** lower than the average dairy farm in Oceania

0.42 tCO_2eq
Our Group-wide carbon emissions intensity per tonne of milk in **CY2022, representing a 9% reduction since 2020**

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

>140,000
plastic bottles, equivalent to
>7,200kg
of plastic usage, have been avoided via our Milk on Tap initiative

RM45.4 million
in gross income earned by stockists and dealers under our home dealer network
FY2022: RM46.5 million

RM1.7 million
in income generated for our partner farmers
FY2022: RM3.2 million

72% of our total workforce across farms and processing facilities recruited from rural communities in Malaysia
FY2022: 72%

Our Sustainability Focus Areas

Our primary sustainability efforts stem from the three key pillars of Better Dairy, Stronger Communities and Healthier Planet, which form the framework from which we are empowered to spur collective and synergistic sustainability practices across the Group.

We have aligned each of our focus areas with the United Nations Sustainable Development Goals (UN SDGs), in tandem with the Dairy Declaration of Rotterdam, which acknowledges the UN SDGs as the comprehensive framework for the dairy industry to contribute to sustainable development by 2030.

The mapping of the UN SDGs to our focus areas and corresponding sustainability material matters is presented below and elaborated on further in this statement.

3 FOCUS AREAS

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

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

Stronger Communities
- Local Economy Contribution
- Employee Welfare
- Youth Outreach

Engaging Our Stakeholders

We recognise the valuable input of our stakeholders in understanding the comprehensive impact of our business practices. Their insights enable us to develop sustainability strategies that effectively balance their needs with our business and growth objectives. Through open and ongoing dialogue, we engage with the following groups to uncover insights, which in turn guide the determination of our sustainability material matters.

Stakeholder Group	Their Expectations	Mode and Frequency of Engagement
Customers	Delivering safe and nutritious food that caters to their dietary requirements and taste preferences, all at a reasonable cost	**O** Our corporate website **O** Our above the line and below the line advertising **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	Ensuring clear, transparent and up-to-date information on our products, distribution areas and resale prices, while providing business development and sales support to stockists and dealers in our home dealer programme	**P** Face-to-face interactions and calls **P** Circulars and e-mail communication **P** Visits and assessments **P** Distributor training courses
Employees	Creating a safe, non-discriminatory and respectful working environment that fosters career advancement, skills development and income growth opportunities for all employees	**P** Circulars and e-mail communication **P** Employee townhalls **P** Training courses **SA** Team-building events **A** Employee appraisals
Governments & Regulators	Complying with local, state and federal laws and regulations while contributing to national development via 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	Achieving sustainable and profitable long-term growth while upholding ethical and responsible business practices to safeguard against reputational damage	**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	Distributing the economic benefits of our growth by creating employment opportunities and fostering collaborative business partnerships, while protecting local communities from adverse 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 transparent and equitable procurement system that adheres to stringent anti-bribery and anti-corruption practices, while supporting local business ecosystems	**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

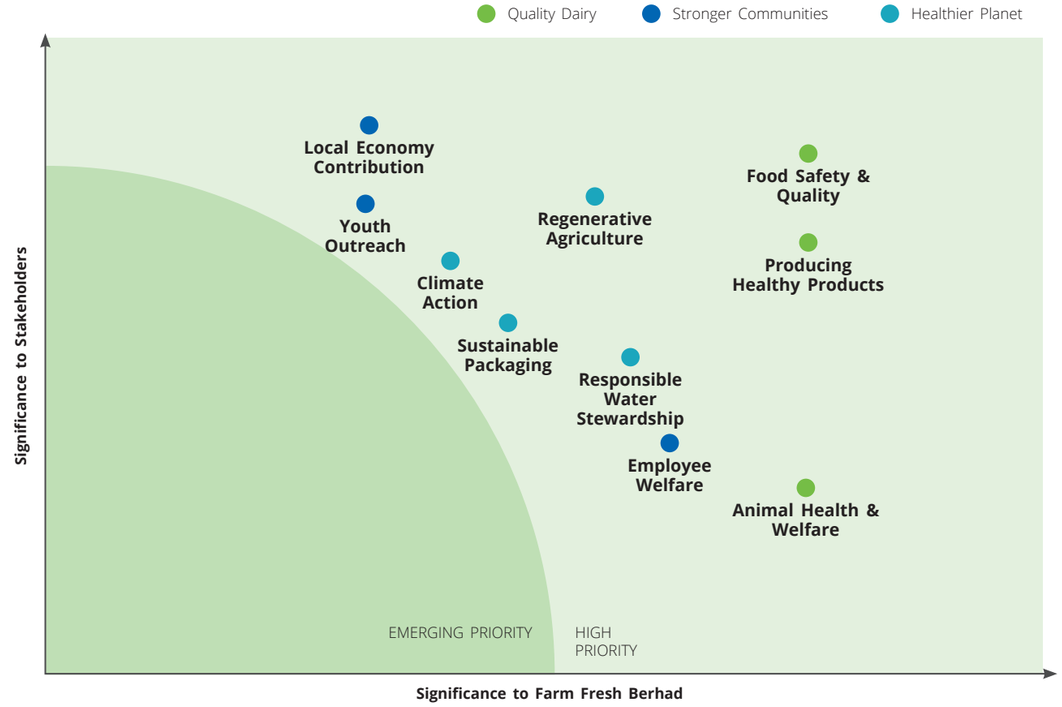
To objectively ascertain the issues that are crucial to generating shared value, we employ a rigorous materiality determination process that takes into account stakeholder input as well as our ongoing analysis of industry trends, risks and emerging issues specific to the food and dairy sector. This comprehensive approach ensures we address all relevant and impactful factors affecting our business, enabling us to identify our sustainability priorities and develop impactful strategies.

Risk Determination

The Audit and Risk Management Committee reviews key risks, especially those particular to the food and dairy sectors and our business operations, with special attention placed on developments within our core Malaysian market.

MATERIALITY MATRIX

The materiality matrix displayed below represents the outcomes of our materiality determination process, illustrating the importance of each sustainability material matter to both the Group and our stakeholders.



Our Sustainability Material Matters

The table presented below describes the significance of each of our sustainability material matters and identifies stakeholders that have indicated the matter as a '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 remains our core purpose and provides us with a competitive advantage.	
Animal Health & Welfare	The well-being of our livestock directly influences the nutritional value and safety of our products, which in turn impacts our reputation and growth potential.	
Food Safety & Quality	As a dairy producer, it is imperative that our products meet stringent food safety standards while providing for key nutritional needs.	
STRONGER COMMUNITIES		
Local Economy Contribution	Given the rural and suburban locations of our farms, where the average income is below the national average, we have a responsibility to empower positive change and improve livelihoods.	
Employee Welfare	Creating a supportive, secure and well-equipped work environment for our employees enhances productivity and boosts the sustainability of our business.	
Youth Outreach	By fostering positive lifestyle and nutrition habits among the younger generation, we can develop beneficial behaviours that endure for generations.	
HEALTHIER PLANET		
Regenerative Agriculture	Embracing regenerative agriculture practices allows us to produce in equilibrium with the natural environment, enhancing product quality and delivering positive effects for the environment and local communities.	
Responsible Water Stewardship	As a farm-based business, we recognise our responsibility to responsibly extract and treat water to minimise our impact on the environment and safeguard the resources of local communities.	
Climate Action	We are playing close attention to our emissions performance and adopting greater use of renewable energy to minimise our carbon footprint and contribute to the fight against climate change.	
Sustainable Packaging	The use of sustainable packaging reduces the ecological footprint of our products and enables our customers to make environmentally-conscious choices.	

Sustainability Governance

To ensure effective governance of sustainability practices, we have established principles, structures and reporting mechanisms that uphold leadership, oversight and accountability throughout the organisation.

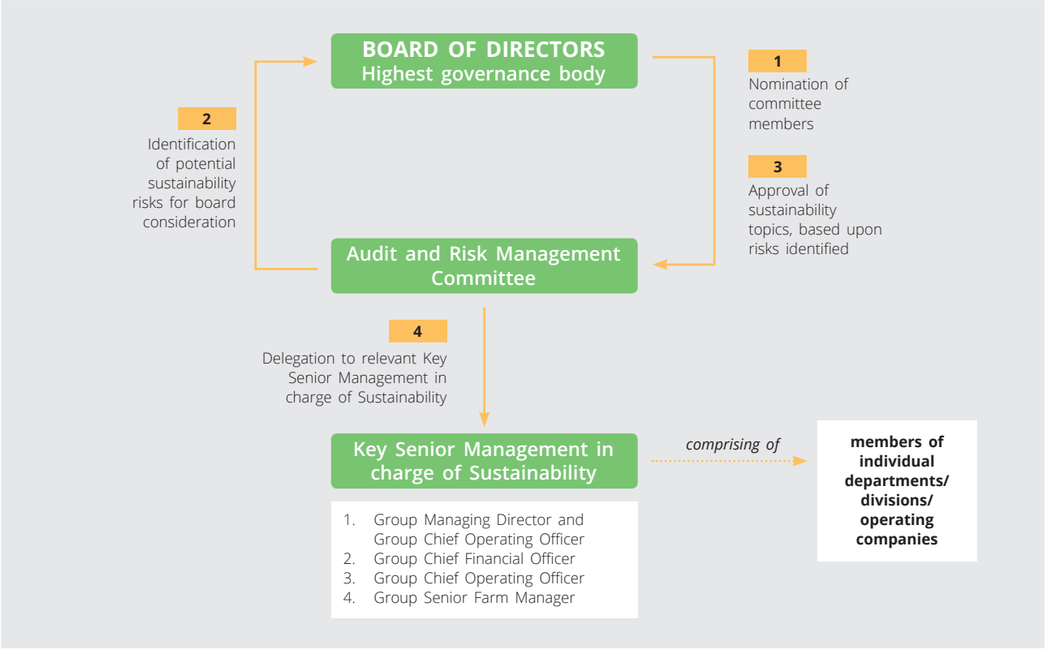
Our Board of Directors, as the highest body in the governance of sustainability practices, holds ultimate responsibility of the Group's sustainability agenda and provides oversight of the integration of ESG matters in the Group's corporate strategy with the aim of balancing the many stakeholders' interests while ensuring that we grow responsibly and create long-term value.

The Board of Directors is supported by the Audit and Risk Management Committee (ARMC), which is responsible for identifying sustainability-related risks. Building upon the ARMC's insights, the Board reviews key sustainability material matters that drive our sustainability initiatives each year. Selected Key Senior Management of the Company will then be tasked to implement strategies and initiatives pertaining to these selected matters and then report the outcomes of their sustainability efforts to the Board. Supporting the relevant Key Senior Management in fulfilling the implementation of the tasks are relevant members of the operating departments, divisions or operating companies.

To ensure progress and alignment, Management presents to the Board as part of an annual review of the Group's sustainability actions and how it aligns to the Group's sustainability roadmap and priorities.

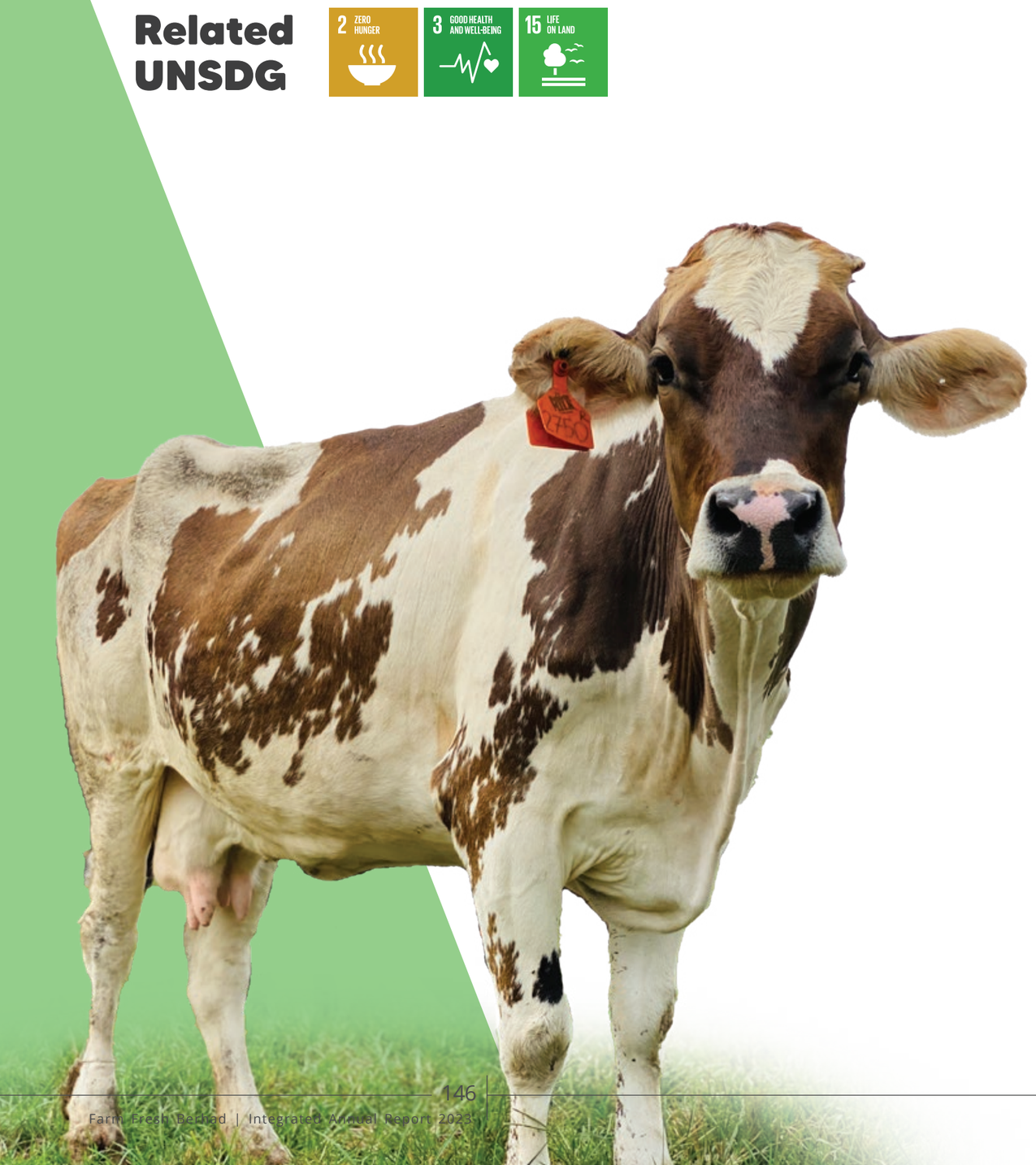
Underpinning our sustainability governance structure are various policies we have introduced to inculcate a high standard of responsible business conduct and ethical human rights practices throughout the organisation. These include our Code of Conduct and Business Ethics, Conflict of Interest Policy and Ethical Trading Policy, which, along with our other policies, may be viewed and downloaded from our corporate website at https://www.farmfresh.com.my/investor-relations/.

We strive to embed these policy commitments across our workforce, business relationships, strategies and processes, supported by relevant training modules to ensure their effective implementation.



BETTER DAIRY

Related UNSDG



Producing Healthy Products

WHY IT MATTERS

Producing healthy products is central to our mission and pivotal in establishing ourselves as a trusted and honest brand. Our longstanding reputation for delivering dairy and plant-based products free from harmful substances has resonated strongly with consumers, and by continuing to surpass industry standards and expanding our consideration for consumer health, we aim to build trust, foster loyalty and drive sustainable organic growth.

OUR ACTIONS AND INITIATIVES

Leveraging our Integrated Supply Chain

As a vertically integrated dairy producer with a presence spanning farming to distribution, we possess the unique ability to closely monitor the quality of our products and their ingredients. Consequently, all our offerings adhere to the highest standards of food safety and meet stringent quality requirements. Our efforts are further empowered by rigorous practices that prioritise the health and well-being of our dairy livestock, ensuring they are treated in accordance with established animal welfare practices (refer to 'Food Safety & Quality' and 'Animal Health & Welfare' for additional details).

Leveraging our experience and presence across the dairy value chain, we have successfully established a satellite network of partner-farmers to whom we provide comprehensive training on our processes and standards, enabling them to align with our practices. Through continuous mentorship, frequent seminars and ongoing technical support, we actively transfer our knowledge to this expanding community, enabling us to maintain exceptional nutritional quality standards as we grow our production capacity and capabilities.

Diversifying our Range of Nutritional Products

As consumer preferences and dietary needs evolve, alternative milk products and plant-based options are increasing in popularity amongst a growing consumer base. Utilising our strong research and development capabilities, we have proactively responded by being the first local player to introduce organic A2 milk, kurma milk, lactose-free milk, oat milk and almond milk in Malaysia. These products are free from preservatives and colourings while being rich in nutrients such as high-quality protein, vitamins and minerals that are easily absorbed. Additionally, many of these options are available in UHT/ambient varieties, extending their shelf life and allowing for wider distribution beyond major urban areas.

In FY2023, we expanded our reach into the growing up milk segment with the launch of Farm Fresh Grow. This range offers pure cow's milk fortified with essential vitamins and nutrients crucial for children's healthy development. Notably, our growing up milk does not contain preservatives, artificial flavouring, vegetable oil, calcium carbonate (from sources such as limestone), and, most importantly, hidden sugar in the form of maltodextrin, which has a high Glycemic Index (GI) and contains no nutritional value.

The launch was complemented by an educational campaign entitled 'The Hidden Truth', which emphasised our commitment to transparency and assured parents of our commitment to deliver milk that only contains necessities.

Backed by strong market response, we will further augment our presence in this segment with the impending launch of Farm Fresh Grow in powder format by end-2023, which will similarly be made from fortified pure cow's milk that is free from sugar, maltodextrin and other unnecessary ingredients.

Future Plans

- We will continue to actively pursue research and development initiatives to innovate and expand our range of dairy and plant-based recipes, while exploring avenues to enhance their nutritional and functional benefits.
- We will continue to increase awareness and adoption of our products among children and families, leveraging on our newly launched pure cow's milk-based formula for children as well as milk for School Milk Programme.

Our Performance

- 100% of our products meet endorsed nutritional guidelines
- Our efforts to deliver healthy dairy products was once again recognised and appreciated by consumers, as we picked up our second consecutive Platinum Award in the Beverage – Dairy category of the Putra Brand Awards 2022

Animal Health and Welfare

WHY IT MATTERS

The well-being of our animals is paramount to our success, and we embrace our duty to set a positive example for the dairy industry through the adoption of responsible practices. By prioritising the care, comfort and nutrition of our dairy herd, we not only take care of their health and that of their offspring, but simultaneously safeguard the sustainability and quality of our dairy products.

OUR ACTIONS AND INITIATIVES

All of our farms strictly adhere to the Group's Good Animal Husbandry Practices (GAHP), which encompasses a comprehensive set of guidelines for animal health care, nutrition and housing. Aligned with the Malaysian Good Agricultural Practices (myGAP) and the World Organisation for Animal Health's standards, this code ensures that our farms maintain the highest standards in animal welfare.

Furthermore, we continuously invest in research and development to enhance animal health and welfare practices that are specifically tailored for tropical climates. This empowers us to implement practices that ensure the well-being and comfort of our herd while optimising their milk output, yield and longevity. In sharing these best practices with our network of partner-farmers, we contribute towards raising the overall standards of livestock rearing nationwide.

Animal Feed Practices

To ensure optimal nutrition for our entire herd, we implement a total mixed ration feeding system that entails developing specific feed formulas for different members of our herd, taking into account their individual nutritional requirements and stage in the breeding cycle.

A majority of our feed mixture consists of on-site grown grass, cultivated without the use of pesticides and enriched through vermicomposting, a process that breaks down animal waste. This sustainable approach not only reduces our environmental impact by utilising the animal waste we generate but also enhances the nutritional value of the feed. Additionally, we supplement the feed mixture with a variety of farm-grown crops such as corn, soybean and palm kernel, ensuring both volume and nutritional balance in their diet.

