Financial statements

DIRECTORS' REPORT

for the financial year ended 30 September 2019

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 30 September 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

HOLDING COMPANIES

Fraser and Neave, Limited ("F&NL"), a corporation incorporated in the Republic of Singapore is the immediate holding company whilst TCC Assets Limited, a corporation incorporated in the British Virgin Islands is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	410,260	229,277
Non-controlling interests	(36)	–
	410,224	229,277

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 15 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 30 September 2018 as reported in the Directors' Report of that financial year:
   - a final ordinary dividend of 30.5 sen per ordinary share totalling RM111,867,000 declared on 21 December 2018 and paid on 15 February 2019; and

ii) In respect of the financial year ended 30 September 2019:
   - an interim ordinary dividend of 27.0 sen per ordinary share totalling RM99,031,000 declared on 29 April 2019 and paid on 13 June 2019.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 30 September 2019 is 33.0 sen per ordinary share totalling RM121,037,000, is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2020.

DIRECTORS OF THE COMPANY

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

Tengku Syed Badarudin Jamalullail (Chairman)
Lee Meng Tat
David Siew Kah Toong
Lee Kong Yip
Dato' Johan Tazrin bin Hamid Ngo
Dato' Jorgen Bornhoft
Hui Choon Kit
Aida binti Md Daud
Faridah binti Abdul Kadir
Datuk Mohd Anwar bin Yahya
Datuk Kamaruddin bin Taib

The Directors who held office in the subsidiaries of the Company during the financial year until the date of this report are:

Subsidiaries	Lim Yew Hoe	Hui Choon Kit	Suchit Riewcharoon	Lim Siang Chin	Yap Peng Kang	Lau Cheng Yew	Ooi Aik Tuan	Lai Kah Shen	Goh Teong Hoe	Aisha Alkaff	Tan Hock Beng	Karn Chitaravimol
F&N Beverages Marketing Sdn Bhd	✓						✓(v)	✓			✓(vii)	
F&N Beverages Manufacturing Sdn Bhd	✓	✓					✓(v)				✓(vii)	
F&N Dairies Manufacturing Sdn Bhd	✓				✓(i)		✓(v)				✓(vii)	
F&N Dairies (Thailand) Limited	✓		✓(ii)				✓(v)				✓(vii)	✓(vi)
F&N Dairies Distribution (Singapore) Pte Ltd	✓			✓(i)			✓(v)				✓(vii)	
F&N Marketing (B) Sdn Bhd	✓									✓		
Lion Share Management Limited	✓						✓(v)				✓(vii)	
Fraser & Neave (Malaya) Sdn Bhd	✓	✓					✓(v)				✓(vii)	
F&N Capital Sdn Bhd	✓						✓(v)				✓(vii)	
F&N Properties Sdn Bhd	✓					✓						
Greenclipper Corporation Sdn Bhd	✓						✓					
Lettricia Corporation Sdn Bhd	✓								✓			
Utas Mutiara Sdn Bhd	✓						✓(v)				✓(vii)	
Nuvak Company Sdn Bhd	✓						✓					
Tropical League Sdn Bhd	✓					✓						
F&N Dairies (Malaysia) Sdn Bhd	✓						✓(v)	✓			✓(vii)	
Premier Milk (Malaya) Sdn Berhad	✓						✓(v)	✓			✓(vii)	
Elsinburg Holdings Sdn Bhd	✓						✓					
F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd)	✓(iii)						✓(iv)	✓(iii)				
Borneo Springs Sdn Bhd	✓						✓(v)				✓(vii)	

(i) appointed on 1 October 2018
(ii) appointed on 1 April 2019
(iii) appointed on 13 August 2019
(iv) appointed on 7 October 2019
(v) appointed on 1 November 2019
(vi) resigned on 1 April 2019
(vii) resigned on 1 November 2019

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

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in shares, Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Companies in which Directors held interest	**At 1.10.2018**	**Bought**	**Sold**	**At 30.9.2019**
Fraser & Neave Holdings Bhd				
Tengku Syed Badarudin Jamalullail				
– direct interest	2,062,000	–	–	2,062,000
Faridah binti Abdul Kadir				
– direct interest	4,000	–	–	4,000
F&NL				
Hui Choon Kit				
– direct interest	466,632	40,050	–	506,682
Lee Meng Tat				
– direct interest	27,400	29,450	–	56,850

	Number of share grants *				
Companies in which Directors held interest	**At 1.10.2018**	**Awarded**	**Achievement factor**	**Vested**	**At 30.9.2019**
F&NL					
Hui Choon Kit					
– RSP – Year 6	11,400	–	–	(11,400)	–
– RSP – Year 7	29,300	–	–	(14,650)	14,650
– RSP – Year 8	35,000	–	(7,000)	(14,000)	14,000
– RSP – Year 9	35,000	–	–	–	35,000
– RSP – Year 10	–	58,000	–	–	58,000
– PSP – Year 7	13,000	–	(13,000)	–	–
– PSP – Year 8	11,000	–	–	–	11,000
– PSP – Year 9	12,000	–	–	–	12,000
– PSP – Year 10	–	20,000	–	–	20,000
Lee Meng Tat					
– RSP – Year 7	27,400	–	–	(13,700)	13,700
– RSP – Year 8	35,000	–	(3,500)	(15,750)	15,750
– RSP – Year 9	35,000	–	–	–	35,000
– RSP – Year 10	–	58,000	–	–	58,000
– PSP – Year 7	11,000	–	(11,000)	–	–
– PSP – Year 8	11,000	–	–	–	11,000
– PSP – Year 9	12,000	–	–	–	12,000
– PSP – Year 10	–	20,000	–	–	20,000

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

* Under the RSP and PSP, F&NL grants a base number of conditional share awards (the "Base Award") to eligible participants annually. The Base Award represents the right to receive fully paid ordinary shares of F&NL, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met.

Depending on the level of achievement of the pre-determined targets over a two-year performance period for the RSP and three-year performance period for the PSP, an achievement factor will be applied to the relevant Base Award to determine the actual number of RSP shares and PSP shares to be awarded at the end of the respective performance periods. The achievement factor ranges from 0% to 150% for the RSP and 0% to 200% for the PSP. Accordingly, the actual number of RSP shares to be awarded pursuant to the RSP will range from 0% to 150% and the actual number of PSP shares to be awarded pursuant to the PSP will range from 0% to 200% of the relevant Base Award (the "Final Award").

At the end of the two-year performance period, 50% of the number of shares under the RSP Final Award will be released to the participants upon vesting. The balance will be released equally over the subsequent two years upon fulfilment of service requirements. All the shares under the PSP Final Award will be released to the participants at the end of the three-year performance period upon vesting.

By virtue of their interests in the shares of the Company, Tengku Syed Badarudin Jamalullail and Faridah binti Abdul Kadir are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 30 September 2019 had any interest in shares, RSP and PSP of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the share grants granted pursuant to the immediate holding company's RSP and PSP.

ISSUE OF SHARES AND DEBENTURES

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

TREASURY SHARES

No treasury shares were purchased during the financial year. 237,100 treasury shares were utilised for the purpose of employees' Share Grant Plan pursuant to Section 127(7)(c) of the Companies Act 2016 during the financial year. As at 30 September 2019, the Company did not hold any (2018: 237,100) treasury shares under Section 127 of the Companies Act 2016.

RSP AND PSP (COLLECTIVELY THE SHARE GRANT PLAN ("SGP"))

The Company's SGP which is governed by its by-laws, was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and subsequently approved by the shareholders at the Extraordinary General Meeting held on 13 January 2012. The SGP is valid for 10 years from 15 March 2012 to 14 March 2022.

The first grant of RSP was made in March 2012. There were no grants made under the PSP. The details of the shares awarded under the RSP are as follows:

		Number of share grants					
	Date of offer	**At 1.10.2018/ grant date**	**Adjustment for achievement factor**	**Vested**	*** Forfeited**	**At 30.9.2019**	**Vesting period**
RSP 2015	15.1.2015	**98,900**	**–**	**(93,800)**	**(5,100)**	**–**	31.12.2016-31.12.2018
RSP 2016	5.1.2016	**181,350**	**–**	**(87,500)**	**(11,275)**	**82,575**	31.12.2017-31.12.2019
RSP 2017	22.12.2016	**464,600**	**(180,740)**	**(129,700)**	**(24,460)**	**129,700**	31.12.2018-31.12.2020
RSP 2018	22.12.2017	**469,900**	**(154,400)**	**–**	**(37,000)**	**278,500**	31.12.2019-31.12.2021
RSP 2019	21.12.2018	**371,700**	**–**	**–**	**(14,400)**	**357,300**	31.12.2020-31.12.2022
		1,586,450	**(335,140)**	**(311,000)**	**(92,235)**	**848,075**	

* Share grants forfeited upon cessation of employment.

The main features of the Company's RSP and PSP are disclosed in Note 15(D) to the financial statements.

The Directors do not participate in SGP.

INDEMNITY AND INSURANCE COSTS

Throughout the financial year, the Directors and Officers of the Group and of the Company were covered by Directors' and Officers' liability insurance for any liability incurred in the discharge of their duties in their respective capacity, subject to the terms of the insurance policy. The premiums paid in respect of the Directors' and Officers' liability insurance for the Directors and Officers of the Group and of the Company amounted to RM27,274. The policy has an indemnity coverage of RM20,000,000.

There were no indemnity insurance and insurance costs effected for auditors of the Group and of the Company during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of the 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 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 to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

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 30 September 2019 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 EVENT

Subsequent event is disclosed in Note 35 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 24 to the financial statements.