Animal Healthcare Practices

Each of our individual farms is equipped with dedicated animal healthcare teams, comprising veterinarians and animal science graduates, and are led by Animal Health Compliance Managers. These teams are entrusted with providing comprehensive veterinary care for the entire herd, including assisting with the delivery of newborns and administering medical treatments to sick animals. They also conduct regular health checks on all our herd members to ensure their well-being.

A crucial aspect of their role involves caring for the hoofs of our cows. Hoof care significantly contributes to cow health and enables them to move comfortably between milking parlours, feed bunks and watering areas. To optimise hoof health, we trim the hoofs of our cows twice a year – 60 days before calving and 120 days after calving. This practice ensures proper weight distribution on all four legs and helps to prevent hoof lesions.

We take pride in the fact that all our completed farms in Malaysia have obtained the Certified Humane® accreditation from Humane Farm Animal Care. We are honoured to be the first player in Asia to achieve the certification, and are committed to achieving the certification for our Taiping farm and our farms in Australia in the near future.

Animal Welfare Practices

To ensure the well-being of our Australian Friesian-Sahiwal and Holstein Jersey cows in Malaysia, where they are not native and thus more susceptible to heat and humidity stress, we have implemented various measures to enhance their comfort both inside and outside our barns.

At all our farms, we have installed tunnel ventilation barns designed to keep the cows cool and promote abundant milk production. Additionally, soakers are installed in the barns, spraying water on the cows at regular intervals throughout the day to further enhance their comfort. Our cows also have access to clean and comfortable dry sand bedded areas where they can freely eat, drink and relax. Furthermore, the setup of our Australian-based farms means that cows can graze on grass outside their barns.

In maximising animal welfare, we also employ strategic animal breeding processes. Our dedicated in vitro fertilisation (IVF) unit conducts ongoing research and development to optimise the genetic makeup of our cows. This enables us to breed cows that are ideally suited to thrive in the harsh tropical climate of Malaysia, minimising their predisposed vulnerability to heat and humidity stresses that may impact feed intake, milk production and reproductive efficiency.

Spearheading Innovation in Animal Health and Welfare

With the aim of developing enhanced practices for the health and welfare of our cows and contributing to best practices in our region, we continually engage in strategic collaborations with veterinary-related institutions, corporations and research centres. These collaborations serve to lower the cost of herd medicinal care, shift resources to preventive care and improve yields through increased animal well-being 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	Substitute the use of veterinary drugs with local herbs as a sustainable and organic disease control solution
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	Enhance milk productivity while maintaining the strength, health and proper nourishment of our cows with essential 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 animal health and welfare technologies across all our farms, while deepening our partnerships with veterinary-related institutions, corporations and research centres to advance animal health and welfare practices tailored to tropical climates.
- We will actively share the results of our research and development endeavours with the Malaysian government through the National Dairy Industry Development ("NDID") programme, with the goal of driving positive transformation throughout the industry.

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
- 82.3% of our cows across all farms have access to tunnel-ventilation barns
- 96.8% of our cows across all farms have access to dry sand-bedded areas for relaxation

Food Safety and Quality

WHY IT MATTERS

Ensuring the quality and safety of our products is central to our sustainability agenda and keenly reflects the ethos of our collective vision – to place the well-being of consumers at the forefront of our considerations. By upholding the highest and most rigorous standards in our farming, production and distribution processes, we are empowered to provide nutritional benefits to our consumers, foster loyalty and trust in our products, and grow our positive impact and contributions to local communities as we expand our business reach.

OUR ACTIONS AND INITIATIVES

We leverage our presence as a fully vertically integrated dairy company to exercise robust control over our processes and minimise our reliance on external suppliers. Even when we source dairy from outside the Group, it primarily comes from our network of partner-farmers who follow our stringent processes and undergo continuous monitoring.

Our processing facilities in Malaysia and Australia strictly adhere to internationally recognized standards, including the Hazard Analysis Critical Control Points ("HACCP") control system and the Good Manufacturing Practices ("GMP"). We provide training to our processing facility staff members in GMP and HACCP food safety practices so they remain equipped to maintain high standards of food safety and quality throughout the production process.

Adopting Local and International Standards

All our farms and processing facilities have obtained certifications in the following standards and systems:

- The Halal certification – a globally recognised Malaysian accreditation certifying that all our products are prepared by Halal methods.
- The Malaysian Good Agricultural Practices ("myGAP") – a comprehensive certification scheme introduced by the Malaysian Ministry of Agriculture and Food Security 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 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 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 Food Security. The QAP is specific to the livestock industry and encapsulates specific codes of practice at all levels of the supply chain.

The Farm Fresh Food Safety Management System

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

Action	Frequency
Review of critical control points (CCP) monitoring record and implementation of corrective actions	Daily
Checking of cleaning 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

Our food safety management system is overseen by a specialised team consisting of a HACCP team leader, maintenance supervisors, internal auditors, Quality Assurance (QA) professionals and/or production managers. This team functions independently from our operational teams and possesses the authority to initiate supplementary processes and actions as deemed 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

Additionally, the food safety management team is entrusted with supervising routine maintenance activities for our existing equipment, ensuring they remain functioning to the highest standards.

Biosecurity Practices

To ensure the good health of our herd, we have implemented rigorous protocols across all our farms that align with the guidelines outlined in our GAHP manual and the myGAP certification.

As part of these comprehensive measures, all cows at our Malaysian farms receive vaccinations for Foot and Mouth Disease. Moreover, we proactively monitor global biosecurity risks to identify potential threats and promptly introduce additional vaccinations as deemed necessary.

Future Plans

- We will enhance our collaboration with partner-farmers to ensure the implementation of GAHP and myGap standards across all farms that supply dairy to the Group.

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

STRONGER COMMUNITIES

Related UNSDG

Local Economy Contribution

WHY IT MATTERS

Many suburban and rural areas in Malaysia suffer from a lack of economic opportunities and are underserved compared to urban centres. Leveraging our presence in these areas, we assume responsibility to empower these communities, not only by providing sustainable employment opportunities to locals but also through skills development and education programmes that foster professional growth. By doing so, we create shared value that uplifts these regions while simultaneously supporting our business objectives.

OUR ACTIONS AND INITIATIVES

Rural Employment and Talent Development

Our "local first" policy ensures that we prioritise hiring from local communities where we operate before considering options in urban markets. Currently, 72% of employees in our farms and processing facilities are recruited from rural communities in Malaysia, including 11 individuals from the indigenous Orang Asli community.

We believe in nurturing local talents and have established several talent development programmes that include internships in collaboration with renowned universities and colleges. Since 2019, we have provided internships and potential full-time employment opportunities to 223 high-performing students, with many becoming valuable contributors to our workforce.

Our efforts also include the Farm Fresh Scholarship Programme, which we launched in 2021 in collaboration with the East Coast Economic Region Development Council (ECERDC). The programme provides Orang Asli children with educational and financial support from primary to university level, and has onboarded 20 Orang Asli students from five local schools in the district of Rompin with RM30,000 disbursed to support their educational needs thus far. We aspire to inspire at least 80% of these students to pursue university studies and offer all of them the opportunity to join our workforce upon graduation.

Local Economy Contribution

Uplifting Local Farmers

The satellite network of rurally located partner-farmers we established in 2011 has played a vital role in promoting fair pricing for customers and enabling us to cost-effectively meet our external dairy sourcing needs. In addition to purchasing their milk, we have expanded our relationship with our partner-farmers to provide them with knowledge transfer opportunities through mentorship programmes and access to technical support throughout the production process.

By paying fair market prices to our partner-farmers for raw milk, we contribute meaningfully to their livelihoods as well as to the Malaysian government's goal of achieving self-sufficiency in domestic fresh milk production by 2025.

The Farm Fresh Home Dealer Programme

In 2016, we introduced our innovative home dealer programme, a first-of-its-kind distribution network that spans rural regions in Malaysia without access to major grocery stores or supermarkets. This programme has not only expanded the reach of our products but has also created sustainable income opportunities for micro-entrepreneurs in underserved areas. Currently, we have 55 stockists, 801 home dealers, and 952 agents across all states in Malaysia, with 80% of them being women. These independent contractors distribute Farm Fresh and Yarra Farm products within their communities, earning commission for the sales they generate while spreading awareness on the nutritional benefits of dairy products to their friends and families.

To support their professional development, we conduct regular seminars and courses that keep them updated on our product range, pricing and their distribution areas. In 2019, we also launched an e-commerce website called Farm Fresh Mart, which provides information on the location and availability of home dealers and agents, allowing customers to purchase our products online, contact a home dealer or agent directly, or visit their nearest stockist or home dealer.

Via our home dealer programme, stockists may earn up to RM25,000 per month, while home dealers can generate a monthly income of up to RM5,000, surpassing average salaries in the regions they live in. Meanwhile, the programme continues to contribute significantly to our financial performance, with direct sales to stockists and distribution support provided by our network partners contributing towards 29% of our total revenue in FY2023.

In recognition of the social benefits provided by our home dealer programme, we were honoured with the ASEAN Inclusive Business Award in 2020.

Future Plans

- We intend to extend the Farm Fresh Scholarship Programme to more Orang Asli students who require financial assistance in Pahang.
- As our product range continues to expand, we will enhance our home dealer programme through roadshows and other outreach initiatives, extending this income-generation opportunity to entrepreneurs throughout Malaysia.
- We are developing strategies to promote greater female participation in the home dealer network, thereby empowering an increasing number of housewives to achieve economic independence and financial freedom.

Our Performance

- 72% of our total workforce across our farms and processing facilities were recruited from rural and underserved communities
- 223 students from local universities and colleges have benefitted from our internship programmes
- We have 55 stockists, 801 home dealers and 952 agents within our home dealer programme
- 80% of the micro-entrepreneurs within our home dealer programme are women
- RM1.7 million in income was generated for our partner-farmers

Youth Outreach

WHY IT MATTERS

We recognise the vital role of healthy and nutritious food in shaping the development of future generations. Utilising our position as Malaysia's leading homegrown dairy company, we have a unique opportunity to instil better consumption habits, particularly within schools.

OUR ACTIONS AND INITIATIVES

Farm Fresh's Multidimensional Human Capital Development Programme *(Program Pembangunan Insan Multidimensi)*

In June 2023, we have commenced our new Multidimensional Human Capital Development Programme to support hardcore poor students in areas of education, nutrition and living standards. As part of this programme, we have committed to invest over RM1 million towards establishing Special Community Centres in areas with prevalent hardcore poor students. The first centre was launched at Sentul in the Klang Valley, providing 60 students with extra classes, tuition, religious classes, motivational sessions and nutritious meals, including Farm Fresh milk.

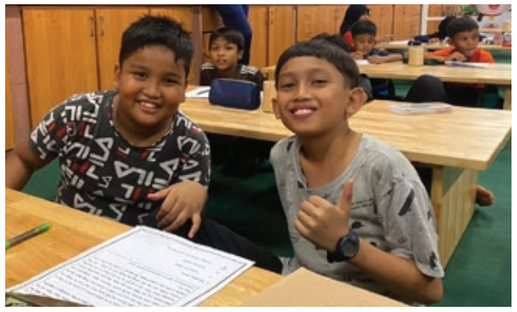
We are going to expand this initiative to nine more locations in other states across Malaysia, trailblazing an effort that paves the way for other large corporations, multinationals and government-linked companies to join this noble cause. This initiative is undertaken in collaboration with the Ministry of Education, Ministry of Health and Yayasan Didik Negara.

School Milk Programme

In our most recent collaboration with the Ministry of Education, we have begun participating in a new *Program Susu Sekolah*, or 'School Milk Programme', which aims to deliver quality nutritional milk to school canteens in the Northern, Eastern and Southern regions of Peninsular Malaysia. Through our involvement, we have delivered over 62 million packs of school milk to about 3,400 schools from April 2022 to March 2023, with a further 30 million packs delivered from March to June 2023. As a result of our successful involvement thus far, we have been awarded a new contract to deliver a further 70 million packs in the next phase of the programme.

Our Performance

- Delivered over 62 million packs of school milk from April 2022 to March 2023 under the School Milk Programme
- Launched first out of 10 planned Special Community Centres in Sentul, providing hardcore poor students with extra classes, religious classes, motivational sessions and nutritious meals, including Farm Fresh milk



Employee Welfare

WHY IT MATTERS

The bulk of our workforce operates in our farms and processing facilities, encountering occupational risks associated with heavy machinery, working with livestock in high heat and humidity, and engaging in construction or repair tasks. In our efforts to ensure their on-the-job safety and comfort, we adhere to international occupational health and safety standards, while additionally offering healthcare benefits and subsidised meals. Through our provision of a holistic workplace experience that nurtures personal growth and development, we encourage loyalty and productivity, thereby supporting the sustainability of our business operations.

OUR ACTIONS AND INITIATIVES

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

At present, none of our employees are covered by collective bargaining agreements. Instead, we maintain open and direct communication with them to address their concerns and ensure a conducive and fair working environment for all.

The Farm Fresh Safety Management System

To address the specific challenges encountered in our employee working environments, we have devised a Safety Management System ("SMS") and a Safety, Health and Environment ("SHE") Policy that adhere to the following relevant Malaysian regulations and laws:

- 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

Furthermore, our SMS and SHE policies meet stringent international and national-level standards, including:

- MS 1722:2003
- OHSAS 18001
- ISO 1400

Implementing HIRARC Procedures

Our Hazard Identification, Risk Assessment and Risk Control ("HIRARC") procedures play a crucial role in managing potentially hazardous activities. We have established specific protocols for operating machinery and conducting maintenance, which are strictly enforced across all our farms and production facilities. Additionally, we strive to proactively identify and address emerging hazards through additional measures and practices that include:

- Periodic safety audits of processing facilities
- Monitoring, measuring and controlling 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
- Internal Emergency Response Teams ("ERT") which are tasked with evacuating employees and fighting fires in the event of an emergency

Dedicated safety officers are responsible for overseeing our HIRARC procedures, monitoring personnel safety and conducting regular safety audits of our factory premises, towards maintaining safe working environments at all times.

In addition to these measures, employee training is prioritised at all levels and across all job functions, with occupational first aid, Confined Space training, forklift handling training, reach truck handling training and Hazard Identification, Risk Assessment and Determining Control ("HIRADC") training provided to employees based on their relevant job requirements. Personal Protective Equipment ("PPE") is also provided to employees wherever necessary to enhance their safety. Furthermore, to ensure new employees are well-informed on safety measures and protocols, we have included a comprehensive safety awareness component in our orientation programme.

Safety, Health and Environment Committee

We have established a Safety, Health and Environment Committee that consists of a mix of representatives from both employers and employees, fostering meaningful dialogue on health and safety matters and providing a channel for emerging risks to be identified and brought to the attention of our management.

The primary responsibilities of the committee include, but are not limited to:

- Conducting regular workplace inspections, including specific inspections of machinery, equipment, substances, appliances and work processes
- Investigating workplace accidents, near misses, dangerous occurrences, occupational poisoning and occupational diseases, and reporting significant findings and recommending corrective actions to management
- Supporting the development of safety and health rules and safe work systems
- Evaluating the effectiveness of existing safety and health policies and recommending revisions as needed

Encouraging Sustainable Living

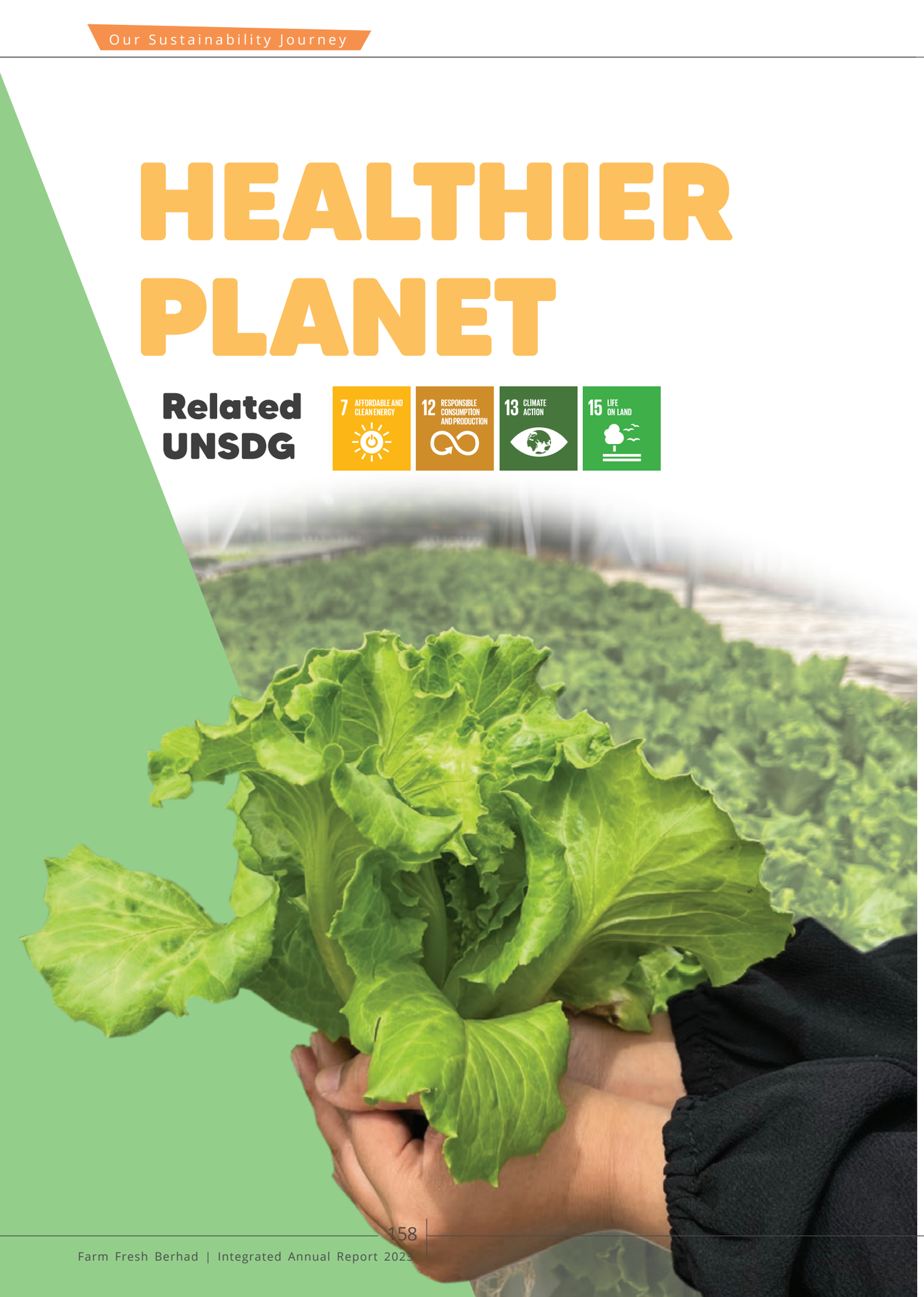
As part of our dedication to promote economic progress in rural communities (see 'Local Economy Contribution' for more details), we offer meal subsidies and free accommodation to our farm-based employees. Currently, 80% of farm employees benefit from subsidised meals, while 50% enjoy the privilege of free accommodation. Additionally, we provide them with access to fresh vegetables and fresh fish that is grown and reared on-site, ensuring nutritious and sustainable ingredients for their daily meals.