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

Tengku Syed Badarudin Jamalullail
Director

Lee Meng Tat
Director

Kuala Lumpur
5 November 2019

STATEMENTS OF FINANCIAL POSITION

as at 30 September 2019

		Group			Company	
	Note	30.9.2019 RM'000	30.9.2018 RM'000 Restated	1.10.2017 RM'000 Restated	30.9.2019 RM'000	30.9.2018 RM'000
ASSETS						
Property, plant and equipment	3	**1,339,180**	1,281,679	1,193,851	**–**	–
Investment properties	4	**48,775**	49,318	49,315	**–**	–
Properties held for development	5	**56,047**	56,047	56,047	**–**	–
Intangible assets	6	**120,646**	122,289	122,218	**–**	–
Investments in subsidiaries	7	**–**	–	–	**911,423**	931,423
Investment in an associate	8	**89,658**	84,252	83,768	**68,727**	68,727
Investment in a joint venture	9	**87,613**	89,094	89,822	**165,599**	159,785
Deferred tax assets	10	**6,234**	13,070	25,726	**–**	–
Total non-current assets		**1,748,153**	1,695,749	1,620,747	**1,145,749**	1,159,935
Trade and other receivables	11	**599,996**	604,644	620,185	**469,852**	351,792
Inventories	12	**578,404**	497,165	540,716	**–**	–
Current tax assets		**7,567**	10,548	25,280	**–**	–
Derivative financial assets	13	**6**	60	137	**–**	–
Cash and cash equivalents	14	**569,719**	537,092	424,433	**40,332**	124,509
Total current assets		**1,755,692**	1,649,509	1,610,751	**510,184**	476,301
Total assets		**3,503,845**	3,345,258	3,231,498	**1,655,933**	1,636,236
EQUITY						
Share capital		**816,770**	816,770	816,770	**816,770**	816,770
Treasury shares		**–**	(1,716)	(1,716)	**–**	(1,716)
Shares held by SGP Trust		**(3,904)**	(4,039)	(12,079)	**(3,904)**	(4,039)
Reserves		**1,716,458**	1,494,401	1,321,248	**836,274**	822,812
Equity attributable to owners of the Company	15	**2,529,324**	2,305,416	2,124,223	**1,649,140**	1,633,827
Non-controlling interests		**99**	135	172	**–**	–
Total equity		**2,529,423**	2,305,551	2,124,395	**1,649,140**	1,633,827
LIABILITIES						
Loans and borrowings	16	**95,909**	115,153	181,639	**–**	–
Employee benefits	17	**49,511**	40,176	38,070	**–**	–
Deferred tax liabilities	10	**33,994**	28,716	29,944	**–**	–
Total non-current liabilities		**179,414**	184,045	249,653	**–**	–
Provisions	18	**–**	–	7,405	**–**	–
Trade and other payables	19	**719,001**	627,230	637,020	**4,577**	858
Loans and borrowings	16	**27,402**	220,371	197,458	**–**	–
Current tax liabilities		**48,469**	7,921	14,020	**2,216**	1,551
Derivative financial liabilities	13	**136**	140	1,547	**–**	–
Total current liabilities		**795,008**	855,662	857,450	**6,793**	2,409
Total liabilities		**974,422**	1,039,707	1,107,103	**6,793**	2,409
Total equity and liabilities		**3,503,845**	3,345,258	3,231,498	**1,655,933**	1,636,236

The notes on pages 146 to 210 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Revenue	20	**4,077,138**	3,870,954	**216,953**	437,918
Cost of sales		**(2,810,372)**	(2,721,272)	**–**	–
Gross profit		**1,266,766**	1,149,682	**216,953**	437,918
Other income		**16,184**	18,076	**90**	1,042
Distribution expenses		**(350,497)**	(342,528)	**–**	–
Marketing expenses		**(272,958)**	(261,360)	**–**	–
Administrative expenses		**(128,007)**	(125,494)	**(3,785)**	(2,788)
Other expenses		**(11,044)**	(16,721)	**(33)**	(510)
Operating profit		**520,444**	421,655	**213,225**	435,662
Finance income	21	**15,223**	16,047	**28,998**	18,009
Finance costs	22	**(4,555)**	(15,571)	**–**	–
Net finance income		**10,668**	476	**28,998**	18,009
Share of profit of equity-accounted associate, net of tax	8	**9,139**	8,571	**–**	–
Share of loss of equity-accounted joint venture, net of tax	9	**(7,295)**	(6,558)	**–**	–
Profit before tax		**532,956**	424,144	**242,223**	453,671
Tax expense	23	**(122,732)**	(37,633)	**(12,946)**	(3,885)
Profit for the year	24	**410,224**	386,511	**229,277**	449,786
Profit for the year attributable to:					
Owners of the Company		**410,260**	386,548	**229,277**	449,786
Non-controlling interests		**(36)**	(37)	**–**	–
		410,224	386,511	**229,277**	449,786
Basic earnings per ordinary share (sen)	26	**111.9**	105.3		
Diluted earnings per ordinary share (sen)	26	**111.6**	104.9		

The notes on pages 146 to 210 are an integral part of these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

for the financial year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Profit for the year		**410,224**	386,511	**229,277**	449,786
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	25	**(5,540)**	352	**–**	–
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	25	**35,155**	1,505	**–**	–
Other comprehensive income for the year, net of tax		**29,615**	1,857	**–**	–
Total comprehensive income for the year		**439,839**	388,368	**229,277**	449,786
Total comprehensive income attributable to:					
Owners of the Company		**439,875**	388,405	**229,277**	449,786
Non-controlling interests		**(36)**	(37)	**–**	–
		439,839	388,368	**229,277**	449,786

The notes on pages 146 to 210 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 September 2019

		← Attributable to owners of the Company →										
		← Non-distributable →							Distributable			
Group	Note	Share capital (Note 15(A)) RM'000	Treasury shares (Note 15(B)) RM'000	Shares held by SGP Trust (Note 15(C)) RM'000	Loss on purchase of shares for SGP (Note 15(E)) RM'000	Translation reserve RM'000	Share-based payment reserve RM'000	Legal reserve (Note 15(F)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2018, as previously stated		816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,393,615	2,312,336	135	2,312,471
Adjustment on initial application of MFRS 15, net of tax	34	–	–	–	–	–	–	–	(6,920)	(6,920)	–	(6,920)
Adjustment on initial application of MFRS 9, net of tax	34	–	–	–	–	–	–	–	(2,003)	(2,003)	–	(2,003)
At 1 October 2018, restated		816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,384,692	2,303,413	135	2,303,548
Remeasurement of defined benefit liability	25	–	–	–	–	–	–	–	(5,540)	(5,540)	–	(5,540)
Foreign currency translation differences for foreign operations	25	–	–	–	–	35,155	–	–	–	35,155	–	35,155
Total other comprehensive income for the year		–	–	–	–	35,155	–	–	(5,540)	29,615	–	29,615
Profit for the year		–	–	–	–	–	–	–	410,260	410,260	(36)	410,224
Total comprehensive income for the year		–	–	–	–	35,155	–	–	404,720	439,875	(36)	439,839
Contributions by and distributions to owners of the Company												
– Shares granted under SGP		–	–	–	–	–	1,957	–	–	1,957	–	1,957
– Shares vested under SGP		–	–	6,874	(1,185)	–	(5,689)	–	–	–	–	–
– Purchase of shares by SGP Trust		–	–	(5,023)	–	–	–	–	–	(5,023)	–	(5,023)
– Transfer of treasury shares		–	1,716	(1,716)	–	–	–	–	–	–	–	–
– Dividends to owners of the Company	27	–	–	–	–	–	–	–	(210,898)	(210,898)	–	(210,898)
Total transactions with owners of the Company		–	1,716	135	(1,185)	–	(3,732)	–	(210,898)	(213,964)	–	(213,964)
At 30 September 2019		816,770	–	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 September 2019

Group (continued)	Note	Share capital (Note 15(A)) RM'000	Treasury shares (Note 15(B)) RM'000	Shares held by SGP Trust (Note 15(C)) RM'000	Loss on purchase of shares for SGP (Note 15(E)) RM'000	Translation reserve RM'000	Share-based payment reserve RM'000	Legal reserve (Note 15(F)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company										
		Non-distributable							Distributable			
At 1 October 2017, as previously stated		816,770	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,218,891	2,132,558	172	2,132,730
Adjustment on initial application of MFRS 15, net of tax	34	–	–	–	–	–	–	–	(8,335)	(8,335)	–	(8,335)
At 1 October 2017, restated		816,770	(1,716)	(12,079)	(2,092)	85,910	16,940	9,934	1,210,556	2,124,223	172	2,124,395
Remeasurement of defined benefit liability	25	–	–	–	–	–	–	–	352	352	–	352
Foreign currency translation differences for foreign operations	25	–	–	–	–	1,505	–	–	–	1,505	–	1,505
Total other comprehensive income for the year		–	–	–	–	1,505	–	–	352	1,857	–	1,857
Profit for the year		–	–	–	–	–	–	–	386,548	386,548	(37)	386,511
Total comprehensive income for the year		–	–	–	–	1,505	–	–	386,900	388,405	(37)	388,368
Contributions by and distributions to owners of the Company												
– Shares granted under SGP		–	–	–	–	–	6,387	–	–	6,387	–	6,387
– Shares vested under SGP		–	–	10,878	(3,974)	–	(6,904)	–	–	–	–	–
– Purchase of shares by SGP Trust		–	–	(2,838)	–	–	–	–	–	(2,838)	–	(2,838)
– Dividends to owners of the Company	27	–	–	–	–	–	–	–	(210,761)	(210,761)	–	(210,761)
Total transactions with owners of the Company		–	–	8,040	(3,974)	–	(517)	–	(210,761)	(207,212)	–	(207,212)
At 30 September 2018, restated		816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,386,695	2,305,416	135	2,305,551