Our Performance

- We recorded zero work-related fatalities and serious injuries in FY2023
- Our employees received an average of 4 hours of safety and health training in FY2023
- 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

HEALTHIER PLANET

Related UNSDG



Regenerative Agriculture

WHY IT MATTERS

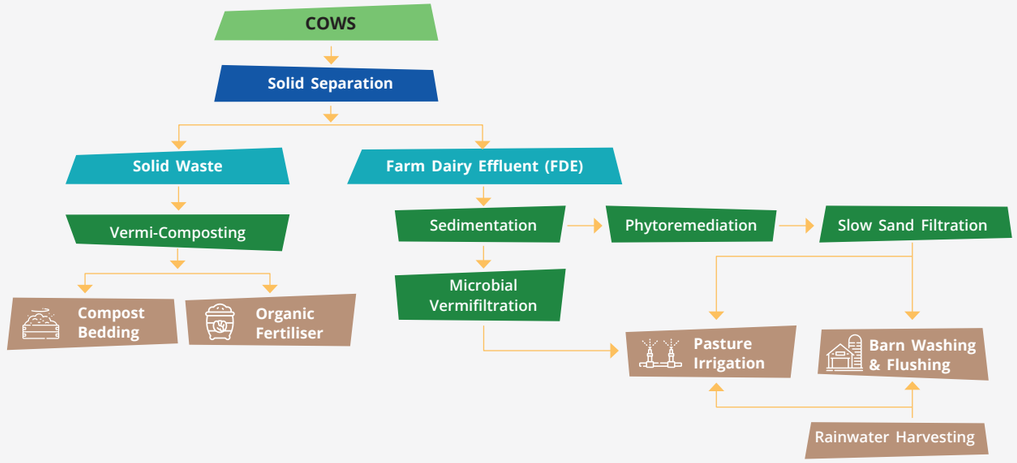
With many of our farms and landbanks located in close proximity to protected natural environments and local communities, we recognise the importance of embracing circular farming practices that minimise external or unnatural inputs, reduce waste and nourish the land upon which we produce. Such practices generate tangible and intangible value for the Group throughout our entire value chain, benefiting the health of our livestock, sustaining our ability to provide nutritious products to customers and safeguarding the integrity of our landbanks from degradation.

OUR ACTIONS AND INITIATIVES

Since 2014, we have gradually adopted regenerative agriculture techniques at our Muadzam Shah and UPM farms, focusing on two primary objectives:

1. Minimising the production of non-recyclable organic waste
2. Maximising the utilisation of locally available natural resources

In our pursuit of circular farming, we aim to reduce our reliance on external inputs such as chemical fertilisers. Instead, we harness the potential of the waste generated by our herd, as depicted in the accompanying chart, to serve essential functions.



Through the practice of vermicomposting, we effectively transform treated solid waste into a usable component in our cow bedding, thereby increasing the comfort and health for our herd. Additionally, this waste is used as organic fertiliser for the grass cultivated at our farms, with this nutrient-rich grass then forming a significant part of the feed mix provided to our cows. We also treat liquid animal waste for use in pasture irrigation, with this treated waste also used in conjunction with recycled rainwater for the washing and flushing of our barns.

By implementing these practices, we redirect a significant amount of animal waste away from landfills and sewerage systems each year, resulting in a reduction to the methane emissions that would have occurred through landfill decomposition and during chemical treatments in sewerage systems. Furthermore, we have observed a decrease in our dependence on external water sources for our operations as well as a reduced reliance on chemical fertilisers that can negatively impact soil health.

Regenerative Agriculture

The regenerative agricultural practices we have adopted, together with the benefits they provide, are outlined in greater detail in the table below.

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 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 · Minimises waste discharge that enters the drainage system · Improves physical characteristics of the soil, such as water holding capacity, aeration and porosity, thereby enhancing 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, a process that 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 along 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 groundwater and surface water contamination 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 pastures.	· 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

Turning Waste into Fuel

To further optimise our recycling of animal waste, we have entered into an agreement with Green Lagoon Technology Sdn Bhd to construct a new biogas facility at Muadzam Shah. Green Lagoon will construct and manage the plant while we will provide cow manure to facilitate the production of biofuel (see 'Climate Action' for more details).

Future Plans

- Over the next three years, our goal is to implement regenerative agriculture practices across all of our farms.
- Additionally, we will develop an action plan to facilitate the implementation of regenerative agriculture practices at farms operated by our partner-farmers.

Our Performance

- 88.3 million kg of solid animal waste removed from waste discharge and recycled into organic fertiliser
- 336.7 million litres of FDE recycled and removed from waste discharge
- 1,748,730 kg of chemical fertiliser removed from our production cycle
- 329.7 acres of farmland irrigated by recycled FDE

Responsible Water Stewardship

WHY IT MATTERS

Ensuring the sustainable extraction and discharge of water is of utmost importance to us as it directly impacts the health of our soil and the overall quality of our products. Furthermore, given that our farms and processing facilities are situated near local communities which rely on the land for their livelihoods, we recognise the need to minimise our impact on the natural water table and reduce the potential of water-based discharge entering nearby waterways.

OUR ACTIONS AND INITIATIVES

To minimise our reliance on surface and municipal water sources, we have made strategic investments in new technologies that enable us to efficiently collect and utilise rainwater and groundwater. Furthermore, our adoption of regenerative agriculture practices (see 'Regenerative Agriculture' for more) plays a vital role in our water conservation efforts, as the use of treated liquid animal waste for barn washing and pasture irrigation significantly reduces our dependence on the water table.

Harnessing Groundwater and Rainwater

The installation of tube well pumping and rainwater harvesting systems are amongst our key initiatives to promote sustainable water management, and, in combination, have helped us reduce our use of municipal water by a total of 500.5 million litres in FY2023.

Our tube well pumping system allows us to extract groundwater from the lower levels of the water table. This reduces the impact of our withdrawal needs on surface water, which is vital for maintaining soil health and protecting the surrounding natural resources for neighbouring farms and communities. Groundwater is also available throughout the year and less susceptible to droughts, providing us with a reliable water source and reducing our reliance on municipal water during periods of water scarcity.

Additionally, our rainwater harvesting systems collect and store rainwater for use across various farm-based processes. This includes activities such as barn washing and flushing, irrigation, the cleaning of our herds and the maintenance of farm machinery.

The Impact of Regenerative Agriculture Practices

Untreated animal waste presents a significant threat to water sources, carrying the potential to cause contamination that could impact the entire dairy production process. However, by implementing regenerative agriculture practices that treat and transform both solid and liquid animal waste into functional resources, we effectively distance animal waste from water sources and substantially reduce the risk of cross-contamination.

Our well-established regenerative agriculture practices remove 88.3 million kg of solid waste and 336.7 million litres of liquid waste per year from potential entry into the water table and local waterways.

Future Plans

- We aim to expand our use of rainwater harvesting and tube well pumping systems with the goal of achieving a 60% reduction in municipal water use by 2025, compared to peak levels
- We will develop an action plan to support our partner-farmers in adopting sustainable water withdrawal and management strategies at their respective farms

Our Performance

Water withdrawn by source	FY2022 (megalitres)	FY2023 (megalitres)
Municipal sources*	2,883.8	2,909.4
Groundwater and Surface water (incl. tube well pumping, rainwater and water from rivers)	428.8	500.5
Total	**3,312.6**	**3,409.9**

* *Figure includes the usage of 1,835 megalitres (FY2023) and 2,397 megalitres (FY2022) of municipal water at our Australian farms, where there are no groundwater and surface water sources available for extraction.*

- 500.5 million litres of municipal water saved per year through tube well pumping and rainwater harvesting
- 14.7% reduction in municipal water usage due to adoption of tube well pumping and rainwater harvesting

Climate Action

WHY IT MATTERS

According to the Food and Agriculture Organisation (FAO) of the United Nations, agrifood systems account for one-third of total anthropogenic greenhouse gas (GHG) emissions. This encompasses emissions from farming, land use, food production and the food supply chain, all of which are relevant to our operations.

As an industry leader committed to protecting the environment, we shoulder the responsibility to actively pursue and implement sustainable measures that may reduce our carbon footprint. Through our efforts, we can set an exemplary role in environmental stewardship for other Malaysian and regional dairy farming communities, while simultaneously bolstering the sustainability of our operations and enhancing our reputation amongst consumers.

OUR ACTIONS AND INITIATIVES

Our emissions originate from different sources, including methane produced during enteric fermentation, nitrous oxide released from fertilisers, carbon dioxide generated by tillage and the combustion of fossil fuels for powering machinery across our farms and processing facilities.

In seeking to reduce our footprint, we have implemented regenerative agriculture practices and have adopted the use of renewable energy across many of our farms and facilities. We also conducted our first carbon emissions inventory in 2021, enabling us to identify actionable strategies for emissions reduction that we are gradually implementing throughout our value chain.

Reducing Nitrous Oxide Emissions

Our use of treated animal waste for pasture fertilisation, which is a key component of our regenerative agriculture practices, reduces our use of traditional chemical fertilisers that release Nitrous Oxide, a potent greenhouse gas, into the atmosphere. With vermicompost offering the added advantage of improving soil quality, we unlock the dual benefits of producing superior feed for our cows while minimising the environmental impact of our pasture fertilisation practices.

At the same time, our efforts to treat and productively repurpose animal waste also reduces the potential release of Nitrous Oxide from untreated waste matter, further mitigating carbon emissions from our farms.

Increasing Our Adoption of Renewable Energy

Our efforts to implement renewable energy use across our operations are focused on the two most viable options currently available – solar power and biogas production.

We have already installed photovoltaic (PV) technology systems at two of our Malaysian farms to harness the high potential of solar power in tropical climates. Our rooftop solar projects at Muadzam Shah and Larkin are capable of generating clean energy at a peak power of 1,025.07 kWp and 689.02 kWp respectively, while an additional PV system with a capacity of 525.03 kWp is planned for our Taiping facility and expected to commence operation in 2024.

We are also leveraging the well-established regenerative agricultural practices implemented at our Muadzam Shah farm to launch our first on-site biogas plant. This joint venture project with Green Lagoon Technologies Sdn Bhd, a leading integrator of biogas technologies in Malaysia, will entail the construction of a new facility that utilises the manure produced by our herd to produce biofuel. As part of our agreement with Green Lagoon Technologies Sdn Bhd, we will receive a discount on fuel purchased of up to 25% compared to the monthly average industrial diesel rate.

The new plant is expected to be operational by the end of 2023 and will contribute to an estimated reduction of 9,800 tCO_2 per annum and an estimated displacement or reduction of diesel usage of 670,000 litres per annum. We are currently in talks to launch a similar biogas project at our Taiping farm.

By gradually incorporating renewable energy sources into our operations, we are actively decreasing our reliance on the Malaysian national power grid and growing our contribution to the broader renewable energy ecosystem.

Undertaking A Group-wide Carbon Inventory

Following on from our inaugural Group-wide carbon footprint inventory exercise for the calendar year 2020, which was conducted in July 2021, we have engaged an independent third party, Eco-Ideal Consulting Sdn Bhd, which utilised the GHG Protocol Corporate Accounting and Reporting Standard to monitor carbon emissions for the calendar year 2022 across our farms and processing facilities in both Malaysia and Australia.

We identify and calculate emissions across all three scopes:

- Scope 1 GHG emissions, which mainly comprise 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 our farms
- Scope 2 GHG emissions, which encompass emissions from the electricity we consume in operating machinery and equipment at our farms and processing facilities
- Scope 3 GHG emissions, which comprise indirect emissions not recognised in Scope 2 as well as emissions from business travel, including by car, train and flight

Our monitoring efforts have enabled us to calculate the emissions intensity of our Malaysian and Australian farms, which we are pleased to report remain well below the average of dairy farms in Asia and Oceania, reflecting the success of our ongoing efforts to adopt responsible farming and energy conservation practices.

The data we have compiled through monitoring will also inform the development of improved emissions reduction strategies in our quest to minimise our Group-wide carbon footprint.

Future Plans

The insights revealed in our carbon footprint inventory exercise have helped us identify strategies for improving our future performance, including:

- Replacing existing anaerobic lagoons with anaerobic digestion tanks at our Muadzam Shah Farm, thereby 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 in the other farms and processing facilities we operate

In recognising that the ongoing expansion of our business will result in an overall increase in our GHG emissions, we have pivoted towards reducing emissions intensity as our Group-wide focus. To this end, we aim to achieve a 5% reduction in our Group-wide emissions intensity each year.

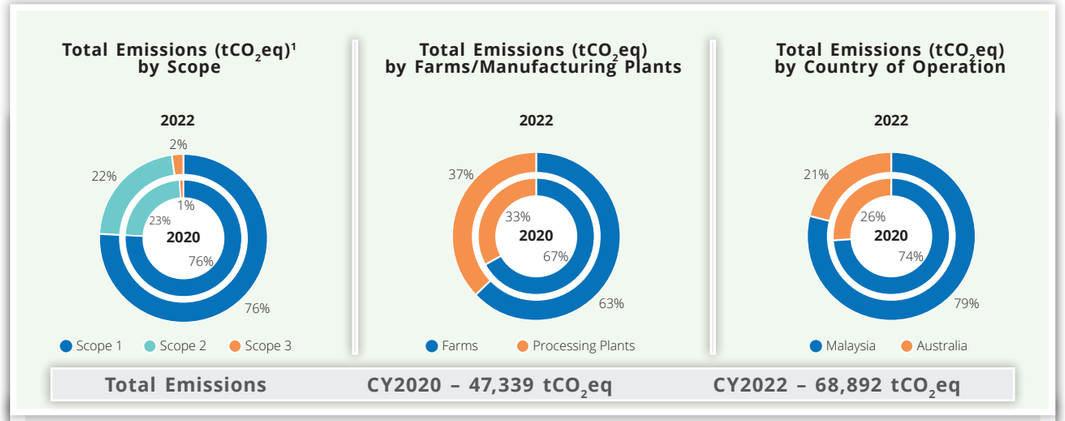
Our Performance

In FY2023, the scope of our carbon emissions monitoring[1] was expanded to include our new Taiping farm as well as the operations of St David Dairy in Australia, which was acquired in August 2022. We also expanded Scope 3 monitoring to calculate indirect emissions from our employees commuting to and from work. This has collectively resulted in an increase to our total Group-wide GHG emissions.

However, while our absolute emissions increased in line with our new facilities and expanded monitoring scope, the report revealed that we were successful in reducing our Group-wide emissions intensity from 0.46 tCO_2eq/tonne of milk in 2020 to 0.42 tCO_2eq/tonne of milk in 2022, representing a significant reduction of 9% in just two years.

1. *Our latest GHG inventory exercise was completed in July 2023 by an external consultant, Eco-Ideal Consulting Sdn Bhd, based on the GHG Protocol Corporate Accounting and Reporting Standard by World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).*

Climate Action



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

Our Malaysian farms have an emissions intensity of

2.7kg CO_2eq/kg FPCM

(17% lower than 2015 average of dairy farms in Asia)

Our Australian farms have an emissions intensity of

0.9kg CO_2eq/kg FPCM

(31% lower than the average of dairy farms in Oceania)

FPCM = fat and protein corrected milk

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

The table below illustrates the significant reduction in untreated manure discharged into the environment, along with the corresponding decrease in greenhouse gas (GHG) emissions, resulting from our shift from daily spread to composting of cow manure.

Description	Daily Spread	Compost	% Decrease
Amount of manure discharged (kg N)	67,942	30,973	54.4%
GHG Emissions (tCO_2eq/year)	433	202	53.3%

1. *tCO_2eq stands for tonnes of carbon dioxide equivalent*
2. *Based on comparison with report issued by Food and Agriculture Organization of the United Nations and Global Dairy Platform Inc. in 2019.*

Sustainable Packaging

WHY IT MATTERS

Given the large volume of packaged goods we produce annually, we recognise our responsibility to address various sustainability concerns associated with packaging, such as the source and volume of raw materials used, the environmental impact of manufacturing processes employed, the recyclability of the end product and the packaging's potential to help reduce food waste.

Furthermore, a growing number of consumers are actively seeking FMCG brands that demonstrate strong sustainability practices, with packaging being one of the most visible factors in their decision-making process.

OUR ACTIONS AND INITIATIVES

Our primary commitment is to prioritise sustainable sourcing for our packaging materials, ensuring that they come from sustainably and responsibly managed rainforests. By sourcing our materials in this way, we aim to minimise our long-term impact on natural resources and contribute to their preservation.

We are also actively working to reduce the environmental footprint of our products after they are consumed. As we transition to using fully recyclable materials for all our product varieties, we are concurrently developing initiatives to actively engage and educate consumers, especially the younger generation, on the importance of recycling and the proper disposal of packaging materials.

Pioneering Milk Sold in Reusable Bottles

In September 2022, via our Milk on Tap initiative in collaboration with Jaya Grocer, we have pioneered fresh milk sold in reusable glass bottles. This trailblazing move will provide impetus to the dairy industry to reduce plastics usage significantly via this eco-friendly way of buying milk. With four Milk on Tap stations currently in operation, we are set to commence operations at a further three locations in the second half of 2023. Our goal here is to increasingly reduce the proliferation of single-use plastics and reduce the load at landfills, which has proven to be a success as reflected by the increasing popularity of Milk on Tap amongst our consumers. From September 2022 to June 2023, the Milk on Tap initiative has contributed to the reduction in usage of 140,000 plastic bottles, simultaneously avoiding the usage of more than 7,300kg of plastic for packaging.

Sustainable Packaging

Adopting Sustainably Sourced and Recyclable Packaging

Since 2018, we have adopted Tetra Pak paper packaging for our UHT products, which is composed of 75% paper, 20% plastic and 5% aluminium, making it fully recyclable. The paperboard used in this packaging is also FSC® Forest Stewardship Council certified, meaning that it comes from responsibly managed forests and controlled sources.

By choosing Tetra Pak packaging, we actively support the sustainable management of forests, which encompasses considerations such as upholding the rights of indigenous peoples, contributing to local communities' social and economic well-being, and conserving ecosystem services and environmental values.

Moving forward, we are committed to working with packaging suppliers who share a similarly strong commitment to sustainability. To this end, we will establish specific sustainability criteria for suppliers, focusing on both ingredients and packaging materials, while striving to evaluate a significant portion of our key suppliers using detailed sustainability assessment templates that include criteria for sustainable packaging. This approach will ensure that our packaging supply chain aligns with our sustainability goals.

Instilling Recycling Practices Amongst Malaysians

We recognise that recyclable packaging is only effective when it is actually recycled. Thus, we are consistently seeking opportunities to spread awareness and promote recycling as a regular practice among Malaysians.

In 2022, we established a recycling education centre at our UPM farm in collaboration with Tetra Pak. The centre's primary goal is to raise awareness about the recyclability of our packaging and educate consumers on adopting simple and impactful recycling habits in their daily lives, both at home and in the workplace. Through this initiative, we aim to empower individuals with the knowledge and tools they need to contribute to a more sustainable future through proper recycling practices.

Future Plans

- We will expand our Milk on Tap intitiative to more retail outlets and educate the public on reducing plastics usage, encouraging the use of reusable glass bottles
- We aim 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 engage and educate youth on the importance of recycling via school-based campaigns

Our Performance

Our sales of finished goods that use fully recyclable and FSC® certified Tetra Pak packaging has increased by 5% over the past year, from 28% to 35.5% of total sales in FY2023.