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 30 September 2019

		Attributable to owners of the Company						
		Non-distributable					Distributable	
Company	Note	Share capital (Note 15(A)) RM'000	Treasury shares (Note 15(B)) RM'000	Shares held by SGP Trust (Note 15(C)) RM'000	Loss on purchase of shares for SGP (Note 15(E)) RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 October 2018		**816,770**	**(1,716)**	**(4,039)**	**(6,066)**	**16,423**	**812,455**	**1,633,827**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**229,277**	**229,277**
Contributions by and distributions to owners of the Company								
– Shares granted under SGP		**–**	**–**	**–**	**–**	**1,957**	**–**	**1,957**
– Shares vested under SGP		**–**	**–**	**6,874**	**(1,185)**	**(5,689)**	**–**	**–**
– Purchase of shares by SGP Trust		**–**	**–**	**(5,023)**	**–**	**–**	**–**	**(5,023)**
– Transfer of treasury shares		**–**	**1,716**	**(1,716)**	**–**	**–**	**–**	**–**
– Dividends to owners of the Company	27	**–**	**–**	**–**	**–**	**–**	**(210,898)**	**(210,898)**
Total transactions with owners of the Company		**–**	**1,716**	**135**	**(1,185)**	**(3,732)**	**(210,898)**	**(213,964)**
At 30 September 2019		**816,770**	**–**	**(3,904)**	**(7,251)**	**12,691**	**830,834**	**1,649,140**
At 1 October 2017		816,770	(1,716)	(12,079)	(2,092)	16,940	573,430	1,391,253
Profit and total comprehensive income for the year		–	–	–	–	–	449,786	449,786
Contributions by and distributions to owners of the Company								
– Shares granted under SGP		–	–	–	–	6,387	–	6,387
– Shares vested under SGP		–	–	10,878	(3,974)	(6,904)	–	–
– Purchase of shares by SGP Trust		–	–	(2,838)	–	–	–	(2,838)
– Dividends to owners of the Company	27	–	–	–	–	–	(210,761)	(210,761)
Total transactions with owners of the Company		–	–	8,040	(3,974)	(517)	(210,761)	(207,212)
At 30 September 2018		816,770	(1,716)	(4,039)	(6,066)	16,423	812,455	1,633,827

The notes on pages 146 to 210 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		**532,956**	424,144	**242,223**	453,671
Adjustments for:					
Amortisation of intangible assets	6	**2,353**	2,948	**–**	–
Bad debts recovered	24	**(64)**	(35)	**–**	–
Change in fair value of investment properties	4	**–**	(3)	**–**	–
Depreciation of property, plant and equipment	3	**100,065**	88,066	**–**	–
Dividend income	20	**–**	–	**(216,953)**	(437,918)
Finance income	21	**(15,223)**	(16,047)	**(28,998)**	(18,009)
Finance costs	22	**4,555**	15,571	**–**	–
Gain on disposal of intangible assets		**(5)**	–	**–**	–
Impairment loss:					
– Plant and equipment	3	**363**	149	**–**	–
– Trade receivables	29(D)	**511**	491	**–**	–
Inventories written down	12	**3,333**	6,626	**–**	–
Inventories written off	12	**8,485**	4,950	**–**	–
Investment property written off	4	**543**	–	**–**	–
Net fair value loss/(gain) on derivatives	24	**50**	(1,330)	**–**	–
Net loss/(gain) on disposal of plant and equipment	24	**417**	(687)	**–**	–
Net unrealised foreign exchange (gain)/loss	24	**(201)**	428	**18**	(19)
Plant and equipment written off	24	**3,298**	2,534	**–**	–
Employee benefits expense	17	**6,567**	3,842	**–**	–
Reversal of impairment loss:					
– Plant and equipment	3	**(697)**	(2,337)	**–**	–
– Trade receivables	29(D)	**(199)**	(551)	**–**	–
Reversal of inventories written down	12	**(433)**	–	**–**	–
Share-based payment expense	24	**2,275**	7,221	**–**	–
Share of profit of equity-accounted associate, net of tax	8	**(9,139)**	(8,571)	**–**	–
Share of loss of equity-accounted joint venture, net of tax	9	**7,295**	6,558	**–**	–
Operating profit/(loss) before changes in working capital		**647,105**	533,967	**(3,710)**	(2,275)
Changes in working capital:					
Changes in provisions		**–**	(7,405)	**–**	–
Changes in inventories		**(92,624)**	36,988	**–**	–
Changes in trade and other payables		**94,784**	(11,704)	**3,701**	(556)
Changes in trade and other receivables		**2,228**	16,022	**(121,917)**	(165,029)
Cash generated from/(used in) operations		**651,493**	567,868	**(121,926)**	(167,860)
Employee benefits paid	17	**(5,077)**	(1,408)	**–**	–
Tax paid		**(68,805)**	(31,503)	**(12,281)**	(2,957)
Tax refunded		**724**	13,920	**–**	–
Net cash from/(used in) operating activities		**578,335**	548,877	**(134,207)**	(170,817)

STATEMENTS OF CASH FLOWS
for the financial year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	6	**(128)**	(213)	**–**	–
Acquisition of property, plant and equipment	3	**(137,711)**	(181,218)	**–**	–
Dividends received		**3,733**	8,087	**216,953**	437,918
Proceed from cancelling ordinary shares in a subsidiary		**–**	–	**20,000**	–
Interest received		**9,580**	9,735	**28,998**	18,009
Proceeds from disposal of intangible assets		**56**	–	**–**	–
Proceeds from disposal of plant and equipment		**277**	1,428	**–**	–
Net cash (used in)/from investing activities		**(124,193)**	(162,181)	**265,951**	455,927
Cash flows from financing activities					
Dividends paid to owners of the Company	27	**(210,898)**	(210,761)	**(210,898)**	(210,761)
Interest paid		**(7,991)**	(14,920)	**–**	–
Purchase of shares by SGP Trust	15(C)	**(5,023)**	(2,838)	**(5,023)**	(2,838)
Proceeds from loans and borrowings	16	**54,805**	153,537	**–**	–
Repayment of loans and borrowings	16	**(280,162)**	(197,458)	**–**	–
Net cash used in financing activities		**(449,269)**	(272,440)	**(215,921)**	(213,599)
Net increase/(decrease) in cash and cash equivalents		**4,873**	114,256	**(84,177)**	71,511
Effects of exchange rate fluctuations on cash and cash equivalents		**27,754**	(1,597)	**–**	–
Cash and cash equivalents at 1 October 2018/2017		**537,092**	424,433	**124,509**	52,998
Cash and cash equivalents at 30 September		**569,719**	537,092	**40,332**	124,509

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash and bank balances	14	**252,980**	185,396	**5,332**	2,209
Short-term deposits	14	**316,739**	351,696	**35,000**	122,300
		569,719	537,092	**40,332**	124,509

The notes on pages 146 to 210 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Level 3A, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park
Off Jalan Yew
55100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associate and joint venture.

The Company is principally engaged in investment holding activities while the other Group entities are primarily engaged in the manufacture and sale of soft drinks and dairy products, property development activities and the provision of management services. There has been no significant change in the nature of these principal activities during the financial year. Information on the Group's structure is provided in Notes 7, 8 and 9. Information on other related party relationships of the Group is provided in Note 33.

The immediate holding company is Fraser and Neave, Limited ("F&NL"), which is incorporated in the Republic of Singapore and is listed on the Singapore Exchange. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

These financial statements were authorised for issue by the Board of Directors on 5 November 2019.

1. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), 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 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

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*

1. BASIS OF PREPARATION (CONTINUED)

(A) STATEMENT OF COMPLIANCE (CONTINUED)

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 October 2019 for those accounting standard, interpretation and amendments that are effective for annual periods beginning on or after 1 January 2019.
- from the annual period beginning on 1 October 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

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

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 except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The Group has established a structured implementation programme which includes establishing a project team, training programme, review of lease agreements, undertaking impact assessment and changes to system and process to ensure readiness and smooth implementation of MFRS 16.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

With the adoption of MFRS 16, the right-of-use assets and lease liabilities as at 1 October 2019 is expected to be approximately 1% of total assets and 3% of total liabilities respectively. No significant impact is expected on the Group's finance leases. The estimated impact on adoption of MFRS 16 is based on assessment performed to-date. The actual impact of adopting the standard may change until the Group presents its audited financial statements for the financial year ending 30 September 2020.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(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 and has been rounded to the nearest thousand, 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 notes:

(i) Note 4 – valuation of investment properties
(ii) Note 6 – goodwill and brand
(iii) Note 15(D) – share-based payments
(iv) Note 17 – employee benefits
(v) Note 19 – contract liabilities

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.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;

ii) revenue recognition; and

iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 34.

(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 consolidated 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.

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) Associate

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

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, from the date that significant influence commences until the date that significant influence ceases.

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

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associate are prepared as of a different reporting date from that of the Group. The share of results of an associate refers to Cocoaland Holdings Berhad and is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2019. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in an associate is 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(vi) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the joint venture, from the date that joint control commences until the date that joint control ceases.

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

Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

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

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

When the Group ceases to have joint control over a joint venture, any retained interest in the former joint venture at the date when joint control is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

Investment in a joint venture is 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.

(vii) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(viii) Transactions eliminated on consolidation

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

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

(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 consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS

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

(i) Recognition and initial measurement

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

Current financial year

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 at 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.

Previous financial year

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

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

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.

(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(K)(i)) where the effective interest rate is applied to the amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets (continued)

Current financial year (continued)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above 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 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(K)(i)).

Previous financial year

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

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument) or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Financial assets with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, were subject to review for impairment (see Note 2(K)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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:

– if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

– 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

– 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.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

(iii) 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.

Current financial year

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.

Previous financial year

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

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

(D) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Recognition and measurement (continued)

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 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, 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 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- leasehold land — 10 – 99 years
- buildings — 10 – 60 years
- plant and machinery — 3 – 15 years
- others * — 2 – 12 years

* Comprise motor vehicles, postmix, coolers, vending machines, furniture, fittings, office equipment and computer equipment.

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted prospectively as appropriate.

(E) LEASED ASSETS

(i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASED ASSETS (CONTINUED)

(ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

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

(F) INTANGIBLE ASSETS

(i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associate and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associate and joint venture.

(ii) Brand

Brand is stated at cost less any accumulated impairment losses. The useful life of the brand is estimated to be indefinite because based on the current market share of the brand, management believes there is no foreseeable limit to the period over which the brand is expected to generate net cash flows to the Group.

Gains or losses arising from derecognition of a brand are measured as the difference between the net disposal proceeds and the carrying amount of the brand and are recognised in the profit or loss when the brand is derecognised.

(iii) Computer software

Customised computer software and computer software license that is not integral to the functionality of the related equipment is recognised as an intangible asset, stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) 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.

(v) Amortisation

Goodwill and brand with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Computer software and computer software license 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 of computer software and computer software license for the current and comparative periods are between 2 to 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) INVESTMENT PROPERTY

(i) Investment property carried at fair value

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

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

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

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

(ii) Reclassification to/from investment property

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

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

(H) PROPERTIES HELD FOR DEVELOPMENT

Properties held for development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Properties held for development are classified within non-current assets and are stated at lower of cost less any accumulated impairment losses and net realisable value.

Properties held for development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(I) INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average 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.

(J) 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) IMPAIRMENT

(i) Financial assets

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

Current financial year

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group'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 and adjusted for forward-looking factors specific to the trade receivables and the economic environment.

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.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments in associate and joint venture) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) IMPAIRMENT (CONTINUED)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, 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.

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.

(L) EQUITY INSTRUMENTS

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

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

(iii) Shares held by Share Grant Plan ("SGP") Trust

The Company has established a trust for its SGP and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase on initial recognition and subsequently maintained on the same basis. The SGP Trust is included in the Group's and the Company's financial statements as a deduction from equity and classified as "Shares held by SGP Trust".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) 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) Defined benefit plans

Certain subsidiaries of the Group operate unfunded defined benefit plans for its employees. The plans pay a lump sum amount (instead of a pension) at retirement. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefit liabilities.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

The fair value of share awards granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

(v) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(O) CONTRACT LIABILITIES

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. Contract liabilities also include trade incentives yet to be paid to customers.

(i) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with trade incentives. Before adopting MFRS 15, *Revenue from Contracts with Customers*, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and sales returns. If revenue could not be reliably measured, the Group deferred recognition of revenue until the uncertainty was resolved. Under MFRS 15, sales incentive give rise to variable consideration.

Trade Incentives

Before adoption of MFRS 15, the Group provides incentives to certain customers based on the achievement of the performance criteria stated in the signed incentive guide. Incentives are credited to the customer's account and available for purchase of products. Trade incentive not settled as at the end of a financial year was accounted for as part of trade and other payables in the statement of financial position. Under MFRS 15, trade incentives give rise to variable consideration. To estimate the variable consideration for the expected future incentives, the Group applies the maximum achievement criteria of set targets. The sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future incentives.

(ii) Advances received from customers

Certain customers pay purchase consideration to the Group before the transfer of goods to the customer. Before the adoption of MFRS 15, the Group presented these advances as part of trade and other payables in the statement of financial position and no interest was accrued on the advances received. Under MFRS 15, the Group concluded that contract liability should be recognised for amount received as advances from customer for which goods are yet to be transferred.

(P) 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 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 transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

– the customer simultaneously receives and consumes the benefits provided as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

– the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as reduction of rental income, over the term of the lease on a straight-line basis. Rental income from sub-leased property is recognised as other income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) REVENUE AND OTHER INCOME (CONTINUED)

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) 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.

(Q) 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.

(R) INCOME TAX

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: 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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(G), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(S) 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 share grants granted pursuant to SGP and shares held by SGP Trust.

(T) 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 Chief Executive Officer 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.

For management purposes, the Group's operating businesses are organised according to products and services, namely Food & Beverages ("F&B") Malaysia, F&B Thailand, Property and others which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

(U) 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	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Cost								
At 1 October 2017		96,117	79,487	535,070	909,303	121,677	316,494	2,058,148
Additions		–	–	1,755	12,105	162,696	4,662	181,218
Transfer to intangible assets	6	–	–	–	–	(2,806)	–	(2,806)
Transfer to inventories	3.2	–	–	–	(5,013)	–	–	(5,013)
Disposals		–	–	–	(5,896)	–	(15,027)	(20,923)
Written off		–	–	(85)	(2,396)	–	(16,087)	(18,568)
Reclassifications		–	–	10,853	157,844	(175,237)	6,540	–
Effect of movements in exchange rates		236	–	1,926	3,244	503	374	6,283
At 30 September 2018/ 1 October 2018		**96,353**	**79,487**	**549,519**	**1,069,191**	**106,833**	**296,956**	**2,198,339**
Additions		**–**	**–**	**–**	**1,009**	**134,236**	**2,466**	**137,711**
Transfer to intangible assets	6	**–**	**–**	**–**	**–**	**(589)**	**(321)**	**(910)**
Disposals		**–**	**–**	**(10)**	**(612)**	**–**	**(7,278)**	**(7,900)**
Written off		**–**	**–**	**–**	**(9,975)**	**(2,842)**	**(9,168)**	**(21,985)**
Reclassifications		**–**	**106**	**14,226**	**102,633**	**(120,138)**	**3,173**	**–**
Effect of movements in exchange rates		**1,537**	**–**	**12,626**	**23,151**	**1,503**	**2,531**	**41,348**
At 30 September 2019		**97,890**	**79,593**	**576,361**	**1,185,397**	**119,003**	**288,359**	**2,346,603**
Accumulated depreciation								
At 1 October 2017		–	(10,963)	(105,383)	(515,804)	–	(216,001)	(848,151)
Depreciation for the year	24	–	(1,130)	(11,284)	(49,134)	–	(26,518)	(88,066)
Disposals		–	–	–	5,131	–	14,363	19,494
Written off		–	–	49	2,249	–	13,625	15,923
Reclassifications		–	–	(107)	157	–	(50)	–
Effect of movements in exchange rates		–	–	(444)	(2,013)	–	(242)	(2,699)
At 30 September 2018/ 1 October 2018		**–**	**(12,093)**	**(117,169)**	**(559,414)**	**–**	**(214,823)**	**(903,499)**
Depreciation for the year	24	**–**	**(1,102)**	**(12,208)**	**(62,622)**	**–**	**(24,133)**	**(100,065)**
Transfer to intangible assets	6	**–**	**–**	**–**	**–**	**–**	**277**	**277**
Disposals		**–**	**–**	**3**	**258**	**–**	**6,945**	**7,206**
Written off		**–**	**–**	**–**	**9,937**	**–**	**8,750**	**18,687**
Reclassifications		**–**	**–**	**211**	**(13)**	**–**	**(674)**	**(476)**
Effect of movements in exchange rates		**–**	**–**	**(2,676)**	**(12,730)**	**–**	**(1,687)**	**(17,093)**
At 30 September 2019		**–**	**(13,195)**	**(131,839)**	**(624,584)**	**–**	**(225,345)**	**(994,963)**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Accumulated impairment loss								
At 1 October 2017		(2,216)	(2,220)	(1,431)	(7,547)	–	(2,732)	(16,146)
Impairment loss	24	–	–	(1)	(138)	–	(10)	(149)
Reversal of impairment loss	24	–	–	14	605	–	1,718	2,337
Disposals		–	–	–	688	–	–	688
Written off		–	–	–	–	–	111	111
Reclassifications		–	–	2	–	–	(2)	–
Effect of movements in exchange rates		–	–	(14)	12	–	–	(2)
At 30 September 2018/ 1 October 2018		**(2,216)**	**(2,220)**	**(1,430)**	**(6,380)**	**–**	**(915)**	**(13,161)**
Impairment loss	24	**–**	**–**	**–**	**(320)**	**–**	**(43)**	**(363)**
Reversal of impairment loss	24	**–**	**–**	**1**	**230**	**–**	**466**	**697**
Reclassifications		**–**	**–**	**(2)**	**408**	**–**	**70**	**476**
Effect of movements in exchange rates		**–**	**–**	**(88)**	**(21)**	**–**	**–**	**(109)**
At 30 September 2019		**(2,216)**	**(2,220)**	**(1,519)**	**(6,083)**	**–**	**(422)**	**(12,460)**
Carrying amount								
At 1 October 2017		93,901	66,304	428,256	385,952	121,677	97,761	1,193,851
At 30 September 2018/ 1 October 2018		94,137	65,174	430,920	503,397	106,833	81,218	1,281,679
At 30 September 2019		**95,674**	**64,178**	**443,003**	**554,730**	**119,003**	**62,592**	**1,339,180**

* Comprise motor vehicles, postmix, coolers, vending machines, furniture, fittings, office equipment and computer equipment.

3.1 An impairment loss of RM363,000 (2018: RM149,000), representing the write-down of plant and equipment to its recoverable amount, was recognised in "cost of sales" line item of the profit or loss for the financial year ended 30 September 2019. The reversal of the impairment loss in respect of the plant and equipment of RM697,000 (2018: RM2,337,000) was made during the financial year as those plant and equipment were repaired and refurbished. The carrying amount of the plant and equipment was increased to its recoverable amount of RM697,000 (2018: RM2,337,000).

3.2 Engineering spares and machine consumables amounted to RM5,013,000 were transferred to inventories in the previous financial year.

3.3 Assets under construction are mainly relating to buildings, plant and machinery.

4. INVESTMENT PROPERTIES

	Group 2019 RM'000	2018 RM'000
At fair value – Buildings	**48,775**	49,318
At 1 October 2018/2017	**49,318**	49,315
Change in fair value recognised in profit or loss		
– Unrealised	**–**	3
Written off	**(543)**	–
At 30 September	**48,775**	49,318

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the lease contains an initial non-cancellable period of two to three years and subsequent renewals are negotiated with the lessee. No contingent rents are charged.