GRI Content Index

Statement of Use	Farm Fresh Berhad has reported the information cited in this GRI Content Index for the period of 1 April 2022 to 31 March 2023 in accordance with the GRI Standards.
GRI Version	GRI 1: Foundation 2021

Gri Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	Who We Are, Pages 10-13
	2-2 Entities included in the organisation's sustainability reporting	About this Statement, Page 139
	2-3 Reporting period, frequency and contact point	About This Statement, Page 139
	2-4 Restatements of information	About This Statement, Page 139
	2-5 External assurance	About This Statement, Page 139
	2-6 Activities, value chain and other business relationships	Our Core Business Segments, Pages 18-19
	2-7 Employees	Employee Welfare, Pages 156-157
	2-8 Workers who are not employees	Information unavailable. Steps are being taken to include the information in the next Report
	2-9 Governance structure and composition	Corporate Governance Overview Statement, Pages 118-120 Sustainability Governance, Page 145
	2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement, Pages 118-120 Sustainability Governance, Page 145
	2-11 Chair of the highest governance body	Corporate Governance Overview Statement, Pages 118-120 Sustainability Governance, Page 145
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement, Pages 118-120 Sustainability Governance, Page 145
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance, Page 145
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance, Page 145
	2-15 Conflicts of interest	Corporate Governance Overview Statement, Pages 118-120
	2-16 Communication of critical concerns	Corporate Governance Overview Statement, Pages 118-120
	2-17 Collective knowledge of the highest governance body	Directors' Training, Pages 121-123
	2-17 Collective knowledge of the highest governance body	Chairman's Overview on Corporate Governance, Pages 116-117
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement, Pages 118-120
	2-19 Remuneration policies	Remuneration, Pages 123-124
	2-20 Process to determine remuneration	Remuneration, Pages 123-124

GRI Content Index

Gri Standard	Disclosure	Location
GRI 2: General Disclosures 2021 (continued)	2-21 Annual total compensation ratio	Information unavailable. Steps are being taken to include the information in the next Report
	2-22 Statement on sustainable development strategy	Sustainability Statement, Page 138
	2-23 Policy commitments	Sustainability Governance, Page 145
	2-24 Embedding policy commitments	Sustainability Governance, Page 145
	2-25 Processes to remediate negative impacts	Sustainability Governance, Page 145
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Governance, Page 145
	2-27 Compliance with laws and regulations	Determining What Matters, Page 143
	2-28 Membership associations	About This Statement, Page 139
	2-29 Approach to stakeholder engagement	Engaging our Stakeholders, Page 142
	2-30 Collective bargaining agreements	Employee Welfare, Pages 156-157
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Determining What Matters, Page 143
	3-2 List of material topics	Our Sustainability Material Matters, Page 144
	3-3 Management of material topics	Our Sustainability Focus Areas, Page 141 Our Sustainability Material Matters, Page 144 Producing Healthy Products, Page 147 Animal Health and Welfare, Pages 148-149 Food Safety and Quality, Pages 150-151 Local Economy Contribution, Pages 153-154 Youth Outreach, Page 155 Employee Welfare, Pages 156-157 Regenerative Agriculture, Pages 159-161 Responsible Water Stewardship, Pages 162-163 Climate Action, Pages 164-166 Sustainable Packaging, Pages 167-168
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Local Economy Contribution, Pages 153-154
	203-2 Significant indirect economic impacts	Local Economy Contribution, Pages 153-154
GRI 301: Materials 2016	301-2 Recycled input materials used	Sustainable Packaging, Pages 167-168
GRI 302: Energy 2016	302-4 Reduction of energy consumption	Climate Action, Pages 164-166
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Responsible Water Stewardship, Pages 162-163
	303-2 Management of water discharge-related impacts	Responsible Water Stewardship, Pages 162-163
	303-3 Water withdrawal	Responsible Water Stewardship, Pages 162-163
	303-4 Water discharge	Responsible Water Stewardship, Pages 162-163
	303-5 Water consumption	Responsible Water Stewardship, Pages 162-163
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Action, Pages 164-166
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Action, Pages 164-166
	305-3 Other indirect (Scope 3) GHG emissions	Climate Action, Pages 164-166
	305-4 GHG emissions intensity	Climate Action, Pages 164-166
	305-5 Reduction of GHG emissions	Climate Action, Pages 164-166
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Regenerative Agriculture, Pages 159-161
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee Welfare, Pages 156-157
	403-2 Hazard identification, risk assessment, and incident investigation	Employee Welfare, Pages 156-157
	403-3 Occupational health services	Employee Welfare, Pages 156-157
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee Welfare, Pages 156-157
	403-5 Worker training on occupational health and safety	Employee Welfare, Pages 156-157
	403-6 Promotion of worker health	Employee Welfare, Pages 156-157
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Welfare, Pages 156-157
	403-8 Workers covered by an occupational health and safety management system	Employee Welfare, Pages 156-157
	403-9 Work-related injuries	Employee Welfare, Pages 156-157
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Youth Outreach, Page 155
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Producing Healthy Products, Page 147 Food Safety and Quality, Pages 150-151
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Food Safety and Quality, Pages 150-151

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HIGHLIGHTS:

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Directors' Report

For the Year Ended 31 March 2023

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 2023.

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	50,079,503	24,960,331
Non-controlling interests	(145,229)	–
	49,934,274	24,960,331

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

Since the end of the previous financial year, in respect of the financial year ended 31 March 2022, a final dividend of 1.07 sen per ordinary share totalling RM19,880,116 was declared on 28 July 2022 and paid on 15 September 2022.

The Directors recommended a final dividend of 1.00 sen per ordinary share totalling RM18,719,200 in respect of the year ended 31 March 2023 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 2024.

DIRECTORS OF THE COMPANY

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

Mr. Loi Tuan Ee **
Tan Sri Dato' Seri Haji Megat Najmuddin bin Datuk Seri Dr Haji Megat Khas
Dato' Dr. Quaza Nizamuddin bin A Hassan Nizam
Mr. Sukanta Kumar Dutt
Ms. Jocelyn Ng Lai Leng
Ms. Loi Foon Kion
Mr. Effizal Faiz bin Zulkifly

** Mr. Loi Tuan Ee is also a Director of the Company's subsidiaries.

The name of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Mr. Loi Tuan Kin
Mr. Azmi bin Zainal
Mr. Mohd Khairul bin Mat Hassan
Ms. Jamaliah binti Othman
Mr. Adam Graeme Pretty

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			
	1.4.2022	Bought	Transfer	31.3.2023
Shareholdings in the Company which Directors have direct interests:				
Mr. Loi Tuan Ee	1	8,496,800	(8,496,801)	**–**
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			
	1.4.2022	Transfer	Sold	31.3.2023
Shareholdings in the Company which the Directors have deemed interests:				
Mr. Loi Tuan Ee	828,211,835	8,496,801	(8,180,000)	**828,528,636**
Ms. Loi Foon Kion	571,011,515	–	–	**571,011,515**

By virtue of their interests of more than 20% 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 subsidiaries during the financial year to the extent that the Company has an interest.

Directors' Report

For the Year Ended 31 March 2023 (Continued)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Details of their deemed interests in non-wholly owned subsidiaries are as follows:

	Number of ordinary shares			
	1.4.2022	Bought	Transfer	31.3.2023
Held through Farm Fresh Berhad:				
The Holstein Milk Company (Australia) Pty Ltd	11,503,524	–	–	**11,503,524**
Held through The Holstein Milk Company (Australia) Pty Ltd:				
Goulburn Valley Creamery Pty Ltd	80	–	–	**80**
Henry Jones Foods Pty Ltd	80	–	–	**80**
Held through Goulburn Valley Creamery Pty Ltd:				
St David Dairy Pty Ltd	–	72	–	**72**

None of the other Directors holding office at 31 March 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

None of the Directors holding office at 31 March 2023 have any entitlement under the Employees' Share Option Scheme ("ESOS") of the Company 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 shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 March 2023 are as follows:

	From the Company RM	From a subsidiary RM
Directors of the Company:		
Fees	629,000	–
Remuneration	–	1,086,821
	629,000	1,086,821

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.

ISSUE OF SHARES

During the financial year, the Company issued 284,400 new ordinary shares totalling RM383,940 arising from the exercise of the employees' share options at an exercise price of 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.

The movements in outstanding options offered to take up unissued ordinary shares and the exercise price is as follows:

		Number of options ('000)				
Date of offer	Exercise price	1.4.2022	Granted	Exercised	Lapsed	31.3.2023
21 March 2022	RM1.35	–	33,380	(284)	(11,062)	**22,034**

Directors' Report

For the Year Ended 31 March 2023 (Continued)

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of insurance premium effected for Directors and officers of the Group is RM27,550. There is no indemnity and insurance purchased for the auditors of the Group and of the Company.

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, the financial performance of the Group and of the Company for the financial year ended 31 March 2023 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.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 34 to the financial statements.

AUDITORS

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

The details of remuneration paid by the Group and the Company to auditors of the Group and the Company during the financial year are as follows:

	Group RM	Company RM
Auditors' remuneration		
Statutory audit		
– KPMG PLT	**277,000**	**110,000**
– Other auditor	**222,431**	**–**
Non-audit fee		
– KPMG PLT		
– Review of interim financial information	**247,500**	**247,500**
– Review of Statement of Risk Management and Internal Control	**10,000**	**10,000**
– Local affiliates of KPMG PLT		
– Tax services and financial due diligence	**314,000**	**20,000**
– Other auditor		
– Tax services	**134,529**	**–**
	1,205,460	**387,500**

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: 26 July 2023

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 185 to 266 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 2023 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: 26 July 2023

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 185 to 266 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 abovenamed Mohd Khairul bin Mat Hassan, NRIC: 790605-11-5353, MIA CA 40828 at Johor Bahru in the State of Johor on 26 July 2023.

.....
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 2023 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 185 to 266.

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 2023, 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 RM115 million and RM36 million of biological assets respectively, comprising cows, goat herds and bulls, measured at fair value less cost to sell as at 31 March 2023. 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 have performed physical counting of biological assets;
- We have 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;
- We have checked the key inputs used in the valuation of biological assets report as at year end;
- We have evaluated the judgement and the key assumptions pertaining to the price per biological asset of comparable breed, weight, age group, incidental costs and foreign exchange rate against market data;
- where a component auditor was involved in performing the audit, we assessed the competency of the auditor, interviewed the component auditor and reviewed the audit workpapers prepared to determine whether sufficient and appropriate audit procedures had been performed by the component auditor; and
- We have assessed the adequacy of disclosure in the financial statements as required by the relevant accounting standards.

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.

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

Vengadesh A/L Jogarajah
Approval Number: 03337/12/2023 J
Chartered Accountant

Johor Bahru

Date: 26 July 2023

Statements of Financial Position

As at 31 March 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Assets					
Property, plant and equipment	3	**413,860,741**	339,570,028	**118,834,386**	106,282,619
Right-of-use assets	4	**19,378,412**	14,820,525	**4,582,863**	3,636,093
Biological assets	5	**115,193,886**	95,709,674	**35,597,640**	34,204,770
Intangible assets	6	**19,316,783**	20,001,224	**3,118,454**	2,808,116
Investments in subsidiaries	7	**–**	–	**141,338,013**	121,370,861
Trade and other receivables	8	**1,130,046**	740,429	**–**	–
Deferred tax assets	9	**7,673,816**	9,469,156	**–**	–
Due from subsidiaries	10	**–**	–	**67,200,000**	67,200,000
Total non-current assets		**576,553,684**	480,311,036	**370,671,356**	335,502,459
Inventories	11	**173,674,616**	118,844,819	**90,746,508**	36,473,751
Trade and other receivables	8	**131,421,456**	100,248,170	**45,222,636**	32,531,102
Due from subsidiaries	10	**–**	–	**129,856,579**	50,598,012
Current tax assets		**1,541,484**	393,813	**477,605**	24,000
Derivative financial assets	12	**685,111**	1,518,875	**–**	2,668
Other investments	13	**155,789,952**	280,594,613	**144,999,123**	260,108,202
Cash and cash equivalents	14	**22,969,591**	28,103,066	**6,850,502**	9,565,273
Total current assets		**486,082,210**	529,703,356	**418,152,953**	389,303,008
Total assets		**1,062,635,894**	1,010,014,392	**788,824,309**	724,805,467
Equity					
Share capital	15	**381,071,015**	380,607,443	**381,071,015**	380,607,443
Reserves	15	**249,934,144**	225,335,994	**98,594,741**	89,872,359
Equity attributable to owners of the Company		**631,005,159**	605,943,437	**479,665,756**	470,479,802
Non-controlling interests	7	**4,896,437**	5,019,430	**–**	–
Total equity		**635,901,596**	610,962,867	**479,665,756**	470,479,802
Liabilities					
Deferred income	16	**6,226,033**	6,496,730	**6,226,033**	6,496,730
Loans and borrowings	17	**243,317,647**	232,316,928	**201,890,447**	201,319,373
Lease liabilities		**8,124,120**	5,919,368	**3,941,933**	4,209,312
Deferred tax liabilities	9	**7,731,483**	7,711,483	**6,434,000**	5,698,000
Total non-current liabilities		**265,399,283**	252,444,509	**218,492,413**	217,723,415
Deferred income	16	**270,697**	270,697	**270,697**	270,697
Loans and borrowings	17	**92,934,269**	52,300,841	**21,235,548**	4,157,198
Trade and other payables	18	**64,141,913**	93,075,548	**15,886,828**	28,470,582
Due to subsidiaries	10	**–**	–	**53,070,359**	3,392,734
Derivative financial liabilities	12	**1,694,958**	–	**142,038**	–
Lease liabilities		**2,293,178**	959,930	**60,670**	311,039
Total current liabilities		**161,335,015**	146,607,016	**90,666,140**	36,602,250
Total liabilities		**426,734,298**	399,051,525	**309,158,553**	254,325,665
Total equity and liabilities		**1,062,635,894**	1,010,014,392	**788,824,309**	724,805,467

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 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	19	**629,690,739**	501,921,211	**285,978,369**	216,066,203
Cost of sales		**(480,038,012)**	(365,576,725)	**(227,423,024)**	(163,193,610)
Gross profit		**149,652,727**	136,344,486	**58,555,345**	52,872,593
Other income		**9,161,914**	14,820,037	**5,159,226**	4,681,006
Selling and distribution expenses		**(51,711,477)**	(32,002,783)	**(25,200,159)**	(7,207,734)
Administrative expenses		**(35,871,628)**	(35,997,008)	**(5,488,414)**	(12,601,060)
Other expenses		**(7,590,743)**	(7,655,695)	**(1,020,032)**	(802,724)
Results from operating activities		**63,640,793**	75,509,037	**32,005,966**	36,942,081
Finance income	20	**472,794**	1,266,915	**2,890,528**	2,502,736
Finance costs	21	**(11,939,350)**	(11,091,593)	**(8,843,105)**	(8,124,598)
Net finance costs		**(11,466,556)**	(9,824,678)	**(5,925,577)**	(5,621,862)
Profit before tax		**52,174,237**	65,684,359	**26,053,389**	31,320,219
Tax (expense)/credit					
– Current tax and deferred tax		**(2,239,963)**	2,390,954	**(1,093,058)**	(1,871,310)
– Reversal of tax	22.1	**–**	10,490,033	**–**	–
Total tax (expense)/credit	22	**(2,239,963)**	12,880,987	**(1,093,058)**	(1,871,310)
Profit for the year	23	**49,934,274**	78,565,346	**24,960,331**	29,448,909
Other comprehensive expense, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences/					
Other comprehensive expense for the year		**(9,572,295)**	(1,460,084)	**–**	–
Total comprehensive income for the year		**40,361,979**	77,105,262	**24,960,331**	29,448,909
Profit/(Loss) attributable to:					
Owners of the Company		**50,079,503**	79,886,892	**24,960,331**	29,448,909
Non-controlling interests		**(145,229)**	(1,321,546)	**–**	–
Profit for the year		**49,934,274**	78,565,346	**24,960,331**	29,448,909
Total comprehensive income/ (expense) attributable to:					
Owners of the Company		**40,836,099**	78,472,477	**24,960,331**	29,448,909
Non-controlling interests		**(474,120)**	(1,367,215)	**–**	–
Total comprehensive income for the year		**40,361,979**	77,105,262	**24,960,331**	29,448,909
Basic earnings per ordinary share (sen)	24	**2.69**	4.87	**–**	–
Diluted earnings per ordinary share (sen)	24	**2.69**	4.87	**–**	–

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

Statement of Changes in Equity

For the Year Ended 31 March 2023

		Attributable to owners of the Company					
		Non-distributable		Distributable			
Group	Note	Share capital RM	Translation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
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

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Group	Note	Share capital RM	Translation reserve RM	Employee share-based reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 April 2022		**380,607,443**	**2,609,727**	**–**	**222,726,267**	**605,943,437**	**5,019,430**	**610,962,867**
Foreign currency translation differences for foreign operations/								
Total other comprehensive expense for the year		**–**	**(9,243,404)**	**–**	**–**	**(9,243,404)**	**(328,891)**	**(9,572,295)**
Profit/(Loss) for the year		**–**	**–**	**–**	**50,079,503**	**50,079,503**	**(145,229)**	**49,934,274**
Total comprehensive (expense)/ income for the year		**–**	**(9,243,404)**	**–**	**50,079,503**	**40,836,099**	**(474,120)**	**40,361,979**
Contributions by and distributions to owners of the Company								
Acquisition of a subsidiary	33	**–**	**–**	**–**	**–**	**–**	**351,127**	**351,127**
Dividends to owners of the Company	25	**–**	**–**	**–**	**(19,880,116)**	**(19,880,116)**	**–**	**(19,880,116)**
Share-based payment	15	**–**	**–**	**3,721,799**	**–**	**3,721,799**	**–**	**3,721,799**
Issuance of shares pursuant to ESOS	15	**463,572**	**–**	**(79,632)**	**–**	**383,940**	**–**	**383,940**
Total transactions with owners of the Company		**463,572**	**–**	**3,642,167**	**(19,880,116)**	**(15,774,377)**	**351,127**	**(15,423,250)**
At 31 March 2023		**381,071,015**	**(6,633,677)**	**3,642,167**	**252,925,654**	**631,005,159**	**4,896,437**	**635,901,596**

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

Statement of Changes in Equity

For the Year Ended 31 March 2023

Company	Note	Attributable to owners of the Company: Non-distributable: Share capital RM	Non-distributable: Employee share-based reserve RM	Distributable: Retained earnings RM	Total RM
At 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 2022/1 April 2022		380,607,443	–	89,872,359	470,479,802
Profit and total comprehensive income for the year		**–**	**–**	**24,960,331**	**24,960,331**
Contributions by and distributions to owners of the Company					
Dividends to owners of the Company	25	**–**	**–**	**(19,880,116)**	**(19,880,116)**
Share-based payment	15	**–**	**3,721,799**	**–**	**3,721,799**
Issuance of shares pursuant to ESOS	15	**463,572**	**(79,632)**	**–**	**383,940**
Total transactions with owners of the Company		**463,572**	**3,642,167**	**(19,880,116)**	**(15,774,377)**
At 31 March 2023		**381,071,015**	**3,642,167**	**94,952,574**	**479,665,756**