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

	Group 2019 RM'000	2018 RM'000
Rental income	**402**	742
Direct operating expenses		
– income generating investment properties	**(714)**	(720)
– non-income generating investment properties	**(535)**	(493)

FAIR VALUE INFORMATION

Fair values of investment properties are categorised as follows:

	Group 2019 Level 3 RM'000	2018 Level 3 RM'000
Buildings	**48,775**	49,318

4. INVESTMENT PROPERTIES (CONTINUED)

LEVEL 3 FAIR VALUE

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Properties	Valuation technique	Significant unobservable inputs	Range and rate 2019	2018
Commercial property	Investment approach	Estimated rental value per square feet per month (RM)		
		– 1st to 5th year	**4.00-5.50**	4.00-5.50
		– 6th year onwards	**4.00-5.50**	4.00-5.50
		Capitalisation rate		
		– 1st to 5th year	**–**	–
		– 6th year onwards	**7.25%**	7.25%
		Void factor		
		– 1st to 5th year	**50%**	50%
		– 6th year onwards	**10%**	10%
		Capital expenditure reserve per square feet (RM)	**1.00**	1.00
		Discount factor		
		– 1st to 5th year	**7.00%**	7.00%
		– 6th year onwards	**7.25%**	7.25%
Car park	Direct comparison approach	Value per car park bay	**RM30,000**	RM30,000

Increase/(Decrease) in estimated rental value would result in higher/(lower) fair value of the investment properties assuming if all other assumptions were held constant. Increases/(Decreases) in the capitalisation rate, void factor, capital expenditure reserve and discount factor would result in lower/(higher) fair value assuming if all other assumptions were held constant.

VALUATION PROCESSES APPLIED BY THE GROUP FOR LEVEL 3 FAIR VALUE

The fair values of investment properties are based on discounted cash flows method and valuation performed by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the valuation company.

5. PROPERTIES HELD FOR DEVELOPMENT

	Group 2019 RM'000	2018 RM'000
At cost	**56,047**	56,047
Properties held for development comprise:		
– Freehold land	**49,783**	49,783
– Development costs	**6,264**	6,264
	56,047	56,047

6. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 October 2017		45,929	75,370	40,674	161,973
Additions		–	–	213	213
Transfer from property, plant and equipment	3	–	–	2,806	2,806
Written off		–	–	(8)	(8)
At 30 September 2018/1 October 2018		**45,929**	**75,370**	**43,685**	**164,984**
Additions		**–**	**–**	**128**	**128**
Transfer from property, plant and equipment	3	**–**	**–**	**910**	**910**
Disposals		**–**	**–**	**(1,588)**	**(1,588)**
Written off		**–**	**–**	**(14,165)**	**(14,165)**
At 30 September 2019		**45,929**	**75,370**	**28,970**	**150,269**
Accumulated amortisation and impairment loss					
At 1 October 2017					
Accumulated amortisation		–	–	(34,363)	(34,363)
Accumulated impairment loss		(5,392)	–	–	(5,392)
		(5,392)	–	(34,363)	(39,755)
Amortisation for the year	24	–	–	(2,948)	(2,948)
Written off		–	–	8	8
At 30 September 2018/1 October 2018					
Accumulated amortisation		**–**	**–**	**(37,303)**	**(37,303)**
Accumulated impairment loss		**(5,392)**	**–**	**–**	**(5,392)**
		(5,392)	**–**	**(37,303)**	**(42,695)**
Amortisation for the year	24	**–**	**–**	**(2,353)**	**(2,353)**
Disposals		**–**	**–**	**1,537**	**1,537**
Written off		**–**	**–**	**14,165**	**14,165**
Transfer from property, plant and equipment	3	**–**	**–**	**(277)**	**(277)**
At 30 September 2019					
Accumulated amortisation		**–**	**–**	**(24,231)**	**(24,231)**
Accumulated impairment loss		**(5,392)**	**–**	**–**	**(5,392)**
		(5,392)	**–**	**(24,231)**	**(29,623)**
Carrying amount					
At 1 October 2017		40,537	75,370	6,311	122,218
At 30 September 2018/1 October 2018		40,537	75,370	6,382	122,289
At 30 September 2019		**40,537**	**75,370**	**4,739**	**120,646**

6. INTANGIBLE ASSETS (CONTINUED)

(A) ALLOCATION OF GOODWILL, BRAND AND COMPUTER SOFTWARE

Goodwill, brand and computer software have been allocated to the Group's cash-generating units ("CGUs") as identified according to country of operation and business segment as follows:

Group	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
At 30 September 2019				
Dairy products				
– Malaysia	**–**	**75,370**	**64**	**75,434**
– Thailand	**999**	**–**	**–**	**999**
Soft drinks				
– Malaysia	**39,538**	**–**	**1,458**	**40,996**
Property/Others	**–**	**–**	**3,217**	**3,217**
	40,537	**75,370**	**4,739**	**120,646**
At 30 September 2018				
Dairy products				
– Malaysia	–	75,370	63	75,433
– Thailand	999	–	–	999
Soft drinks				
– Malaysia	39,538	–	2,118	41,656
Property/Others	–	–	4,201	4,201
	40,537	75,370	6,382	122,289

(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

(i) Goodwill

No impairment loss is required for the goodwill assessed in the current financial year as their recoverable values are in excess of their carrying values.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The value in use calculations apply a discounted cash flows model using cash flow projections based on financial budgets approved by management covering three-year period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective CGUs.

The terminal growth rate used does not exceed the long-term average growth rate of the respective industry and country in which the entity operates.

6. INTANGIBLE ASSETS (CONTINUED)

(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS (CONTINUED)

(i) Goodwill (continued)

Cash flows beyond these periods (i.e. three-year) are extrapolated using the estimated growth rate stated in the table below:

	Terminal growth rate	Average annual growth rate	Pre-tax discount rate
At 30 September 2019			
Dairy products	**1.0%**	**7.9%**	**8.8%**
Soft drinks	**0.0%**	**8.4%**	**9.8%**
At 30 September 2018			
Dairy products	1.0%	4.0%	8.3%
Soft drinks	0.0%	7.0%	9.5%

(ii) Brand

No impairment loss is required for the brand assessed in the current financial year as its recoverable value is in excess of its carrying value.

The value in use calculations apply a discounted cash flows model using cash flow projections based on business plan covering three-year period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium.

	Terminal growth rate	Annual growth rate	Pre-tax discount rate
At 30 September 2019	**1.0%**	**1.0%**	**9.8%**
At 30 September 2018	1.0%	1.0%	9.5%

The key assumptions represent management's assessment of future trends in Condensed Milk industry and are based on both external sources and internal sources (historical data).

(C) SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value in use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these CGUs to differ materially from their recoverable amounts except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.

7. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	2018 RM'000
At cost		
Unquoted shares:		
– Ordinary shares	**353,201**	373,201
– Redeemable non-cumulative convertible preference shares ("RNCCPS")	**565,404**	565,404
	918,605	938,605
Less: Impairment loss	**(7,182)**	(7,182)
	911,423	931,423

During the financial year,

(a) A wholly owned subsidiary of the Company, F&N Dairies (Malaysia) Sdn Bhd had reduced its issued and paid up capital of RM20,000,000 to RM2 by cancelling 19,999,998 ordinary shares, and that the credit of RM19,999,998 arising therefrom was distributed to the Company as capital repayment.

(b) A wholly owned subsidiary of the Company, Wimanis Sdn Bhd had held a final meeting on 8 July 2019 pursuant to its members' voluntary winding up. It was dissolved in accordance with Section 459(5) of the Companies Act 2016 on 7 October 2019.

(c) On 13 August 2019, the Company had incorporated F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) under the Companies Act 2016 for a total cash consideration of RM100 comprising 100 ordinary shares. It had not commenced operations since its incorporation.

The Company subscribed to the entire RNCCPS in the following subsidiaries:

	Issue price RM	Number of shares	2019 RM'000	2018 RM'000
Lion Share Management Limited	3,505	21,000	**73,604**	73,604
Utas Mutiara Sdn Bhd	1,000	17,700	**17,700**	17,700
Greenclipper Corporation Sdn Bhd	1,000	7,000	**7,000**	7,000
F&N Properties Sdn Bhd	1,000	57,000	**57,000**	57,000
Nuvak Company Sdn Bhd	1,000	28,100	**28,100**	28,100
F&N Dairies Manufacturing Sdn Bhd	1,000	382,000	**382,000**	382,000
		512,800	**565,404**	565,404

Details of subsidiaries are as follows:

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership and voting interest (%) 2019	2018
Subsidiaries of Fraser & Neave Holdings Bhd				
F&N Beverages Marketing Sdn Bhd	Malaysia	Distribution and sale of soft drinks and dairy products	**100**	100
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of soft drinks	**100**	100
F&N Dairies Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of dairy products	**100**	100
F&N Dairies (Thailand) Limited [i]	Thailand	Manufacturing, distribution and sale of dairy products	**100**	100
F&N Dairies Distribution (Singapore) Pte Ltd [i]	Republic of Singapore	Distribution of dairy products	**100**	100
F&N Marketing (B) Sdn Bhd [i]	Brunei Darussalam	Sale of soft drinks and dairy products	**100**	100

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation and place of business	Principal activities	Effective ownership and voting interest (%) 2019	2018
Subsidiaries of Fraser & Neave Holdings Bhd (continued)				
Lion Share Management Limited	British Virgin Islands	Brand owner	**100**	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Sale of soft drinks and dairy products, provision of management service and property investment holdings	**100**	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	**100**	100
F&N Properties Sdn Bhd	Malaysia	Provision of property management services	**100**	100
Greenclipper Corporation Sdn Bhd	Malaysia	Property development	**100**	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development	**70**	70
Tropical League Sdn Bhd	Malaysia	Property development	**100**	100
Nuvak Company Sdn Bhd	Malaysia	Property development	**100**	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	**100**	100
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Inactive	**100**	100
Premier Milk (Malaya) Sdn Berhad	Malaysia	Inactive	**100**	100
Elsinburg Holdings Sdn Bhd	Malaysia	Inactive	**100**	100
Wimanis Sdn Bhd	Malaysia	Inactive	**100**	100
F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd)	Malaysia	Inactive	**100**	–
Subsidiary of F&N Beverages Manufacturing Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacturing and sale of mineral water, drinking water and rental of dispensers	**100**	100

(i) Audited by other member firms of KPMG PLT.