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

Statements of Cash Flows

For the Year Ended 31 March 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from operating activities					
Profit before tax		**52,174,237**	65,684,359	**26,053,389**	31,320,219
Adjustments for:					
Depreciation and amortisation:					
– property, plant and equipment		**31,064,235**	26,738,344	**11,464,559**	9,864,574
– intangible assets		**234,995**	233,301	**14,157**	11,178
– right-of-use assets		**1,928,178**	1,600,997	**149,721**	233,330
Finance income		**(472,794)**	(1,266,915)	**(2,890,528)**	(2,502,736)
Finance costs		**11,939,350**	11,091,593	**8,843,105**	8,124,598
Equity settled share–based payment		**3,653,064**	–	**763,840**	–
(Reversal of impairment loss)/ Impairment loss on:					
– property, plant and equipment		**–**	78,635	**–**	–
– trade receivables		**269,298**	(86,020)	**110,979**	–
(Reversal of)/Written off of:					
– property, plant and equipment		**7,728**	145,844	**–**	–
– obsolete and slow-moving inventories		**(174,943)**	840,027	**(54,238)**	258,907
Gain on disposal of property, plant and equipment		**(299,110)**	(120,672)	**–**	–
Gain from a bargain purchase	33	**(133,570)**	–	**–**	–
Amortisation of deferred income		**(270,697)**	(270,697)	**(270,697)**	(270,697)
(Gain)/Loss arising from changes in fair value of dairy cows and goats		**(110,302)**	(9,949,771)	**1,348,664**	(3,187,395)
Fair value (gain)/loss of:					
– derivative financial instruments		**2,485,727**	(1,518,875)	**144,706**	(2,668)
– other investments		**(2,457,218)**	35,124	**(2,169,172)**	202,728
Distribution income from money market investments		**(3,738,121)**	(629,737)	**(3,721,749)**	(310,930)
Unrealised loss/(gain) on foreign exchange		**(488,893)**	449,662	**(90,131)**	87,747
Operating profit before changes in working capital		**95,611,164**	93,055,199	**39,696,605**	43,828,855
Change in inventories		**(53,314,882)**	(13,927,037)	**(53,675,689)**	(55,879)
Change in trade and other receivables		**(29,321,042)**	(11,029,069)	**(12,802,513)**	(11,057,266)
Change in trade and other payables		**(31,288,563)**	9,547,351	**(12,493,623)**	8,884,620
Change in due from/(to) subsidiaries		**–**	–	**46,324,854**	(69,095,261)
Cash (used in)/generated from operations		**(18,313,323)**	77,646,444	**7,049,634**	(27,494,931)
Interest received		**472,794**	1,266,915	**2,890,528**	2,502,736
Tax paid		**(2,088,830)**	(29,711,427)	**(810,663)**	(889,642)
Net cash (used in)/from operating activities		**(19,929,359)**	49,201,932	**9,129,499**	(25,881,837)

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

Statements of Cash Flows

For the Year Ended 31 March 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash flows from investing activities					
Acquisition of:					
– property, plant and equipment	28	**(111,512,005)**	(60,311,001)	**(24,507,269)**	(20,075,311)
– biological assets		**(29,658,163)**	(25,078,330)	**(17,253,608)**	(21,490,000)
– intangible assets		**(324,495)**	(429,154)	**(324,495)**	(415,406)
– right-of-use assets		**(1,963,523)**	(110,164)	**(1,464,747)**	–
– subsidiaries	33	**(3,238,422)**	–	**–**	–
Proceeds from disposal of:					
– property, plant and equipment		**9,052,028**	1,082,128	**490,943**	48,455
– biological assets		**8,208,938**	8,025,796	**13,969,244**	16,883,625
Increase in investment in subsidiaries		**–**	–	**(17,009,193)**	(24,959,670)
Withdrawal from/(Net investment in) other investments		**131,000,000**	(280,000,000)	**121,000,000**	(260,000,000)
Advances to subsidiaries		**–**	–	**(75,905,796)**	(75,731,870)
Net cash from/(used in) investing activities		**1,564,358**	(356,820,725)	**(1,004,921)**	(385,740,177)
Cash flows from financing activities					
Interest paid		**(11,588,102)**	(8,275,112)	**(8,656,015)**	(5,422,081)
Dividend paid		**(19,880,116)**	–	**(19,880,116)**	–
Proceeds from shares issued	15	**383,940**	292,827,647	**383,940**	292,827,647
Drawdown of Sukuk		**–**	200,000,000	**–**	200,000,000
Drawdown of term loans		**13,758,638**	–	**–**	–
Repayment of term loans		**(696,096)**	(49,448,263)	**(696,096)**	(18,010,224)
Net proceeds from:					
– bankers' acceptances		**26,350,297**	(20,229,429)	**3,585,520**	(6,423,757)
– revolving credits		**14,760,000**	(4,074,000)	**14,760,000**	(4,074,000)
– short-term financing		**69,940**	(107,420)	**–**	–
Repayment of hire purchase liabilities		**(6,836,881)**	(37,226,699)	**–**	(10,088,227)
Repayment of lease liabilities		**(1,335,138)**	(956,485)	**(336,582)**	(241,582)
Repayment of loan from a shareholder		**–**	(34,012,603)	**–**	(34,012,603)
Capital contributed by a minority shareholder	33	**351,127**	–	**–**	–
Net cash from/(used in) financing activities		**15,337,609**	338,497,636	**(10,839,349)**	414,555,173
Exchange difference on translation of the financial statements of foreign operation		**(2,106,083)**	(227,078)	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(5,133,475)**	30,651,765	**(2,714,771)**	2,933,159
Cash and cash equivalents at 1 April		**28,103,066**	(2,548,699)	**9,565,273**	6,632,114
Cash and cash equivalents at 31 March	14	**22,969,591**	28,103,066	**6,850,502**	9,565,273

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

Cash outflows for leases as a lessee

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Included in net cash from operating activities					
Payment relating to short-term leases	23	**4,486,294**	4,745,774	**59,884**	–
Payment relating to leases of low-value assets	23	**130,058**	34,841	**11,882**	18,140
Included in net cash from financing activities					
Payment of lease liabilities		**1,335,138**	956,485	**336,582**	241,582
Interest paid in relation to lease liabilities	21	**351,248**	329,686	**187,090**	215,722
Total cash outflows for leases		**6,302,738**	6,066,786	**595,438**	475,444

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

Statements of Cash Flows

For the Year Ended 31 March 2023

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

Group	At 1 April 2021 RM	Finance costs RM	Net changes from financing cash flows RM	Acquisition of new assets RM	Exchange difference RM	At 31 March 2022/ 1 April 2022 RM	Finance costs RM	Net changes from financing cash flows RM	Acquisition of new assets RM	Acquisition of a business RM	Derecog-nition of lease RM	Exchange difference RM	At 31 March 2023 RM
Term loans	68,667,854	-	(49,448,263)	-	(493,316)	18,726,275	**-**	**13,062,542**	**-**	**-**	**-**	**(1,352,337)**	**30,436,480**
Bankers' acceptances	62,179,558	-	(20,229,429)	-	(61,600)	41,888,529	**-**	**26,350,297**	**-**	**-**	**-**	**(834,675)**	**67,404,151**
Revolving credits	4,074,000	-	(4,074,000)	-	-	-	**-**	**14,760,000**	**-**	**-**	**-**	**-**	**14,760,000**
Hire purchase liabilities	57,650,571	-	(37,226,699)	504,284	(382,777)	20,545,379	**-**	**(6,836,881)**	**6,228,742**	**1,355,363**	**-**	**(1,109,636)**	**20,182,967**
Lease liabilities	7,014,452	329,686	(956,485)	500,485	(8,840)	6,879,298	**351,248**	**(1,335,138)**	**4,924,564**	**-**	**(368,256)**	**(34,418)**	**10,417,298**
Loan from a shareholder	34,012,603	-	(34,012,603)	-	-	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Short term financing	1,085,755	-	(107,420)	-	(7,544)	970,791	**-**	**69,940**	**-**	**-**	**-**	**(59,208)**	**981,523**
Sukuk	-	2,486,795	200,000,000	-	-	202,486,795	**-**	**-**	**-**	**-**	**-**	**-**	**202,486,795**
Total liabilities from financing activities	234,684,793	2,816,481	53,945,101	1,004,769	(954,077)	291,497,067	**351,248**	**46,070,760**	**11,153,306**	**1,355,363**	**(368,256)**	**(3,390,274)**	**346,669,214**

Company	At 1 April 2021 RM	Finance costs RM	Net changes from financing cash flows RM	Acquisition of new assets RM	At 31 March 2022/ 1 April 2022 RM	Finance costs RM	Net changes from financing cash flows RM	Derecognition of lease RM	At 31 March 2023 RM
Bankers' acceptances	6,423,757	-	(6,423,757)	-	-	**-**	**3,585,520**	**-**	**3,585,520**
Hire purchase liabilities	10,088,227	-	(10,088,227)	-	-	**-**	**-**	**-**	**-**
Lease liabilities	4,045,726	215,722	(241,582)	500,485	4,520,351	**187,090**	**(336,582)**	**(368,256)**	**4,002,603**
Loan from a shareholder	34,012,603	-	(34,012,603)	-	-	**-**	**-**	**-**	**-**
Revolving credits	4,074,000	-	(4,074,000)	-	-	**-**	**14,760,000**	**-**	**14,760,000**
Term loans	21,000,000	-	(18,010,224)	-	2,989,776	**-**	**(696,096)**	**-**	**2,293,680**
Sukuk	-	2,486,795	200,000,000	-	202,486,795	**-**	**-**	**-**	**202,486,795**
Total liabilities from financing activities	79,644,313	2,702,517	127,149,607	500,485	209,996,922	**187,090**	**17,312,842**	**(368,256)**	**227,128,598**

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 2023 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 2023 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 26 July 2023.

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 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 and International Tax Reform – Pillar Two Model Rules*

Notes to the Financial Statements (Continued)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 above mentioned 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.

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 15 – employee share-based reserve
- Note 22 – tax expense/(credit)
- 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.

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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(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.

(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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

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.

(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;

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

(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.

(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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 except for freehold land which is stated at cost less 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.

(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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current period 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 – 10 years
Agrotourism	5 – 30 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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.

(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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(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)).

(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. The other intangible assets, which have finite useful lives, are measured at cost less any accumulated amortisation and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (continued)

(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.

(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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

Raw milk

Raw milks are measured at fair value less cost to sell. The fair values of the raw milks are determined based on the observable market prices in active market, less the necessary transportation cost at the point of sale. Changes in fair value of agriculture produce are recognised in profit or loss.

(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.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment (continued)

(i) Financial assets (continued)

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 (Continued)

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) 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.

(l) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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 binomial lattice 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.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(m) 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.

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

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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue and other income (continued)

(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 property, plant and equipment 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.

(n) 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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Income tax (continued)

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.

(p) 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.

(q) 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.

Notes to the Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Contingencies

(i) 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.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(s) 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.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold 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	Agrotourism farm RM	Construction -in-progress RM	Total RM
At cost								
At 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 2022/1 April 2022	**47,165,577**	**100,494,796**	**224,502,970**	**5,503,190**	**11,026,963**	**392,756**	**32,188,101**	**421,274,353**
Additions	**29,513,796**	**22,955,604**	**26,209,749**	**3,809,492**	**2,836,786**	**2,130,028**	**30,378,831**	**117,834,286**
Disposals/Written off	**(5,937,467)**	**(422,439)**	**(2,423,623)**	**(93,520)**	**(883,953)**	**(65,000)**	**-**	**(9,826,002)**
Transfer	**-**	**13,512,019**	**8,865,513**	**35,270**	**-**	**5,411,066**	**(27,823,868)**	**-**
Acquisition of subsidiaries (Note 33)	**-**	**-**	**2,452,876**	**183,343**	**1,356,519**	**-**	**34,165**	**4,026,903**
Exchange difference	**(2,733,222)**	**(315,223)**	**(5,064,025)**	**(35,688)**	**(268,193)**	**-**	**(474,443)**	**(8,890,794)**
At 31 March 2023	**68,008,684**	**136,224,757**	**254,543,460**	**9,402,087**	**14,068,122**	**7,868,850**	**34,302,786**	**524,418,746**
Accumulated depreciation								
At 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 2022/1 April 2022	**875,080**	**16,358,219**	**52,351,834**	**2,912,556**	**4,658,084**	**9,664**	**-**	**77,165,437**
Depreciation charge	**169,821**	**5,274,808**	**21,551,981**	**1,337,389**	**2,390,704**	**339,532**	**-**	**31,064,235**
Disposals/Written off	**-**	**(11,560)**	**(627,887)**	**(17,045)**	**(404,531)**	**(4,333)**	**-**	**(1,065,356)**
Exchange difference	**-**	**(23,316)**	**(747,775)**	**(12,993)**	**(94,461)**	**-**	**-**	**(878,545)**
At 31 March 2023	**1,044,901**	**21,598,151**	**72,528,153**	**4,219,907**	**6,549,796**	**344,863**	**-**	**106,285,771**
Accumulated impairment loss								
At 1 April 2021	**-**	**-**	**4,480,417**	**-**	**-**	**-**	**-**	**4,480,417**
Impairment loss	**-**	**-**	**78,635**	**-**	**-**	**-**	**-**	**78,635**
Exchange difference	**-**	**-**	**(20,164)**	**-**	**-**	**-**	**-**	**(20,164)**
At 31 March 2022/1 April 2022	**-**	**-**	**4,538,888**	**-**	**-**	**-**	**-**	**4,538,888**
Exchange difference	**-**	**-**	**(266,654)**	**-**	**-**	**-**	**-**	**(266,654)**
At 31 March 2023	**-**	**-**	**4,272,234**	**-**	**-**	**-**	**-**	**4,272,234**
Carrying amounts								
At 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 2022/1 April 2022	**46,290,497**	**84,136,577**	**167,612,248**	**2,590,634**	**6,368,879**	**383,092**	**32,188,101**	**339,570,028**
At 31 March 2023	**66,963,783**	**114,626,606**	**177,743,073**	**5,182,180**	**7,518,326**	**7,523,987**	**34,302,786**	**413,860,741**

Notes to the Financial Statements (Continued)

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 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 2022/1 April 2022	**45,329,901**	**82,371,765**	**1,208,471**	**1,217,494**	**3,343,710**	**133,471,341**
Additions	**4,605,028**	**14,578,834**	**222,738**	**333,873**	**4,766,796**	**24,507,269**
Disposals/Written off	**–**	**(740,592)**	**(72,980)**	**–**	**–**	**(813,572)**
Transfer	**2,237,218**	**83,700**	**–**	**–**	**(2,320,918)**	**–**
At 31 March 2023	**52,172,147**	**96,293,707**	**1,358,229**	**1,551,367**	**5,789,588**	**157,165,038**
Accumulated depreciation						
At 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 2022/1 April 2022	**5,970,301**	**20,211,155**	**485,221**	**522,045**	**–**	**27,188,722**
Depreciation charge	**2,276,422**	**8,756,118**	**205,265**	**226,754**	**–**	**11,464,559**
Disposals/Written off	**–**	**(322,629)**	**–**	**–**	**–**	**(322,629)**
At 31 March 2023	**8,246,723**	**28,644,644**	**690,486**	**748,799**	**–**	**38,330,652**
Carrying amounts						
At 1 April 2021	**35,669,852**	**56,944,605**	**616,429**	**487,402**	**2,402,049**	**96,120,337**
At 31 March 2022/1 April 2022	**39,359,600**	**62,160,610**	**723,250**	**695,449**	**3,343,710**	**106,282,619**
At 31 March 2023	**43,925,424**	**67,649,063**	**667,743**	**802,568**	**5,789,588**	**118,834,386**

	Group	
	2023 RM	**2022 RM**
Carrying amounts of land and buildings		
Land	**58,758,655**	37,528,539
Buildings	**8,205,128**	8,761,958
	66,963,783	46,290,497

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss – Australia's operation

The Group 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 impairment loss was 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 is motor vehicles and plant machineries acquired under hire purchase with carrying amount of RM38,808,179 (2022: RM40,347,801).

Security

Certain land and buildings of the Group with carrying amount of RM47,221,406 (2022: RM38,091,344) 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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Staff costs	**2,794,631**	3,174,947	**492,317**	590,185

Included in staff costs capitalised of the Group are share-based payment amounting to RM93,539 (2022: NIL).

Notes to the Financial Statements (Continued)

4. RIGHT-OF-USE ASSETS

	Land RM	Buildings RM	Total RM
Group			
At cost			
At 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 2022/1 April 2022	**13,888,541**	**931,984**	**14,820,525**
Addition	**2,714,255**	**4,173,832**	**6,888,087**
Depreciation	**(1,123,400)**	**(804,778)**	**(1,928,178)**
Derecognition	**–**	**(368,256)**	**(368,256)**
Exchange difference	**–**	**(33,766)**	**(33,766)**
At 31 March 2023	**15,479,396**	**3,899,016**	**19,378,412**
Company			
At cost			
At 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 2022/1 April 2022	**3,036,741**	**599,352**	**3,636,093**
Addition	**1,464,747**	**–**	**1,464,747**
Depreciation	**(120,306)**	**(29,415)**	**(149,721)**
Derecognition	**–**	**(368,256)**	**(368,256)**
At 31 March 2023	**4,381,182**	**201,681**	**4,582,863**

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 RM1,068,825 (2022: RM1,126,339) charged to banks as security for banking facilities granted to the subsidiary (see Note 17).

5. BIOLOGICAL ASSETS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Dairy cows and goats				
At fair value				
At 1 April	**91,994,799**	65,708,379	**34,204,770**	27,134,170
Additions	**29,364,483**	25,078,330	**17,253,608**	21,490,000
Disposals	**(8,208,938)**	(8,025,796)	**(13,969,244)**	(16,883,625)
Net gain/(loss) arising from changes in fair value of dairy cows and goats	**110,302**	9,949,771	**(1,348,664)**	3,187,395
Transfer to inventories	**(542,830)**	(723,170)	**(542,830)**	(723,170)
Transfer from semen and embryos	**297,712**	112,806	**–**	–
Exchange difference	**(1,512,185)**	(105,521)	**–**	–
At 31 March	**111,503,343**	91,994,799	**35,597,640**	34,204,770
Semen and embryos				
At cost				
At 1 April	**3,714,875**	3,750,720	**–**	–
Addition	**293,680**	70,164	**–**	–
Transfer to dairy cows and goats	**(297,712)**	(112,806)	**–**	–
Exchange difference	**(20,300)**	6,797	**–**	–
At 31 March	**3,690,543**	3,714,875	**–**	–
	115,193,886	95,709,674	**35,597,640**	34,204,770

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	
	2023 Heads	2022 Heads	2023 Heads	2022 Heads
Goat herds	**239**	294	**–**	–
Dairy herds	**10,355**	8,938	**2,841**	2,960
Bulls	**1,570**	1,371	**682**	650
	12,164	10,603	**3,523**	3,610

The raw milk quantity produced from dairy herds and goat herds owned by the Group and the Company during the financial year is shown below.

	Group		Company	
	2023 Litres	2022 Litres	2023 Litres	2022 Litres
Goat herds	**22,487**	32,284	**–**	–
Dairy herds	**26,472,834**	25,330,200	**5,909,189**	7,233,763
	26,495,321	25,362,484	**5,909,189**	7,233,763

Notes to the Financial Statements (Continued)

5. BIOLOGICAL ASSETS (CONTINUED)

5.1 Significant judgements and assumptions in relation to biological assets

The Group and the Company applied judgement and assumptions in determining the valuation of biological assets. The Group and the Company first determine the import price before using significant judgement to determine the adjustments required to reflect the breed, weight and age group of the respective dairy cows.

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: RM6,200 to RM8,870 (2022: RM5,290 to RM7,990) Milkable cows: RM10,760 to RM12,640 (2022: RM10,620 to RM12,240)	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 (2022: RM500 to RM3,800) Bulls RM2,000 to RM5,000 (2022: 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: RM3,058 to RM5,351 (2022: RM3,147 to RM5,193) Milkable cows: RM7,950 (2022: RM7,868)	Price per head of comparable breed and age group.	The estimated fair value would increase/(decrease) if the price per head is higher/(lower).

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	Brand RM	Software RM	Trademark RM	Total RM
Group						
At cost						
At 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 2022/1 April 2022	**11,543,025**	**4,948,550**	**–**	**3,402,102**	**107,547**	**20,001,224**
Acquisition of a subsidiary (Note 33)	**–**	**–**	**235,972**	**–**	**–**	**235,972**
Addition	**–**	**–**	**–**	**298,737**	**25,758**	**324,495**
Amortisation	**–**	**–**	**–**	**(220,838)**	**(14,157)**	**(234,995)**
Exchange difference	**(678,139)**	**(290,721)**	**(6,706)**	**(34,347)**	**–**	**(1,009,913)**
At 31 March 2023	**10,864,886**	**4,657,829**	**229,266**	**3,445,654**	**119,148**	**19,316,783**
Company						
At cost						
At 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 2022/1 April 2022	**–**	**–**	**–**	**2,700,569**	**107,547**	**2,808,116**
Addition	**–**	**–**	**–**	**298,737**	**25,758**	**324,495**
Amortisation	**–**	**–**	**–**	**–**	**(14,157)**	**(14,157)**
At 31 March 2023	**–**	**–**	**–**	**2,999,306**	**119,148**	**3,118,454**

The amortisation is recognised as administrative expenses in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements (Continued)

6. INTANGIBLE ASSETS (CONTINUED)

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.