The Group concluded that Lettricia Corporation Sdn Bhd, the subsidiary with non-controlling interest, is not material to the Group.

8. INVESTMENT IN AN ASSOCIATE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At cost				
Quoted shares	**68,727**	68,727	**68,727**	68,727
Share of post-acquisition reserves	**65,295**	56,156	**–**	–
Dividends received	**(44,364)**	(40,631)	**–**	–
	89,658	84,252	**68,727**	68,727

8. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	Group and Company 2019 RM'000	2018 RM'000
Market value		
Quoted shares	**120,690**	133,755

The associate is incorporated in Malaysia and the details are as follows:

Name of associate	Principal activity/Nature of relationship	Effective ownership and voting interest (%) 2019	2018
Cocoaland Holdings Berhad ("CHB") (Financial year end: 31 December)	Investment holding company, manufacturing, trading and marketing of processed and preserved foods and fruits of all kinds/Strategic supplier of the Group	**27.19**	27.19

The share of results of an associate is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2019. It is impracticable to use the financial results of the associate at the same reporting date of the Group because the associate is a public listed company and its financial results has not been announced to the public. The Group has assessed and determined that the financial adjustment and the disclosure required for effects of significant transactions or events that occurred between 30 June 2019 to 30 September 2019 (2018: 30 June 2018 to 30 September 2018) are not expected to be material.

The following table summarises the information of CHB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in CHB, which is accounted for using the equity method.

	Group 2019 RM'000	2018 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	**102,030**	111,245
Current assets	**198,113**	172,412
Non-current liabilities	**(6,690)**	(7,820)
Current liabilities	**(30,487)**	(32,753)
Net assets	**262,966**	243,084
Year ended 30 September		
Revenue	**251,105**	266,983
Profit for the year	**33,611**	31,521
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	**71,500**	66,094
Goodwill	**18,158**	18,158
Carrying amount in the statement of financial position	**89,658**	84,252
Group's share of profit for the year	**9,139**	8,571
Capital commitments		
Share of associate's capital commitments incurred jointly with other investors:		
– Amounts approved and contracted for purchase of property, plant and equipment	**3,387**	216
– Amounts approved but not contracted for purchase of property, plant and equipment	**2,066**	–

9. INVESTMENT IN A JOINT VENTURE

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
At cost				
Unquoted shares	**500**	500	**500**	500
Share of post-acquisition reserves	**(22,694)**	(15,399)	**–**	–
	(22,194)	(14,899)	**500**	500
Shareholder's loan	**126,820**	126,820	**126,820**	126,820
Interest on shareholder's loan	**38,279**	32,465	**38,279**	32,465
	142,905	144,386	**165,599**	159,785
Less: Unrealised profit	**(55,292)**	(55,292)	**–**	–
	87,613	89,094	**165,599**	159,785

The joint venture is incorporated in Malaysia and the details are as follows:

Name of joint venture	Principal activity/Nature of relationship	Effective ownership and voting interest (%) 2019	Effective ownership and voting interest (%) 2018
Vacaron Company Sdn Bhd ("VCSB") (Financial year end: 30 September)	Property development/Strategic to the property development activities of the Group	**50.00**	50.00

The following table summarises the information of VCSB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in VCSB, which is accounted for using the equity method.

	Group 2019 RM'000	Group 2018 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	**30**	2,708
Current assets	**286,169**	286,428
Current liabilities	**(330,606)**	(318,954)
Year ended 30 September		
Revenue	**–**	–
Loss for the year	**(14,589)**	(13,117)
Reconciliation of net liabilities to carrying amount as at 30 September		
Group's share of net liabilities	**(22,203)**	(14,908)
Goodwill	**9**	9
Shareholder's loan	**126,820**	126,820
Interest on shareholder's loan	**38,279**	32,465
Elimination of unrealised profit	**(55,292)**	(55,292)
Carrying amount in the statement of financial position	**87,613**	89,094
Group's share of loss for the year	**(7,295)**	(6,558)

The joint venture had no other contingent liabilities or capital commitments as at 30 September 2019 and 2018. VCSB cannot distribute its profits without the consent from the two venture partners.

9. INVESTMENT IN A JOINT VENTURE (CONTINUED)

SHAREHOLDER'S LOAN

On 11 November 2011, the Company entered into a conditional subscription cum shareholders' agreement ("SSA") with Frasers Property Holdings (Malaysia) Pte. Ltd. ("FPHM") (formerly known as FCL Centrepoint Pte. Ltd.) to form a joint venture, via VCSB for the purpose of carrying out a proposed mixed development on the land held under PN 3679 for Lot No. 35 and PN 3681 for Lot No. 37, Seksyen 13, Bandar Petaling Jaya ("PJ"), Daerah Petaling, Selangor ("Land").

The Company and FPHM had both granted shareholders' loans to VCSB pursuant to the SSA. The loans were unsecured, borne interest at KLIBOR + 1.25% (2018: KLIBOR + 1.25%) per annum, not repayable within the next 12 months and were denominated in RM.

On 2 October 2019, the shareholder's loan was converted to 126,820 RNCCPS at issue price of RM1,000 each.

UNREALISED PROFIT

On 18 January 2012, VCSB issued new ordinary shares of 499,998 and 500,000 to the Company and FPHM respectively. Consequent thereupon, the Company and FPHM each holds 50% equity interest in VCSB. With the announcement of the completion of the transaction in the financial year ended 30 September 2012, the Company had effectively divested 50% of its interest in the development land in PJ Section 13 and recognised a gain of approximately RM55,292,000. The remaining 50% unrealised profit of RM55,292,000 will be realised upon the disposal of the land by the joint venture or the date on which the Group ceases to have joint control over the joint venture.

10. DEFERRED TAX ASSETS/(LIABILITIES)

RECOGNISED DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	**228**	213	**(78,002)**	(67,226)	**(77,774)**	(67,013)
Investment properties	**–**	109	**(813)**	(813)	**(813)**	(704)
Employee benefit plans	**9,368**	6,587	**–**	–	**9,368**	6,587
Tax loss carry-forwards and unutilised capital allowances	**7,803**	4,561	**–**	–	**7,803**	4,561
Unutilised tax incentives	**29,169**	35,635	**–**	–	**29,169**	35,635
Provisions, contract liabilities and others	**4,487**	5,288	**–**	–	**4,487**	5,288
Tax assets/(liabilities)	**51,055**	52,393	**(78,815)**	(68,039)	**(27,760)**	(15,646)
Set off of tax	**(44,821)**	(39,323)	**44,821**	39,323	**–**	–
Net tax assets/(liabilities)	**6,234**	13,070	**(33,994)**	(28,716)	**(27,760)**	(15,646)

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2019 RM'000	2018 RM'000
Unutilised reinvestment allowances	**80,122**	80,122
Unutilised capital allowances	**6,220**	6,220
Tax loss carry-forwards	**3,251**	3,251
	89,593	89,593

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

Group	At 1 October 2017 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised in other comprehensive income (Note 23) RM'000	Exchange differences RM'000	At 30 September 2018/ 1 October 2018 RM'000	Recognised in profit or loss (Note 23) RM'000	Recognised in other comprehensive income (Note 23) RM'000	Exchange differences RM'000	At 30 September 2019 RM'000
Property, plant and equipment	(66,466)	(551)	–	4	**(67,013)**	**(10,776)**	**–**	**15**	**(77,774)**
Investment properties	(1,291)	587	–	–	**(704)**	**(109)**	**–**	**–**	**(813)**
Employee benefit plans	5,799	870	(111)	29	**6,587**	**894**	**1,714**	**173**	**9,368**
Tax loss carry-forwards and unutilised capital allowances (Note 10.1)	8,328	(3,740)	–	(27)	**4,561**	**3,152**	**–**	**90**	**7,803**
Unutilised tax incentives	44,439	(8,804)	–	–	**35,635**	**(6,466)**	**–**	**–**	**29,169**
Provisions, contract liabilities and others	4,973	285	–	30	**5,288**	**(950)**	**–**	**149**	**4,487**
	(4,218)	(11,353)	(111)	36	**(15,646)**	**(14,255)**	**1,714**	**427**	**(27,760)**

10.1 In the previous financial year, a subsidiary of the Company, F&N Dairies (Thailand) Limited had utilised the tax loss carry-forwards as the tax incentives granted by the Thailand Board of Investment had been fully utilised.

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current					
Trade receivables from contracts with customers		**427,963**	446,861	**–**	–
Less: Allowance for impairment losses		**(2,587)**	(503)	**–**	–
		425,376	446,358	**–**	–
Other receivables					
– Prepayments		**5,241**	4,544	**–**	–
– Deposits		**4,897**	5,755	**–**	–
– Staff loans		**3,476**	5,533	**–**	–
– Sales tax refund receivable		**1,879**	4,505	**–**	–
– Sundry debtors		**51,610**	6,056	**–**	–
– Other tax recoverable		**21,246**	34,804	**–**	–
– Interest		**626**	813	**–**	–
– Other receivables		**1,101**	1,139	**86**	147
		90,076	63,149	**86**	147
Amounts due from related parties					
– Subsidiaries	11.1	**–**	–	**469,762**	351,641
– Related companies	11.2	**77,255**	87,078	**–**	–
– Joint venture	11.3	**32**	10	**–**	–
– Associate	11.4	**4**	4	**4**	4
– Other related parties	11.5	**7,253**	8,045	**–**	–
		84,544	95,137	**469,766**	351,645
		599,996	604,644	**469,852**	351,792

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

11.1 The amounts due from subsidiaries are non-trade in nature, unsecured, receivable on demand and interest free, except for loan portion of RM465,318,000 (2018: RM348,318,000) which bears interest at KLIBOR + 1.25% (2018: KLIBOR + 1.25%) per annum.

11.2 The amounts due from related companies are trade in nature, except for non-trade portion of RM16,974,000 (2018: RM12,028,000). Non-trade amounts are unsecured, receivable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, Berli Jucker Public Company Limited ("BJC"), Frasers Property Limited, TCC Land Co., Ltd. and TCC Corporation Limited.

11.3 The amounts due from a joint venture are trade in nature, unsecured, interest free and subject to negotiated trade term.

11.4 The amounts due from an associate are non-trade in nature, unsecured, receivable on demand and interest free.

11.5 The amounts due from other related parties are trade in nature, unsecured, interest free and subject to negotiated trade term. Other related parties refer to the subsidiaries or associates of Permodalan Nasional Berhad ("PNB") (Note 33).

12. INVENTORIES

	Note	Group 2019 RM'000	Group 2018 RM'000
Finished goods		**243,425**	185,664
Raw materials		**275,922**	252,206
Packaging materials		**43,473**	45,679
Other inventories	12.1	**15,584**	13,616
		578,404	497,165
Recognised in profit or loss			
Inventories recognised as cost of sales		**2,433,639**	2,390,855
Inventories written off	24	**8,485**	4,950
Inventories written down	24	**3,333**	6,626
Reversal of inventories written down	24	**(433)**	–

12.1 Other inventories comprise engineering spares and machine consumables.

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2019 Nominal value '000	2019 Assets RM'000	2019 Liabilities RM'000	2018 Nominal value '000	2018 Assets RM'000	2018 Liabilities RM'000
Forward foreign exchange contracts (less than 1 year)						
– USD	**2,400**	**6**	**(55)**	3,536	51	(118)
– AUD	**2,042**	**–**	**(81)**	1,420	9	(22)
		6	**(136)**		60	(140)

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 end of the financial year. Where necessary, the forward contracts are rolled over at maturity.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**252,980**	185,396	**5,332**	2,209
Short-term deposits	**316,739**	351,696	**35,000**	122,300
	569,719	537,092	**40,332**	124,509

15. CAPITAL AND RESERVES

(A) SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares	**366,779**	**816,770**	366,779	816,770

The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

In the previous financial year, the issued and paid-up capital comprised 366,778,501 ordinary shares of which 237,100 of the ordinary shares were held as treasury shares.

(B) TREASURY SHARES

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2018/2017	**237**	**1,716**	237	1,716
Transfer to Shares held by SGP Trust (Note 15(C))	**(237)**	**(1,716)**	–	–
As 30 September	**–**	**–**	237	1,716

The shares repurchased were being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

15. CAPITAL AND RESERVES (CONTINUED)

(C) SHARES HELD BY SGP TRUST

	Group and Company			
	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2018/2017	**131**	**4,039**	468	12,079
Acquired	**147**	**5,023**	83	2,838
Transfer from treasury shares (Note 15(B))	**237**	**1,716**	–	–
Reissued pursuant to SGP	**(311)**	**(6,874)**	(420)	(10,878)
	204	**3,904**	131	4,039

The Company established a trust ("SGP Trust") for its eligible executives pursuant to the SGP.

The SGP Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of SGP holders are recorded as "Shares held by SGP Trust" in the Group's and the Company's financial statements as a deduction in arriving at the shareholders' equity.

Details of the shares acquired during the current and previous financial year are as follows:

	Share price (RM)			Number of shares	Total consideration
	Lowest	Highest	Average	'000	RM'000
2019	**33.28**	**34.60**	**34.12**	**147**	**5,023**
2018	32.49	37.53	34.20	83	2,838

(D) SHARE GRANTS UNDER RSP AND PSP (COLLECTIVELY, THE "SGP")

The Company's SGP which is governed by its by-laws, was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and subsequently approved by the shareholders at the Extraordinary General Meeting held on 13 January 2012. The SGP is valid for 10 years from 15 March 2012 to 14 March 2022.

Under the RSP and PSP, the Company grants a base number of conditional share awards (the "Base Award") to eligible participants annually. The Base Award represents the right to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee, as administrator of the SGP, has absolute discretion in granting the Base Award.

The RSP Base Award is conditional on the achievement of pre-determined targets set for a two-year performance period and the PSP Base Award is conditional on the achievement of pre-determined targets set for a three-year performance period. The final number of RSP Shares and PSP Shares to be awarded will be determined at the end of the relevant performance period ("Final Award").

RSP

Information regarding the RSP:

(i) Depending on the achievement of pre-determined targets set for a two-year performance period for the RSP, the final number of RSP shares awarded could range between 0% to 150% of the initial grant of the RSP Base Award.

(ii) At the end of the two-year performance period, 50% of the RSP shares under the Final Award will be released to the participants upon vesting. The balance will be released equally over the subsequent two years upon fulfilment of service requirements.

15. CAPITAL AND RESERVES (CONTINUED)

(D) SHARE GRANTS UNDER RSP AND PSP (COLLECTIVELY, THE "SGP") (CONTINUED)

RSP (continued)

The following table illustrates the number and movements in RSP grants:

	Number of share grants					
	At 1.10.2018/ grant date	Adjustment for achievement factor	Vested	* Forfeited	At 30.9.2019	Vesting period
RSP 2015 (15.1.2015)	**98,900**	**–**	**(93,800)**	**(5,100)**	**–**	31.12.2016–31.12.2018
RSP 2016 (5.1.2016)	**181,350**	**–**	**(87,500)**	**(11,275)**	**82,575**	31.12.2017–31.12.2019
RSP 2017 (22.12.2016)	**464,600**	**(180,740)**	**(129,700)**	**(24,460)**	**129,700**	31.12.2018–31.12.2020
RSP 2018 (22.12.2017)	**469,900**	**(154,400)**	**–**	**(37,000)**	**278,500**	31.12.2019–31.12.2021
RSP 2019 (21.12.2018)	**371,700**	**–**	**–**	**(14,400)**	**357,300**	31.12.2020–31.12.2022
	1,586,450	**(335,140)**	**(311,000)**	**(92,235)**	**848,075**	

* Share grants forfeited upon cessation of employment.

No awards were granted to Directors of the Company.

The estimated fair value of shares granted during the financial year ranges from RM15.51 to RM21.43. The fair value of equity-settled contingent award of shares are determined using the Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	RSP			
	2019	2018	2017	2016
Dividend yield (%)	**2.34**	2.72	3.34	3.62
Expected volatility (%)	**16.35**	11.56	12.67	8.36
Risk-free interest rate (%)	**3.56-3.80**	3.21-3.59	3.58-3.87	2.98-3.52
Expected term (years)	**2.03-4.03**	2.02-4.03	2.02-4.03	1.99-3.99
Share price at date of grant (RM)	**31.34**	26.38	22.86	18.50

PSP

Information regarding the PSP:

(i) Depending on the achievement of pre-determined targets set for a three-year performance period for the PSP, the final number of PSP shares awarded could range between 0% to 200% of the initial grant of the PSP Base Award.

(ii) All of the PSP shares under the Final Award will be released to the participants at the end of the three-year performance period upon vesting.

As at 30 September 2019, no shares were granted under the PSP.

15. CAPITAL AND RESERVES (CONTINUED)

(E) LOSS ON PURCHASE OF SHARES FOR SGP

Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust (Note 15(C)) to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be included in the Group's and the Company's financial statements as a deduction from equity and classified as "Loss on purchase of shares for SGP".

(F) LEGAL RESERVE

Non-distributable legal reserve amounting to RM9,934,000 (2018: RM9,934,000) relates to a subsidiary in Thailand. Under the provision of Thailand Civil and Commercial Code, the subsidiary is required to set aside at least 5% of its net income after accumulated deficit (if any) as a legal reserve until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable as dividends.

16. LOANS AND BORROWINGS

		Group	
	Currency	2019 RM'000	2018 RM'000
Non-current			
Term loan – unsecured	Thai Baht ("THB")	**95,909**	115,153
Current			
Medium Term Note ("MTN") – unsecured	RM	**–**	150,000
Term loan – unsecured	THB	**27,402**	70,371
		27,402	220,371
		123,311	335,524

COMMERCIAL PAPER ("CP")/MTN OF RM1,500,000,000

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP has a tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN has a tenure of fifteen (15) years from the first issue date under the MTN Programme.

The Issuer had on 7 October 2013 issued MTN of RM150,000,000 with a tenure of five (5) years from the issue date. This MTN with interest rate of 4.24% per annum was fully repaid during the current financial year.

As at 30 September 2019, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2018: RM1,350,000,000).

TERM LOAN OF THB1,000,000,000

On 1 December 2015 and 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDT"), was granted term loans of THB1,000,000,000 each with the tenure of three (3) years from the issued date and interest rates of 2.35% and 2.44% per annum respectively. As at 30 September 2019, the outstanding balance for the term loans amounted to THB900,000,000 (2018: THB1,250,000,000).

On 7 June 2018 and 10 January 2019, FNDT was granted short-term loans of THB200,000,000 and THB400,000,000 with the tenure of six (6) months and interest rates of 1.83% and 2.20% per annum respectively. These term loans were repaid during the current financial year and there is no outstanding balance as at 30 September 2019.