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	
	2023 RM	**2022 RM**
Australia's Kyabram facilities and fruit jam and sauces divisions	**4,657,829**	4,948,550

(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 9% 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. Management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount.

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	**2022 RM**
Cost of investment	**64,748,888**	60,513,027
Loans to subsidiaries	**76,589,125**	60,857,834
	141,338,013	121,370,861

Included in investment in subsidiaries is an amount of RM2,957,959 (2022: NIL) arising from the ESOS granted to the subsidiaries' employees.

The loans to subsidiaries 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**	
			2023 %	**2022 %**
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**	100
Farm Fresh Jomcha Sdn. Bhd.[@]	Malaysia	Operation of "Jomcha" chains of beverage outlets as well as providing licensing of "Jomcha" beverage outlets	**100**	–
The Holstein Milk Company (Australia) Pty Ltd[#]	Australia	Investment holding	**80**	80
Farm Fresh Milk (HK) Limited[#/&]	Hong Kong	Dormant	**100**	100
Farm Fresh Milk Incorporated[#/@/&]	Philippines	Production and sale of milk products	**100**	–

Notes to the Financial Statements (Continued)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %
The Provenance Creamery Pte Ltd[#/$/&]	Singapore	Distribution and retail of dairy product	**100**	–
Subsidiaries of The Holstein Milk Company (Australia) Pty Ltd				
Goulburn Valley Creamery Pty Ltd[#]	Australia	Rearing of dairy cows and the production, marketing and sale of cow's milk	**80**	80
Henry Jones Foods Pty Ltd[#]	Australia	Manufacturing of jam and sauces	**80**	80
Subsidiary of Goulburn Valley Creamery Pty Ltd				
St David Dairy Pty Ltd[#/$]	Australia	Sale of cow's milk, butter, yogurt, cream and cheese	**72**	–

[#] Not audited by KPMG PLT
[@] Incorporated during the year
[$] Acquired during the year (see Note 33)
[&] Qualifies for audit exemption and is not audited

7.1 Non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2023		
	The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries	Other immaterial subsidiary	Total
NCI percentage of ownership interest and voting interest	**20%**		
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	**5,669**	**(773)**	**4,896**
Profit/(Loss) allocated to NCI	**651**	**(796)**	**(145)**
Total comprehensive income/(expense) allocated to NCI	**322**	**(796)**	**(474)**

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.1 Non-controlling interests (continued)

	2022		
	The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries	Other immaterial subsidiary	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)
Total comprehensive expense allocated to NCI	(861)	(506)	(1,367)

	2023 RM'000	2022 RM'000
The Holstein Milk Company (Australia) Pty Ltd and its subsidiaries		
Summarised financial information before intra-group elimination		
As at 31 March		
Non-current assets	**167,789**	167,965
Current assets	**66,309**	189,259
Non-current liabilities	**(99,241)**	(95,202)
Current liabilities	**(106,105)**	(237,039)
Net assets	**28,752**	24,983
Year ended 31 March		
Revenue	**224,648**	191,509
Profit/(Loss) for the year	**4,311**	(4,079)
Total comprehensive income/(expense)	**5,915**	(3,851)
Cash flows from operating activities	**9,462**	15,015
Cash flows used in investing activities	**(15,931)**	(9,218)
Cash flows from financing activities	**9,451**	11,220
Net increase in cash and cash equivalents	**2,982**	17,017

Notes to the Financial Statements (Continued)

8. TRADE AND OTHER RECEIVABLES

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current					
Net investment in lease	8.1	**758,651**	740,429	**–**	–
Other receivables		**371,395**	–	**–**	–
		1,130,046	740,429	**–**	–
Current					
Trade receivables	8.2	**101,964,110**	85,570,786	**31,954,670**	24,846,729
Other receivables	8.2	**5,535,568**	4,934,169	**3,309,947**	3,648,579
Deposits		**3,118,196**	1,077,084	**1,023,610**	622,070
Prepayments		**7,534,308**	4,989,680	**4,369,089**	1,965,892
Advance payments	8.2 & 8.3	**12,952,814**	3,328,554	**4,565,320**	1,447,832
Net investment in lease	8.1	**316,460**	347,897	**–**	–
		131,421,456	100,248,170	**45,222,636**	32,531,102
		132,551,502	100,988,599	**45,222,636**	32,531,102

8.1 Net investment in lease

	Group 2023 RM	Group 2022 RM
At 1 April	**1,088,326**	1,437,052
Addition	**442,091**	–
Interest income	**56,580**	61,952
Lease payments received	**(338,066)**	(410,678)
Derecognition	**(173,820)**	–
At 31 March	**1,075,111**	1,088,326

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.

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.1 Net investment in lease (continued)

The lease payments to be received are as follows:

	Group 2023 RM	Group 2022 RM
Less than one year	**364,142**	392,528
One to two years	**325,925**	373,880
Two to three years	**223,825**	282,325
Three to four years	**86,100**	126,950
Four to five years	**180,525**	–
Total undiscounted lease payments	**1,180,517**	1,175,683
Unearned interest income	**(105,406)**	(87,357)
Net investment in lease	**1,075,111**	1,088,326

The following are recognised in profit or loss:

	Group 2023 RM	Group 2022 RM
Gain for new finance lease entered into	**123,758**	–

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 2023 RM	Group 2022 RM
Other receivables	**10,991**	100,650
Advance payment for acquisition of biological assets	**1,854,001**	–
	1,864,992	100,650

8.3 The advance payments other than those mentioned in Note 8.2 above are paid to suppliers for raw materials and services to be performed. These advances are unsecured, interest free and expected to set off against future billings.

Notes to the Financial Statements (Continued)

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Group						
Property, plant and equipment	**–**	–	**(13,677,504)**	(11,635,348)	**(13,677,504)**	(11,635,348)
Change in fair value of biological assets	**–**	–	**(7,660,950)**	(6,635,870)	**(7,660,950)**	(6,635,870)
Fair value loss of derivative assets	**–**	–	**(205,534)**	(408,815)	**(205,534)**	(408,815)
Fair value loss of derivative liabilities	**407,000**	–	**–**	–	**407,000**	–
Allowance for impairment in respect of trade receivables	**81,000**	43,250	**–**	–	**81,000**	43,250
Slow-moving inventories	**322,366**	363,690	**–**	–	**322,366**	363,690
Unabsorbed capital allowances	**6,200,000**	3,632,000	**–**	–	**6,200,000**	3,632,000
Unutilised tax losses	**11,891,238**	15,242,799	**–**	–	**11,891,238**	15,242,799
Fair value gain/(loss) of other investments	**–**	9,000	**(581,000)**	–	**(581,000)**	9,000
Others	**3,165,717**	1,146,967	**–**	–	**3,165,717**	1,146,967
Deferred tax assets/(liabilities)	**22,067,321**	20,437,706	**(22,124,988)**	(18,680,033)	**(57,667)**	1,757,673
Set off of tax	**(14,393,505)**	(10,968,550)	**14,393,505**	10,968,550	**–**	–
Net deferred tax assets/(liabilities)	**7,673,816**	9,469,156	**(7,731,483)**	(7,711,483)	**(57,667)**	1,757,673

	Company	
	2023 RM	2022 RM
Property, plant and equipment	**(6,238,000)**	(5,964,000)
Fair value loss of derivative assets	**–**	(1,000)
Fair value gain of derivative liabilities	**34,000**	–
Unabsorbed capital allowances	**5,000**	6,000
Fair value gain/(loss) of other investments	**(472,000)**	49,000
Others	**237,000**	212,000
	(6,434,000)	(5,698,000)

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.

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Recognised deferred tax assets/(liabilities) (continued)

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	
	2023 RM	2022 RM
Property, plant and equipment	**(9,716,000)**	(8,178,000)
Unabsorbed capital allowances	**9,741,000**	7,255,000
Unutilised tax losses	**16,013,000**	12,567,000
Change in fair value of biological assets	**(3,653,000)**	(3,278,000)
Others	**740,000**	587,000
	13,125,000	8,953,000

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.

The unrecognised unutilised tax losses will expire in the following years of assessment:

	Group	
	2023 RM	2022 RM
2028	**6,097,000**	6,097,000
2029	**788,000**	788,000
2030	**1,038,000**	1,038,000
2031	**2,065,000**	2,065,000
2032	**2,579,000**	2,579,000
2033	**3,446,000**	–
	16,013,000	12,567,000

The unabsorbed capital allowances do not expire under the current tax legislation.

Notes to the Financial Statements (Continued)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

	At 1 April 2021 RM	Recognised in profit or loss (Note 22) RM	Exchange differences RM	At 31 March 2022/ 1 April 2022 RM	Recognised in profit or loss (Note 22) RM	Exchange differences RM	At 31 March 2023 RM
Group							
Property, plant and equipment	(12,071,797)	493,782	(57,333)	(11,635,348)	**(2,108,671)**	**66,515**	**(13,677,504)**
Change in fair value of biological assets	(2,915,621)	(3,660,682)	(59,567)	(6,635,870)	**(1,121,617)**	**96,537**	**(7,660,950)**
Fair value loss of derivative assets	–	(404,270)	(4,545)	(408,815)	**196,685**	**6,596**	**(205,534)**
Fair value loss of derivative liabilities	–	–	–	–	**407,000**	**–**	**407,000**
Allowance for impairment in respect of trade receivables	316,747	(273,502)	5	43,250	**37,750**	**–**	**81,000**
Slow-moving inventories	166,278	192,766	4,646	363,690	**(34,412)**	**(6,912)**	**322,366**
Unabsorbed capital allowances	2,379,794	1,252,206	–	3,632,000	**2,568,000**	**–**	**6,200,000**
Unutilised tax losses	8,831,770	6,118,435	292,594	15,242,799	**(3,035,428)**	**(316,133)**	**11,891,238**
Fair value gain/(loss) of other investments	–	9,000	–	9,000	**(590,000)**	**–**	**(581,000)**
Others	843,982	368,875	(65,890)	1,146,967	**2,381,889**	**(363,139)**	**3,165,717**
	(2,448,847)	4,096,610	109,910	1,757,673	**(1,298,804)**	**(516,536)**	**(57,667)**

	At 1 April 2021 RM	Recognised in profit or loss (Note 22) RM	At 31 March 2022/ 1 April 2022 RM	Recognised in profit or loss (Note 22) RM	At 31 March 2023 RM
Company					
Property, plant and equipment	(4,864,000)	(1,100,000)	(5,964,000)	**(274,000)**	**(6,238,000)**
Fair value gain/(loss) of derivative asset	–	(1,000)	(1,000)	**1,000**	**–**
Fair value gain of derivative liabilities	–	–	–	**34,000**	**34,000**
Fair value gain/(loss) of other investments	–	49,000	49,000	**(521,000)**	**(472,000)**
Unabsorbed capital allowances	–	6,000	6,000	**(1,000)**	**5,000**
Unutilised tax losses	164,000	(164,000)	–	**–**	**–**
Others	162,000	50,000	212,000	**25,000**	**237,000**
	(4,538,000)	(1,160,000)	(5,698,000)	**(736,000)**	**(6,434,000)**

10. DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM	**2022 RM**
Non-current		
Due from subsidiaries		
– non-trade	**67,200,000**	67,200,000
Current		
Due from subsidiaries		
– trade	**5,880,428**	2,527,657
– non-trade	**123,976,151**	48,070,355
	129,856,579	50,598,012
Due to subsidiaries		
– trade	**(53,070,359)**	(3,392,734)

The non-current amounts due from subsidiaries are unsecured, subject to an interest of 4.13% (2022: 4.13%) per annum on the monthly outstanding balances and are receivable by 23 April 2026.

The remaining current non-trade portion of amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand while the trade portion is subject to normal trade terms.

11. INVENTORIES

	Group		Company	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Raw material	**86,690,973**	55,444,735	**54,271,532**	18,775,127
Raw milk	**57,648,787**	24,846,626	**28,319,817**	11,544,123
Consumables	**11,475,604**	10,931,947	**1,374,025**	1,312,232
Goods-in-transit	**6,226,105**	20,580,691	**309,932**	1,182,771
Finished goods	**11,141,225**	6,078,116	**6,008,901**	3,599,336
Work-in-progress	**491,922**	962,704	**462,301**	60,162
	173,674,616	118,844,819	**90,746,508**	36,473,751
Recognised in profit or loss:				
– Inventories recognised as cost of sales	**347,663,364**	253,146,667	**178,848,202**	125,510,165
– (Reversal of)/Written off of obsolete and slow-moving inventories	**(174,943)**	840,027	**(54,238)**	258,907
	347,488,421	253,986,694	**178,793,964**	125,769,072

Notes to the Financial Statements (Continued)

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Group		Company	
	2023		2023	
	Nominal value RM	Asset/ (Liabilities) RM	Nominal value RM	Asset/ (Liabilities) RM
Derivatives at fair value through profit or loss				
Forward exchange contracts	**55,126,053**	**(1,694,958)**	**5,074,916**	**(142,038)**
Interest rate swap	**14,812,000**	**685,111**	**–**	**–**
	69,938,053	**(1,009,847)**	**5,074,916**	**(142,038)**

	2022		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 RM14,812,000 (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Financial assets at fair value through profit or loss:				
Money market fund	**155,789,952**	280,594,613	**144,999,123**	260,108,202

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	**22,919,339**	28,052,940	**6,850,502**	9,565,273
Deposits placed with licensed banks	**50,252**	50,126	**–**	–
	22,969,591	28,103,066	**6,850,502**	9,565,273

15. CAPITAL AND RESERVES

Share capital

	Note	Group/Company		Group/Company Number of ordinary shares	
		2023 RM	2022 RM	2023	2022
Issued and fully paid shares with no par value classified as equity instruments:					
Ordinary shares:					
At 1 April		**380,607,443**	87,779,796	**1,857,954,837**	84,999,999
Shares issued under ESOS		**463,572**	–	**284,400**	–
Bonus Issue	15.1	**–**	–	**–**	1,550,000,138
Issued for Initial Public Offering	15.2	**–**	300,988,845	**–**	222,954,700
Share issuance expenses for the Public Issue		**–**	(8,161,198)	**–**	–
At 31 March		**381,071,015**	380,607,443	**1,858,239,237**	1,857,954,837

15.1 In respect of bonus issue of 1,550,000,138 ordinary shares in prior year at NIL consideration without capitalising the retained earnings or reserves.

15.2 In prior year, the Company issued 222,954,700 ordinary shares as part of the Initial Public Offering at RM1.35 per ordinary share.

Reserves

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable				
Translation reserve	**(6,633,677)**	2,609,727	**–**	–
Employee share-based reserve	**3,642,167**	–	**3,642,167**	–
	(2,991,510)	2,609,727	**3,642,167**	–
Distributable				
Retained earnings	**252,925,654**	222,726,267	**94,952,574**	89,872,359
	249,934,144	225,335,994	**98,594,741**	89,872,359

Notes to the Financial Statements (Continued)

15. CAPITAL AND RESERVES (CONTINUED)

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.

Employee share-based reserve

Employee share-based reserve represents cumulative value of employee services received for the issue of share options.

When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Equity settled share-based transaction

At an Extraordinary General Meeting held on 21 March 2022, the Company's shareholders approved the establishment of an Employees' Share Option Scheme (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 terms and conditions relating to the grants of new share option programme are as follows; all options are to be settled by physical delivery of shares:

Grant date	Number of options ('000)	Vesting conditions	Contractual life of options
21 March 2022	33,380	Malaysian employees Vest over 3 years Australian employees 25% of the options for first and second calendar year 50% of the options issued for third calendar year	10 years

The number and weighted average exercise prices of the share options are as follows:

	2023	
	Weighted average exercise price (RM)	Number of options ('000)
Granted during the year	**1.35**	**33,380**
Lapsed during the year	**1.35**	**(11,062)**
Exercised during the year	**1.35**	**(284)**
Outstanding at 31 March	**1.35**	**22,034**
Exercisable at 31 March		**7,027**

The options outstanding at 31 March 2023 have an exercise price of RM1.35 and a weighted average contractual life of 9 years.

During the financial year, 284,400 share options were exercised. The weighted average share price at the date of exercise for the year was RM1.35.

15. CAPITAL AND RESERVES (CONTINUED)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured based on a binomial lattice model with the following inputs:

	ESOS (21.3.2022)
Fair value at grant date	RM0.28
Share price at grant date	RM1.35
Expected volatility (weighted average volatility)	12.12%
Option life (expected weighted average life)	10 years
Expected dividends	2.50%
Risk-free interest rate (based on Malaysian Government Securities)	3.735%

Value of employee services received for issue of share options

2023	Group RM'000	Company RM'000
Share options granted in 2022/ Total expense recognised as equity settled share-based transactions	**3,722**	**764**

16. DEFERRED INCOME

	Group/Company	
	2023 RM	2022 RM
Government grant received		
At 1 April/31 March	**8,010,455**	8,010,455
Less: Amortisation		
At 1 April	**(1,243,028)**	(972,331)
Charge for the year	**(270,697)**	(270,697)
At 31 March	**(1,513,725)**	(1,243,028)
	6,496,730	6,767,427
Carrying amounts of government grant		
Non-current	**6,226,033**	6,496,730
Current	**270,697**	270,697
	6,496,730	6,767,427

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 (Continued)

17. LOANS AND BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Unsecured				
Sukuk	**200,000,000**	200,000,000	**200,000,000**	200,000,000
Secured				
Hire purchase liabilities	**13,284,400**	15,261,056	**–**	–
Term loans	**30,033,247**	17,055,872	**1,890,447**	1,319,373
	243,317,647	232,316,928	**201,890,447**	201,319,373
Current				
Unsecured				
Sukuk	**2,486,795**	2,486,795	**2,486,795**	2,486,795
Secured				
Hire purchase liabilities	**6,898,567**	5,284,323	**–**	–
Short-term financing	**981,523**	970,791	**–**	–
Term loans	**403,233**	1,670,403	**403,233**	1,670,403
Bankers' acceptances	**67,404,151**	41,888,529	**3,585,520**	–
Revolving credits	**14,760,000**	–	**14,760,000**	–
	92,934,269	52,300,841	**21,235,548**	4,157,198
	336,251,916	284,617,769	**223,125,995**	205,476,571

Security

All the term loans and revolving credits 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.

All the bankers' acceptances are secured by Corporate guarantee by the Company and a subsidiary, and certain bankers' acceptances totaling to RM6,790,505 (2022: NIL) are further secured by jointly and severally guarantee by certain Directors of the Company and a subsidiary.

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.

17. LOANS AND BORROWINGS

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.

Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
2023			
Less than one year	**7,328,899**	**430,332**	**6,898,567**
Between one and five years	**13,559,090**	**274,690**	**13,284,400**
	20,887,989	**705,022**	**20,182,967**
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

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	**24,427,865**	32,083,729	**3,603,212**	6,072,696
Other payables	**20,668,200**	22,911,024	**6,225,511**	7,218,081
Accrued expenses	**18,211,788**	37,185,999	**6,058,105**	15,179,805
Due to Directors	**834,060**	894,796	**–**	–
	64,141,913	93,075,548	**15,886,828**	28,470,582

In prior year, included in trade payables of the Group and of the Company were amounts of RM1,359,495 due to a company in which a director cum minority shareholder in a subsidiary has substantial financial interests. The Group and the Company has fully settled the outstanding balances in financial year ended 31 March 2023.

The amounts due to Directors are non-trade in nature, interest free, unsecured and repayable on demand.

Notes to the Financial Statements (Continued)

19. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
– Sales of goods	**621,606,857**	501,921,211	**285,978,369**	216,066,203
– Revenue from agrotourism	**8,083,882**	–	**–**	–
	629,690,739	501,921,211	**285,978,369**	216,066,203

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 and other beverage 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 Cash term for certain beverage products	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
Revenue from agrotourism	Revenue is recognised when the goods are delivered and accepted by the customers	Cash term	Not applicable

The revenue from contracts with customers of the Company are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

The Company applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

The revenue generated by the Company is predominantly from Malaysia.

20. FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income on net investment in lease	**56,580**	61,952	**–**	–
Other finance income	**416,214**	1,204,963	**2,890,528**	2,502,736
	472,794	1,266,915	**2,890,528**	2,502,736

21. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on lease liabilities	**351,248**	329,686	**187,090**	215,722
Other finance costs	**11,588,102**	10,761,907	**8,656,015**	7,908,876
	11,939,350	11,091,593	**8,843,105**	8,124,598
Less: Accrual of profit/finance costs	**(2,838,043)**	(2,816,481)	**(2,673,885)**	(2,702,517)
Add: Accrual of profit/finance costs brought forward paid in current year	**2,486,795**	–	**2,486,795**	–
	11,588,102	8,275,112	**8,656,015**	5,422,081

22. TAX EXPENSE/(CREDIT)

Recognised in profit or loss

Major components of income tax expense include:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense					
– Current year		**670,000**	1,004,000	**214,000**	507,000
– Prior years		**271,159**	701,656	**143,058**	204,310
		941,159	1,705,656	**357,058**	711,310
Deferred tax expense/(income)					
– Origination and reversal of temporary differences		**1,445,631**	(4,396,610)	**764,000**	742,000
– (Over)/Under provision in prior years		**(146,827)**	300,000	**(28,000)**	418,000
		1,298,804	(4,096,610)	**736,000**	1,160,000
Reversal of tax	22.1	**–**	(10,490,033)	**–**	–
		2,239,963	(12,880,987)	**1,093,058**	1,871,310

Notes to the Financial Statements (Continued)

22. TAX EXPENSE/(CREDIT) (CONTINUED)

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Reconciliation of tax expense/ (credit)					
Profit before tax		**52,174**	65,684	**26,053**	31,320
Income tax calculated using Malaysian tax rate of 24%		**12,522**	15,764	**6,253**	7,517
Non-deductible expenses		**1,486**	2,099	**232**	1,787
Non-taxable income		**(911)**	(150)	**(893)**	(75)
Tax incentive	9	**(12,236)**	(19,760)	**(4,614)**	(7,980)
Effect of unrecognised deferred tax assets		**1,001**	(699)	**–**	–
Effect of different tax rate in foreign jurisdictions		**254**	(647)	**–**	–
		2,116	(3,393)	**978**	1,249
Under/(Over) provision in prior years					
– Current tax and deferred tax		**124**	1,002	**115**	622
– Reversal of tax	22.1	**–**	(10,490)	**–**	–
		124	(9,488)	**115**	622
Tax expense/(credit)		**2,240**	(12,881)	**1,093**	1,871

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 the audited financial statements for the year ended 31 March 2021 in respect of the non-approved locations for the relevant years of assessment ("YA") from 2014 to 2020.

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.

23. PROFIT FOR THE YEAR

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Profit for the year is arrived at after charging/(crediting)					
Audit fees:					
– KPMG PLT					
– Current year		**277,000**	270,000	**110,000**	110,000
– Under provided in prior year		**–**	18,000	**–**	55,000
– Other auditor		**222,431**	231,189	**–**	–
Non-audit fees:					
– KPMG PLT					
– Review of interim financial information		**247,500**	–	**247,500**	–
– Review of Statement of Risk Management and Internal Control		**10,000**	10,000	**10,000**	10,000
– Reporting Accountant for the listing on Main Market of Bursa Securities		**–**	820,000	**–**	820,000
– Local affiliates of KPMG PLT Malaysia					
– Tax services and financial due diligence		**314,000**	60,000	**20,000**	20,000
– Other auditor					
– Tax services		**134,529**	–	**–**	–
Depreciation and amortisation:					
– property, plant and equipment		**31,064,235**	26,738,344	**11,464,559**	9,864,574
– intangible assets		**234,995**	233,301	**14,157**	11,178
– right-of-use assets		**1,928,178**	1,600,997	**149,721**	233,330
Expenses relating to short-term leases	a	**4,486,294**	4,745,774	**59,884**	–
Expenses relating to leases of low-value assets	a	**130,058**	34,841	**11,882**	18,140
Impairment loss/(Reversal of impairment loss) on:					
– property, plant and equipment		**–**	78,635	**–**	–
– trade receivables		**269,298**	(86,020)	**110,979**	–
Written off of:					
– property, plant and equipment		**7,728**	145,844	**–**	–
– obsolete and slow-moving inventories		**(174,943)**	840,027	**(54,238)**	258,907
Gain on disposal of property, plant and equipment		**(299,110)**	(120,672)	**–**	–
Gain from a bargain purchase		**(133,570)**	–	**–**	–
Personnel expenses (including key management personnel):					
– contribution to state plans		**4,729,055**	3,982,363	**1,052,987**	764,053
– wages, salaries and others		**57,721,629**	46,919,104	**14,100,208**	10,148,778
– equity settled share-based payment		**3,653,064**	–	**763,840**	–

Notes to the Financial Statements (Continued)

23. PROFIT FOR THE YEAR (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Rental income from subleasing of property	3	**(1,347,307)**	(1,656,655)	**–**	–
Rental concession income		**–**	(157,091)	**–**	(60,791)
Redundancy costs		**–**	4,850,849	**–**	–
Amortisation of deferred income		**(270,697)**	(270,697)	**(270,697)**	(270,697)
Net foreign exchange (gain)/loss		**(579,522)**	448,813	**54,043**	87,747
Fair value (gain)/loss of:					
– derivatives financial instruments		**2,485,727**	(1,518,875)	**144,706**	(2,668)
– other investments		**(2,457,218)**	35,124	**(2,169,172)**	202,728
Distribution income from money market investments		**(3,738,121)**	(629,737)	**(3,721,749)**	(310,930)
Loss/(Gain) arising from changes in fair value of dairy cows and goats:					
– Malaysian Farm		**717,466**	(6,881,746)	**1,348,664**	(3,187,395)
– Australian Farm		**(827,768)**	(3,068,025)	**–**	–

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.

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 March 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2023 RM	2022 RM
Profit for the year attributable to owners	**50,079,503**	79,886,892

Weighted average number of ordinary shares are determined as follows:

	2023 RM	2022 RM
Weighted average number of ordinary shares	**1,858,239,237**	1,641,108,485[(i)]
Basic earnings per ordinary share (sen)	**2.69**	4.87

(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.

24. EARNINGS PER ORDINARY SHARE (CONTINUED)

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 March 2023 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2023 RM	2022 RM
Profit for the year attributable to owners (diluted)	**50,079,503**	79,886,892

	2023 RM	2022 RM
Weighted average number of ordinary shares (basic)	**1,858,239,237**	1,641,108,485
Effect of share options in issue	**3,672,267**	–
Weighted average number of ordinary shares (diluted)	**1,861,911,504**	1,641,108,485
Diluted earnings per ordinary share (sen)	**2.69**	4.87

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on the quoted market prices for the period during which the options are outstanding.

25. DIVIDEND

Dividends recognised by the Group/Company are:

	Sen per share	Total amount RM'000	Date of payment
2023			
Final 2022	**1.07**	**19,880**	**15 September 2022**

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 dividend 2023	**1.00**	**18,719**

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 (Continued)

26. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are in different geographies 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 and Group Chief Executive Officer) 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 goats and production, marketing and sale of cow's and goat's milk, yogurt and plant-based products and agrotourism.
- Australia's operation — Includes rearing of dairy cows, production and marketing and sale of cow's milk, jam, sauces, butter and yogurt.

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
2023			
Segment profit/(loss)	**56,372**	**(4,198)**	**52,174**
Included in the measure of segment profit are:			
Revenue from external customers	**537,930**	**91,761**	**629,691**
Depreciation and amortisation	**(25,043)**	**(8,184)**	**(33,227)**
Finance costs	**(9,527)**	**(2,412)**	**(11,939)**
Finance income	**281**	**192**	**473**
Information provided to Group Managing Director			
Additions to non-current assets other than financial instruments and deferred tax assets	**123,509**	**31,196**	**154,705**
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

26. OPERATING SEGMENTS (CONTINUED)

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Revenue	
	2023 RM'000	**2022 RM'000**
Malaysia	**517,913**	435,310
Australia	**91,761**	46,339
Singapore	**19,320**	18,993
Brunei	**697**	1,279
Total	**629,691**	501,921

Major customers

There is no individual customer with revenue equal to or more than 10% of the Group's total revenue during the year.

The following is the major customer with revenue equal to or more than 10% of the Group's total revenue in prior year:

	Revenue RM'000	Segment
2022		
Customer A	67,021	Malaysia's operation

Notes to the Financial Statements (Continued)

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

Group	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2023			
Financial assets			
Trade and other receivables (excluding prepayments and advance payment)	**111,945**	**111,945**	**–**
Cash and cash equivalents	**22,970**	**22,970**	**–**
Derivative financial assets	**685**	**–**	**685**
Other investments	**155,790**	**–**	**155,790**
	291,390	**134,915**	**156,475**
Financial liabilities			
Loans and borrowings	**(336,252)**	**(336,252)**	**–**
Trade and other payables	**(64,142)**	**(64,142)**	**–**
Derivative financial liabilities	**(1,695)**	**–**	**(1,695)**
	(402,089)	**(400,394)**	**(1,695)**
2022			
Financial assets			
Trade and other receivables (excluding prepayments and advance payment)	92,670	92,670	–
Cash and cash equivalents	28,103	28,103	–
Derivative financial assets	783	–	783
Other investments	280,595	–	280,595
	402,151	120,773	281,378
Financial liabilities			
Loans and borrowings	(284,618)	(284,618)	–
Trade and other payables	(93,076)	(93,076)	–
	(377,694)	(377,694)	–

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

Company	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
2023			
Financial assets			
Trade and other receivables (excluding prepayments and advance payment)	**36,288**	**36,288**	**–**
Due from subsidiaries	**197,057**	**197,057**	**–**
Cash and cash equivalents	**6,851**	**6,851**	**–**
Other investments	**144,999**	**–**	**144,999**
	385,195	**240,196**	**144,999**
Financial liabilities			
Loans and borrowings	**(223,126)**	**(223,126)**	**–**
Trade and other payables	**(15,887)**	**(15,887)**	**–**
Due to subsidiaries	**(53,070)**	**(53,070)**	**–**
Derivative financial liabilities	**(142)**	**–**	**(142)**
	(292,225)	**(292,083)**	**(142)**
2022			
Financial assets			
Trade and other receivables (excluding prepayments and advance payment)	29,117	29,117	–
Due from subsidiaries	117,798	117,798	–
Cash and cash equivalents	9,565	9,565	–
Derivative financial assets	3	–	3
Other investments	260,108	–	260,108
	416,591	156,480	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)	–

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss				
– Mandatorily required by MFRS 9	**6,187,392**	2,371,389	**5,890,921**	110,870
Financial liabilities at fair value through profit or loss				
– Mandatorily required by MFRS 9	**(2,477,780)**	–	**(144,706)**	–
Financial assets at amortised cost	**691,604**	344,469	**2,778,799**	2,502,736
Financial liabilities at amortised cost	**(11,489,491)**	(11,196,199)	**(8,710,058)**	(8,008,862)
	(7,088,275)	(8,480,341)	**(185,044)**	(5,395,256)

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 period, 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.

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.

The 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.

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.

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

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Current (not past due)	**65,623**	**–**	**65,623**
1 – 30 days past due	**21,227**	**–**	**21,227**
31 – 60 days past due	**9,293**	**–**	**9,293**
61 – 90 days past due	**3,663**	**–**	**3,663**
More than 90 days past due	**2,230**	**72**	**2,158**
	102,036	**72**	**101,964**
Credit impaired			
Individually impaired	**584**	**584**	**–**
	102,620	**656**	**101,964**
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
More than 90 days past due	846	181	665
	85,752	181	85,571
Credit impaired			
Individually impaired	1	1	–
	85,753	182	85,571

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Current (not past due)	**18,490**	**–**	**18,490**
1 – 30 days past due	**7,404**	**–**	**7,404**
31 – 60 days past due	**2,972**	**–**	**2,972**
61 – 90 days past due	**1,581**	**–**	**1,581**
More than 90 days past due	**1,508**	**–**	**1,508**
	31,955	**–**	**31,955**
Credit impaired			
Individually impaired	**111**	**111**	**–**
	32,066	**111**	**31,955**
2022			
Current (not past due)	17,124	–	17,124
1 – 30 days past due	6,926	–	6,926
31 – 60 days past due	585	–	585
61 – 90 days past due	31	–	31
More than 90 days past due	181	–	181
	24,847	–	24,847

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
At 1 April 2021	181	665	846
Net remeasurement of loss allowance	–	(86)	(86)
Written off	–	(615)	(615)
Exchange differences	–	37	37
At 31 March 2022/1 April 2022	**181**	**1**	**182**
Acquisition of a subsidiary	**–**	**333**	**333**
Net remeasurement of loss allowance	**(109)**	**378**	**269**
Written off	**–**	**(63)**	**(63)**
Exchange differences	**–**	**(65)**	**(65)**
At 31 March 2023	**72**	**584**	**656**

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

Company	Credit impaired RM'000
At 1 April 2022	–
Net remeasurement of loss allowance	111
At 31 March 2023	111

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

Credit risks on other receivables include the deposits paid to suppliers and for utilities. 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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM49,006,631 (2022: RM29,299,329) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the 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.

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 trades and provides unsecured advances to subsidiaries. The advances are repayable on demand, except for advances of RM67,200,000 (2022: RM67,200,000) subject to an interest of 4.13% (2022: 4.13%) per annum on the monthly outstanding balances. 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.

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Inter-company balances (continued)

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.

As at the end of the reporting period, the Company does not recognise any loss allowance as they are categorised under low risk.

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.

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
2023							
Non-derivative financial liabilities							
Sukuk	**202,487**	**3.72**	**226,009**	**7,420**	**7,460**	**211,129**	**-**
Secured bankers' acceptances	**67,404**	**3.83 - 4.68**	**67,404**	**67,404**	**-**	**-**	**-**
Secured hire purchase liabilities	**20,183**	**1.96 - 5.67**	**20,888**	**7,329**	**6,687**	**6,872**	**-**
Secured term loans	**30,436**	**5.38 - 6.60**	**30,814**	**535**	**535**	**29,744**	**-**
Revolving credit	**14,760**	**6.60**	**14,760**	**14,760**	**-**	**-**	**-**
Trade and other payables	**64,142**	**-**	**64,142**	**64,142**	**-**	**-**	**-**
Lease liabilities	**10,417**	**3.90 - 5.00**	**14,243**	**2,710**	**2,277**	**2,283**	**6,973**
Short-term financing	**982**	**-**	**982**	**982**	**-**	**-**	**-**
	410,811		**439,242**	**165,282**	**16,959**	**250,028**	**6,973**
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
- Outflow	**(1,695)**	**-**	**(55,126)**	**(55,126)**	**-**	**-**	**-**
- Inflow	**-**	**-**	**53,431**	**53,431**	**-**	**-**	**-**
Interest rate swap	**685**	**-**	**685**	**685**	**-**	**-**	**-**
	409,801		**438,232**	**164,272**	**16,959**	**250,028**	**6,973**
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

Notes to the Financial Statements (Continued)

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
2023							
Non-derivative financial liabilities							
Sukuk	**202,487**	**3.72**	**226,009**	**7,420**	**7,460**	**211,129**	**–**
Due to subsidiaries	**53,070**	**–**	**53,070**	**53,070**	**–**	**–**	**–**
Trade and other payables	**15,887**	**–**	**15,887**	**15,887**	**–**	**–**	**–**
Lease liabilities	**4,003**	**5.00**	**7,388**	**258**	**234**	**728**	**6,168**
Secured bankers' acceptances	**3,586**	**3.83 – 4.05**	**3,586**	**3,586**	**–**	**–**	**–**
Secured term loans	**2,294**	**6.60**	**2,671**	**535**	**535**	**1,601**	**–**
Revolving credit	**14,760**	**6.60**	**14,760**	**14,760**	**–**	**–**	**–**
Financial guarantee*	**–**	**–**	**49,007**	**49,007**	**–**	**–**	**–**
	296,087		**372,378**	**144,523**	**8,229**	**213,458**	**6,168**
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

* 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.

27.6 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") and Australian Dollar ("AUD").

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 contracts are rolled over at maturity. The Group and the Company entered forward exchange contracts with notional contract amount of RM55,126,053 (2022: RM19,322,070) and RM5,074,916 (2022: RM64,611) 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			
	USD RM'000	SGD RM'000	EUR RM'000	AUD RM'000
Group				
2023				
Cash and cash equivalents	**540**	**420**	**2**	**3**
Trade and other receivables	**817**	**4,271**	**–**	**–**
Trade and other payables	**(471)**	**(47)**	**(76)**	**–**
	886	**4,644**	**(74)**	**3**
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)
Company				
2023				
Cash and cash equivalents	**13**	**2**	**–**	**–**
Trade and other receivables	**631**	**201**	**–**	**–**
Trade and other payables	**(362)**	**(21)**	**(56)**	**–**
Due from a subsidiary	**–**	**178**	**–**	**–**
	282	**360**	**(56)**	**–**
2022				
Trade and other receivables	17	95	–	750
Trade and other payables	(297)	(33)	–	(1,309)
	(280)	62	–	(559)

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2022: 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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
USD	**(67)**	17	**(21)**	21
SGD	**(353)**	(245)	**(27)**	(5)
EUR	**6**	21	**4**	–
AUD	**–**	42	**–**	42

A 10% (2022: 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 RM14,812,000 (2022: RM15,736,500) in order to achieve an appropriate mix of fixed and floating rate exposure at 31 March 2023, 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.

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Fixed rate instruments				
Financial assets	**1,075**	1,088	**67,200**	67,200
Financial liabilities	**(277,599)**	(247,405)	**(206,072)**	(205,477)
Lease liabilities	**(10,417)**	(6,879)	**(4,002)**	(4,520)
	(286,941)	(253,196)	**(142,874)**	(142,797)
Floating rate instruments				
Financial liabilities	**(58,653)**	(37,213)	**(17,054)**	(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**
2023				
Floating rate instruments	**(446)**	**446**	**(130)**	**130**
2022				
Floating rate instruments	(283)	283	(23)	23

Notes to the Financial Statements (Continued)

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	
	Group RM'000	Company RM'000
2023		
100bp increase	**1,558**	**1,450**
100bp decrease	**(1,558)**	**(1,450)**
2022		
100bp increase	2,806	2,601
100bp decrease	(2,806)	(2,601)

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.

Group	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
2023				
Financial assets				
Interest rate swap	**685**	**–**	**685**	**685**
Other investments	**155,790**	**–**	**155,790**	**155,790**
	156,475	**–**	**156,475**	**156,475**
Financial liabilities				
Forward exchange contracts	**(1,695)**	**–**	**(1,695)**	**(1,695)**
Hire purchase liabilities	**–**	**(19,204)**	**(19,204)**	**(20,183)**
Term loans	**–**	**(30,777)**	**(30,777)**	**(30,436)**
Sukuk	**–**	**(202,487)**	**(202,487)**	**(202,487)**
	(1,695)	**(252,468)**	**(254,163)**	**(254,801)**
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)

Notes to the Financial Statements (Continued)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information (continued)

Company	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
2023				
Financial assets				
Other investments	**144,999**	**–**	**144,999**	**144,999**
Financial liabilities				
Forward exchange contracts	**(142)**	**–**	**(142)**	**(142)**
Term loans	**–**	**(2,634)**	**(2,634)**	**(2,294)**
Sukuk	**–**	**(202,487)**	**(202,487)**	**(202,487)**
	(142)	**(205,121)**	**(205,263)**	**(204,923)**
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)

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).

Money market funds

The fair value of money market funds is determined based on other data values or market price.

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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information (continued)

(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Current year's addition	**117,834,286**	60,815,285	**24,507,269**	20,075,311
Less: Property, plant and equipment acquired from hire purchase liabilities	**(6,228,742)**	(504,284)	**–**	–
Less: Share based payment capitalised	**(93,539)**	–	**–**	–
	111,512,005	60,311,001	**24,507,269**	20,075,311

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 2023 and 31 March 2022 were as follows:

	2023 RM'000	2022 RM'000
Total loans and borrowings (Note 17)	**336,252**	284,618
Lease liabilities	**10,417**	6,879
Less: Cash and cash equivalents (Note 14)	**(22,970)**	(28,103)
Net debt	**323,699**	263,394
Total equity (including NCI)	**635,902**	610,963
Debt-to-equity ratio	**0.51**	0.43

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

Notes to the Financial Statements (Continued)

30. CAPITAL COMMITMENT

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Capital expenditure commitment				
Property, plant and equipment				
Contracted but not provided for	**22,242,517**	2,955,647	**10,904,690**	248,578
Intangible assets				
Contracted but not provided for	**163,505**	267,522	**163,505**	267,522
	22,406,022	3,223,169	**11,068,195**	516,100

31. CONTINGENCIES

Contingent liabilities

	Company	
	2023 RM	2022 RM
Secured:		
Corporate guarantees given to a financial institution in respect of outstanding bankers' acceptances of a subsidiary	**49,006,631**	29,299,329

Contingent assets

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 2023, 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.

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 and key management personnel.

32. RELATED PARTIES (CONTINUED)

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 and 18.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
A. Subsidiaries				
Sales of raw milk	**–**	–	**–**	44,772
Sales of finished goods	**–**	–	**64,261,411**	52,442,162
Sales of biological assets	**–**	–	**11,539,519**	14,932,357
Sales of property, plant and equipment	**–**	–	**417,963**	–
Purchase of raw material	**–**	–	**–**	(5,103,275)
Purchase of finished goods	**–**	–	**(2,436,680)**	–
Purchase of biological assets	**–**	–	**–**	(1,675,719)
Purchase of property, plant and equipment	**–**	–	**(380,124)**	–
Loan to subsidiaries	**–**	–	**–**	67,200,000
Loan interest income	**–**	–	**2,775,360**	89,766
Management fee income	**–**	–	**360,393**	393,851
B. Key management personnel				
Directors				
Fees	**629,000**	586,000	**629,000**	586,000
Remuneration	**1,086,821**	1,576,233	**–**	–
Other key management personnel				
Remuneration	**4,027,396**	3,858,651	**337,569**	285,815
C. Minority shareholder in a subsidiary				
Purchase of biological assets and other animal health related products	**13,970,244**	16,582,813	**13,970,244**	16,582,813
D. Person connected to Directors of a subsidiary				
Purchase of motor vehicles	**–**	15,000	**–**	–
E. Companies connected to Directors				
Short-term lease	**12,000**	15,000	**–**	–

Notes to the Financial Statements (Continued)

33. ACQUISITION OF SUBSIDIARIES

St David Dairy Pty Ltd

On 31 August 2022, the Group had entered into a business purchase agreement with Maggie Beer Holdings Ltd to acquire 90% equity interest in St David Dairy Pty Ltd at a total purchase consideration of RM3.2 million via Goulburn Valley Creamery Pty Ltd. The transaction was completed on 31 August 2022.

The following summarise the consideration paid and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Group RM
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment		**4,021,237**
Inventories		**797,142**
Cash and cash equivalents		**255,779**
Trade and other receivables	33.1	**2,389,904**
Brand		**235,972**
Trade and other payables		**(2,833,399)**
Hire purchase liabilities		**(1,355,363)**
Fair value of identifiable net assets/ **Total consideration transferred**		**3,511,272**
Net cash outflow arising from acquisition of a subsidiary		
Purchase consideration paid by the Company		**3,160,145**
Capital contributed by a minority shareholder		**351,127**
Purchase consideration settled in cash and cash equivalents		**3,511,272**
Cash and cash equivalents acquired		**(255,779)**
Net cash outflow arising from acquisition of a subsidiary		**3,255,493**

33.1 Included in trade and other receivables is impairment of trade receivables of RM333,024.

33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The Provenance Creamery Pte Ltd

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 following summarise the consideration paid and the recognised amounts of assets acquired and liabilities assumed at the call option date:

	Group RM
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	**5,666**
Cash and cash equivalents	**17,074**
Other receivables	**121,255**
Other payables	**(10,422)**
Fair value of identifiable net assets	**133,573**
Purchase consideration settled in cash and cash equivalents	3
Cash and cash equivalents acquired	(17,074)
Net cash inflow arising from acquisition of a subsidiary	(17,071)
Total consideration transferred	3
Fair value of identifiable net assets	(133,573)
Gain on a bargain purchase	(133,570)

Notes to the Financial Statements (Continued)

34. SUBSEQUENT EVENTS

(a) On 31 May 2023, the Company has completed the acquisition of 65% equity interest of The Inside Scoop Sdn. Bhd. ("TISSB"), for a total consideration of RM84.0 million ("Acquisition").

Pursuant to the Acquisition, the Company has entered into a Shareholders Agreement ("SHA") with the 35% shareholder of TISSB, Edmund Tan, which entails the Company granting to Edmund Tan the right to require FFB to purchase from Edmund Tan, upon the occurrence of any triggering events as specified in the SHA.

(b) On 11 May 2023, FFB has offered 4,482,000 Employees' Share Option Scheme (ESOS) options to eligible employees of the Group with the terms and conditions as follows:

Grant date	Number of options ('000)	Vesting conditions	Contractual life of options
11 May 2023	4,482	Vest over 3 years	10 years

(c) On 27 June 2023, FFB has completed its issuance of RM100.0 million in nominal value of Sukuk Wakalah ("New Sukuk Wakalah") under the Sukuk Wakalah Programme ("Sukuk") of RM1.0 billion in nominal value which was established on 18 May 2021. The New Sukuk Wakalah has a tenure of five years with a maturity date of 27 June 2028, a profit rate of 4.38% per annum and payable semi-annually. The proceeds from the New Sukuk Wakalah will be utilised to finance Group's corporate purposes including capital expenditure and working capital requirements.

Analysis of Shareholdings

As at 30 June 2023

Issued Share Capital : 1,871,920,037
Class of Shares : Ordinary Share
Number of Holders : 18,014
Voting Right : 1 vote per Ordinary Share

Size of Holders	No. of Holders	% of Holders	No. of Shares	% of Shares
1 – 99	112	0.622	1,685	0.000
100 – 1,000	5,919	32.858	3,557,760	0.190
1001 – 10,000	9,519	52.842	40,991,103	2.190
10,001 – 100,000	2,084	11.569	57,300,700	3.061
100,001 and above	380	2.109	1,770,068,789	94.559
Total	18,014	100.000	1,871,920,037	100.000

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Direct		Indirect	
Name of Shareholders	No. of Shares	% of Shares	No. of Shares	% of Shares
Rainforest Capital Sdn. Bhd.	571,011,515	30.504	–	–
Farmchoice Foods Sdn. Bhd.	232,664,120	12.429	–	–
Agrifood Resources Holdings Sdn. Bhd.	219,238,600	11.712	–	–
Khazanah Nasional Berhad	–	–	219,238,600	11.712
Employees Provident Fund Board	131,726,900	7.037	–	–
Loi Tuan Ee	4,022,800	0.215	803,675,635	42.933
Loi Foon Kion	2,672,600	0.143	571,011,515	30.504

DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
Name of Directors	No. of Shares	% of Shares	No. of Shares	% of Shares
Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas	500,000	0.027	–	–
Loi Tuan Ee	4,022,800	0.215	803,675,635	42.933
Loi Foon Kion	2,672,600	0.143	571,011,515	30.504
Dato' Dr. Quaza Nizamuddin Bin A.Hassan Nizam	500,000	0.027	–	–
Jocelyn Ng Lai Leng	500,000	0.027	–	–
Sukanta Kumar Dutt	–	–	–	–
Effizal Faiz Bin Zulkifly	–	–	–	–

Analysis of Shareholdings

As at 30 June 2023

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	30.504
2	FARMCHOICE FOODS SDN. BHD.	232,664,120	12.429
3	AGRIFOOD RESOURCES HOLDINGS SDN. BHD.	219,238,600	11.712
4	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	80,924,900	4.323
5	LEMBAGA TABUNG HAJI	61,500,000	3.285
6	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	46,007,000	2.457
7	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	40,000,000	2.136
8	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CAHAYA BINTANG LTD	23,633,900	1.262
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 – DIDIK	22,204,180	1.186
10	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. URUSHARTA JAMAAH SDN. BHD. (2)	21,800,000	1.164
11	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	19,584,800	1.046
12	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	17,733,900	0.947
13	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	14,125,500	0.754
14	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	12,932,000	0.690
15	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	11,116,800	0.593
16	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	11,000,000	0.587
17	HSBC NOMINEES (ASING) SDN. BHD. MORGAN STANLEY & CO. INTERNATIONAL PLC (FIRM A/C)	10,121,633	0.540
18	CSH NETWORK CAPITAL SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIU HAN MING	10,053,000	0.537
19	PERMODALAN NASIONAL BERHAD	10,000,000	0.534
20	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PBTB FOR TAKAFULINK DANA EKUITI	9,390,700	0.501

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	CGS-CIMB NOMINEES (ASING) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MERIT LTD.	9,000,000	0.480
22	IFAST NOMINEES (TEMPATAN) SDN. BHD. GLOBAL SUCCESS NETWORK SDN. BHD.	9,000,000	0.480
23	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	6,995,000	0.373
24	EDMUND TAN JUN HUA	6,579,000	0.351
25	WU CHUANG YANG, DERRICK	6,579,000	0.351
26	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	6,120,000	0.326
27	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	5,810,600	0.310
28	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PARTICIPATING FUND	5,763,200	0.307
29	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	5,456,000	0.291
30	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	5,428,500	0.289
	TOTAL	1,511,773,848	80.760

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	18 years (expiring 23.10.2041)	36 years	3,836	3,246
14A, Jalan Petaling, Kawasan Perindustrian Larkin, 80300 Johor Bahru, Johor	Single storey factory building	Processing facility and Warehouse	Leasehold 99 years	9 years (expiring 12.06.2032)	45 years	5,666	1,809
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	24 years (expiring 04.04.2047)	5 years	4,472,550	19,366
PTD 2975, Batu 13, Jalan Mersing, 81900 Kota Tinggi, Johor	Dairy farm	Farming	Leasehold 99 years	12 years (expiring 04.01.2035)	–	1,905,890	8,569
PTD 1721, KM10, Jalan Sedili Kecil, Mukim Sedili Kecil, 81900 Kota Tinggi, Johor	Dairy farm	Farming	Leasehold 30 years	25 years (expiring 27.03.2048)	–	1,315,228	3,969
Lot 61314, Bandar Baru Enstek, Seremban, Negeri Sembilan	Land	Establishment of a new manufacturing hub	Freehold	–	–	32,590	19,027
315 Fidge Road, Undera VIC 3629	Dairy farm	Farming	Freehold	–	–	6,114,178	26,488
490 Neal Road & 515 Norton Road & 695 Norton Road, Undera VIC 3629	Dairy farm	Farming	Freehold	–	–	2,950,849	7,153
947 & 999 McEwan Road, Kyabram, Victoria	Dairy farm	Farming	Freehold	–	–	1,204,900	9,980
85 McCormick Road, Kyabram VIC 3620	Single storey factory building	Processing facility, Warehouse and Office	Freehold	–	3 years	69,978	28,421

Group Corporate Directory

As at 30 June 2023

Legends:

HQ Office and Processing Facility

Farm and Processing Facility

Processing Facility

Farm

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

FITZROY, VICTORIA

16-18 St David St, Fitzroy,
Victoria 3065

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE **TWELFTH (12TH) ANNUAL GENERAL MEETING OF FARM FRESH BERHAD ("FFB")** WILL BE HELD 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 ON **TUESDAY**, **26 SEPTEMBER 2023** AT **3:00 P.M.** FOR THE FOLLOWING PURPOSES:-

AGENDA

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2023 and the Reports of the Directors and Auditors thereon.	**Please refer to Explanatory Note (i)**
2.	To approve a final single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 March 2023.	**Resolution 1**
3.	To re-elect the following Directors, each of whom is retiring by rotation in accordance with Clause 76(3) of the Company's Constitution and being eligible, has offered themselves for re-election:-	
	(i) Mr. Loi Tuan Ee; and	**Resolution 2**
	(ii) Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas.	**Resolution 3**
4.	To approve the Directors fees of up to RM550,000.00 per annum to the Directors for the period from the 1 April 2023 to the next AGM of the Company to be held in 2024.	**Resolution 4**
5.	To approve the payment of benefits of up to RM76,000.00 per annum to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2023 to the next AGM of the Company to be held in 2024.	**Resolution 5**
6.	To re-appoint Messrs. KPMG PLT as the External Auditors of the Company for the financial year ending 31 March 2024 and to authorise the Directors to fix their remuneration.	**Resolution 6**
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: 31 July 2023

Notes:

1. *For the purpose of determining who shall be entitled to Participate at this 12th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to make available to the Company a Record of Depositor as at 18 September 2023. Only members whose names appear therein shall be entitled to Participate at this 12th AGM or appoint proxy(ies) to attend and vote on his/her behalf.*
2. *A member entitled to participate at this 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 (in the form of real time submission of typed text(s)) 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 SICDA, 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 SICDA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.*
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

   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.

   Online

   As in the case of an appointment made via online lodgment facility, please login to the link website at https://tiih.online. Please refer to the Administrative Guide for the AGM on how to register on TIIH Online and submit your proxy form 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 the proxy form are completed, signed and dated accordingly.*
10. *Last date and time for lodging the proxy form is Sunday, 24 September 2023 at 3:00 p.m.*
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 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 Resolutions 2 and 3

Pursuant to Clause 76(3) of the Company's Constitution, Tan Sri Dato' Seri Haji Megat Najmuddin Bin Datuk Seri Dr. Haji Megat Khas and Mr. Loi Tuan Ee are standing for re-election at this 12th 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 102 to 108 of the Board of Directors' Profile in the 2023 Annual Report.

(iii) Ordinary Resolution 4 and 5

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 4 is to facilitate the payment of Directors' Fee for the period from 1 April 2023 up to the next Annual General Meeting to be held in 2024.

The Proposed Ordinary Resolution 5 is 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 2024.

(iv) Ordinary Resolution 6

The Audit and Risk Management Committee had at its meeting held on 24 July 2023 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 2024. 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.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HERE GIVEN THAT subject to the approval of the shareholders at 12th AGM of the Company, a final single-tier dividend of 1.00 sen per ordinary share in respect of the financial year ended 31 March 2023 will be payable to shareholders of the Company on 10 October 2023. The entitlement date for the said dividend shall be 29 September 2023.

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 29 September 2023 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 **TWELFTH (12TH) 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 ON TUESDAY, 26 SEPTEMBER 2023 AT 3:00 P.M.

DIRECTORS STANDING FOR ELECTION/APPOINTMENT

There is no individual standing for election/appointment as Director at the 2023 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) of the Company's Constitution at the 12th Annual General Meeting of the Company are as follows:

i. Mr. Loi Tuan Ee; and

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

The Profiles of the above Directors are set out on pages 102 to 103 of this Integrated Annual Report.

Administrative Guide for the Annual General Meeting ("AGM")

Date	: Tuesday, 26 September 2023
Time	: 3:00 p.m.
Online Meeting Platform	: TIIH Online website at https://tiih.online

Mode of Meeting

- 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.
- We **strongly encourage** you to attend the AGM via the Remote Participation and Voting ("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.

BEFORE THE AGM DAY (CONTINUED)

Procedure	Action
ii. Submit your request to attend AGM remotely	• Registration is open from Monday, 31 July 2023 until the day of AGM on Tuesday, 26 September 2023. 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 12TH 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 18 September 2023, the system will send you an **e-mail on or after Sunday, 24 September 2023 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 2:00 pm i.e., 1 hour before the commencement of meeting at 3:00 pm on Tuesday, 26 September 2023.
ii. Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) FARM FRESH BERHAD 12TH 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 3:00 pm on Tuesday, 26 September 2023 until a time when the Chairman announces the end of the session. • Select the corporate event: "**(REMOTE VOTING) FARM FRESH BERHAD 12TH 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 Guide for the Annual General Meeting ("AGM")

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, connecting to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 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 18 September 2023 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.
- For a corporate member who has appointed a representative, the ORIGINAL certificate of appointment shall be deposited with Tricor's office to participate via RPV facilities in the AGM. The certificate of appointment shall be executed in the following manner:

  (i) If the corporate member has a common seal, the certificate of appointment shall 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 shall be affixed with the rubber stamp of the corporate member and executed by:

  (a) at least two (2) authorised officers, of whom at least one must 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.

- Accordingly, proxy forms and/or documents relating to the appointment of proxy or power of attorney for the AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Sunday, 24 September 2023 at 3.00 p.m.:

  (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.

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 12TH 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(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide on your votes. • Review and confirm your proxy(ies) 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 re-set 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 12TH 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 12TH 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 Guide for the Annual General Meeting ("AGM")

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. The Company has appointed Tricor to conduct the poll voting electronically ("e-voting").
- Shareholders can proceed to vote on the resolutions at any time from 3:00 p.m. on Tuesday, 26 September 2023 but before the end of the voting session which will be announced by the Chairman of the Meeting. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.
- Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

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 Sunday, 24 September 2023 at 3:00 pm. The Board of Directors will endeavour to address the questions received at the AGM.

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 a.m. to 5.30 p.m. (Monday to Friday), or alternatively email your enquiry 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 Twelfth (12th) 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 on **Tuesday**, **26 September 2023** at **3:00 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 1.00 sen per ordinary share in respect of the financial year ended 31 March 2023.	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 76(3) of the Constitution of the Company.	3		
4.	To approve the Directors fees of up to RM550,000.00 per annum to the Directors for the period from 1 April 2023 to the next AGM of the Company to be held in 2024.	4		
5.	To approve the payment of benefits of up to RM76,000.00 per annum to Non-Executive Chairman and Non-Executive Directors for the period from 1 April 2023 to the next AGM of the Company to be held in 2024.	5		
6.	To re-appoint Messrs. KPMG PLT as the External Auditors of the Company for the financial year ending 31 March 2024 and to authorise the Directors to fix their remuneration.	6		

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 _____ 2023

_____
Signature*
Member
Contact No

* *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.

Fold this flap for sealing

Notes:

1. For the purpose of determining who shall be entitled to Participate at this 12th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, to make available to the Company a Record of Depositor as at 18 September 2023. Only members whose names appear therein shall be entitled to Participate at this 12th AGM or appoint proxy(ies) to attend and vote on his/her behalf.
2. A member entitled to Participate at this 12th 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

   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.

   Online

   As in the case of an appointment made via online lodgment facility, please login to the link website at https://tiih.online. Please refer to the Administrative Guide for the AGM on how to register on TIIH Online and submit your proxy form 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 3:00 p.m. on Sunday, 24 September 2023.
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

1st fold here

FARM FRESH BERHAD
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