16. LOANS AND BORROWINGS (CONTINUED)

RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Group	At 1 October 2018 RM'000	Repayment during the year RM'000	Additions during the year RM'000	Foreign exchange movement RM'000	At 30 September 2019 RM'000
MTN	150,000	(150,000)	–	–	–
Term loan	185,524	(130,162)	54,805	13,144	123,311
	335,524	(280,162)	54,805	13,144	123,311

17. EMPLOYEE BENEFITS

Certain subsidiaries of the Group operate unfunded defined benefit plan for its employees. The plan pays a lump sum amount (instead of a pension) at retirement. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefits liabilities. The provisions are determined and assessed based on actuarial valuations using the Projected Unit Credit Method.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

MOVEMENT IN THE NET DEFINED BENEFIT LIABILITY

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

	Note	Group 2019 RM'000	2018 RM'000
Balance at 1 October 2018/2017		**40,176**	38,070
Included in profit or loss			
Current service cost		**2,404**	2,459
Past service cost/(credit)		**2,667**	(171)
Interest cost		**1,496**	1,554
	24	**6,567**	3,842
Included in other comprehensive income			
Remeasurement loss/(gain)			
– Actuarial loss/(gain) arising from:			
– demographic assumptions		**224**	–
– financial assumptions		**5,667**	(193)
– experience adjustments		**1,363**	(270)
Effect of movements in exchange rates		**898**	135
		8,152	(328)
Others			
Benefits paid		**(5,077)**	(1,408)
Transfers		**(307)**	–
		(5,384)	(1,408)
Balance at 30 September		**49,511**	40,176

17. EMPLOYEE BENEFITS (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000
Principal actuarial assumptions used			
Discount rate (%)		**1.34-4.50**	2.50-5.20
Rate of increase in salaries (%)		**4.00-7.00**	4.00-7.00
Mortality rate (%)		**0.03-0.44**	0.03-0.67
Disability rate (%)		**0.00-0.04**	0.00-0.07
Retirement age (years)			
– Malaysia		**60**	60
– Thailand		**60**	60

The average duration of the defined benefit plan obligation at the end of the financial year is 11 years (2018: 10 years).

SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Group	Discount rate 1% increase RM'000	Discount rate 1% decrease RM'000	Rate of increase in salaries 1% increase RM'000	Rate of increase in salaries 1% decrease RM'000
2019				
(Decrease)/Increase in defined benefit obligation	**(4,199)**	**4,916**	**4,604**	**(4,026)**
2018				
(Decrease)/Increase in defined benefit obligation	(2,840)	3,295	3,323	(2,908)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

18. PROVISIONS

Group	Restructuring costs RM'000
At 1 October 2017	7,405
Provision made	997
Amount utilised	(3,880)
Provision reversed	(4,522)
At 30 September 2018/2019	–

19. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Current					
Trade payables		**268,411**	250,386	**–**	–
Other payables					
– Accrued expenses		**51,346**	49,223	**965**	735
– Advertising and promotion		**72,288**	63,301	**–**	–
– Contract liabilities	19.1	**54,420**	43,051	**–**	–
– Deposits	19.2	**22,087**	18,293	**–**	–
– Distributor incentives, discounts and rebates		**39,859**	25,808	**–**	–
– Interest		**1,006**	4,441	**–**	–
– Staff costs		**50,892**	42,937	**–**	–
– Sundry creditors		**49,895**	45,122	**–**	–
– Others		**51,739**	39,862	**–**	–
		393,532	332,038	**965**	735
Amounts due to related parties					
– Subsidiaries	19.3	**–**	–	**3,581**	97
– Related companies	19.4	**46,458**	40,198	**31**	26
– Associate	19.5	**–**	8	**–**	–
– Other related parties	19.6	**10,600**	4,600	**–**	–
		57,058	44,806	**3,612**	123
		719,001	627,230	**4,577**	858

19.1 Certain liabilities arose as a result of the Group's contracts with the customers in line with MFRS 15, *Revenue from Contracts with Customers* as analysed below. These amounts were stated as part of trade and other payables in prior year when revenue was reported under MFRS 118, *Revenue*. Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results.

	Group 2019 RM'000	Group 2018 RM'000
Trade incentives	**50,844**	42,118
Customers' down payments	**3,576**	933
	54,420	43,051

19.2 Included in deposits are amounts received from dealers which bear interest at rate of 3.15% (2018: 3.25%) per annum.

19.3 The amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest free.

19.4 The amounts due to related companies are trade in nature, except for non-trade portion for the Group and the Company amounting to RM19,766,000 (2018: RM15,608,000) and RM31,000 (2018: RM26,000) respectively. Non-trade amounts are unsecured, repayable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, BJC, Frasers Property Limited, Southeast Group Co., Ltd. and TCC Corporation Limited.

19.5 The amount due to an associate in the prior year was trade in nature, unsecured, interest free and subject to negotiated trade term.

19.6 The amounts due to other related parties are trade in nature, except for non-trade portion of RM390,000 (2018: RM Nil). Non-trade amounts are unsecured, repayable on demand and interest free. These parties are related to PNB (Note 33).

20. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Revenue from contracts with customers	**4,076,074**	3,869,943	**–**	–
Other revenue				
Rental income	**1,064**	1,011	**–**	–
Dividend income				
– from subsidiaries	**–**	–	**213,220**	429,831
– from an associate	**–**	–	**3,733**	8,087
	1,064	1,011	**216,953**	437,918
Total revenue	**4,077,138**	3,870,954	**216,953**	437,918

(A) DISAGGREGATION OF REVENUE

Group	F&B Malaysia 2019 RM'000	F&B Malaysia 2018 RM'000	F&B Thailand 2019 RM'000	F&B Thailand 2018 RM'000	Property 2019 RM'000	Property 2018 RM'000	Others 2019 RM'000	Others 2018 RM'000	Total 2019 RM'000	Total 2018 RM'000 Restated
Primary geographical markets										
Malaysia	**1,776,494**	1,769,711	**–**	–	**129**	–	**789**	130	**1,777,412**	1,769,841
Thailand	**–**	–	**1,695,676**	1,426,571	**–**	–	**–**	–	**1,695,676**	1,426,571
Singapore	**233,207**	259,854	**26,844**	22,961	**–**	–	**745**	–	**260,796**	282,815
Cambodia	**–**	–	**94,112**	184,802	**–**	–	**–**	–	**94,112**	184,802
Hong Kong	**37,926**	36,986	**11,698**	11,328	**–**	–	**–**	–	**49,624**	48,314
Laos	**–**	–	**36,902**	30,939	**–**	–	**–**	–	**36,902**	30,939
Philippines	**19,556**	14,546	**11,811**	12,706	**–**	–	**–**	–	**31,367**	27,252
Indonesia	**8,048**	59	**21,169**	14,701	**–**	–	**–**	–	**29,217**	14,760
Brunei	**17,940**	13,080	**–**	–	**–**	–	**–**	–	**17,940**	13,080
Vietnam	**11,165**	10,775	**1,952**	2,765	**–**	–	**–**	–	**13,117**	13,540
Netherlands	**12,254**	15,833	**744**	295	**–**	–	**–**	–	**12,998**	16,128
Others	**48,246**	33,378	**8,621**	8,523	**–**	–	**46**	–	**56,913**	41,901
	2,164,836	2,154,222	**1,909,529**	1,715,591	**129**	–	**1,580**	130	**4,076,074**	3,869,943
Timing and recognition										
At a point in time	**2,164,836**	2,154,222	**1,909,529**	1,715,591	**129**	–	**1,580**	130	**4,076,074**	3,869,943
Revenue from contracts with customers	**2,164,836**	2,154,222	**1,909,529**	1,715,591	**129**	–	**1,580**	130	**4,076,074**	3,869,943
Other revenue	**–**	–	**–**	–	**924**	874	**140**	137	**1,064**	1,011
Total revenue	**2,164,836**	2,154,222	**1,909,529**	1,715,591	**1,053**	874	**1,720**	267	**4,077,138**	3,870,954

20. REVENUE (CONTINUED)

(B) NATURE OF GOODS AND SERVICES

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
Food and beverages	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period ranging from 30 to 60 days from invoice date.	Trade incentives, discounts, returns and other rebates are awarded to customers as contracted and where relevant, subject to certain terms and conditions.
Dividend income	Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.	Not applicable.	Not applicable.

(C) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATIONS

The Group applies the practical expedient on exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

(D) SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS ARISING FROM REVENUE RECOGNITION

The Group estimates the variable consideration for expected future incentives based on maximum achievement criteria of set targets.

21. FINANCE INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
– at amortised cost	**15,196**	16,047	**28,998**	18,009
– other finance income	**27**	–	**–**	–
	15,223	16,047	**28,998**	18,009
Recognised in profit or loss	**15,223**	16,047	**28,998**	18,009

22. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– bank borrowings	**4,271**	15,405	**–**	–
Other finance costs	**284**	166	**–**	–
	4,555	15,571	**–**	–
Recognised in profit or loss	**4,555**	15,571	**–**	–

23. TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current tax expense					
Current year		**107,954**	28,700	**12,943**	3,825
Prior years		**523**	(2,420)	**3**	60
		108,477	26,280	**12,946**	3,885
Deferred tax expense	10				
Origination and reversal of temporary differences		**14,946**	16,603	**–**	–
Over provision in prior year		**(691)**	(5,159)	**–**	–
Tax benefits arising from previously unrecognised tax losses		**–**	(91)	**–**	–
		14,255	11,353	**–**	–
Total income tax expense		**122,732**	37,633	**12,946**	3,885
Deferred tax related to items recognised in other comprehensive income	10				
Net actuarial gains or losses		**(1,714)**	111	**–**	–
Reconciliation of tax expense					
Profit before tax		**532,956**	424,144	**242,223**	453,671
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)		**127,909**	101,795	**58,134**	108,881
Effect of tax rates in foreign jurisdictions		**(16,577)**	(12,587)	**–**	–
Tax exempt income		**(53)**	(47,291)	**(52,069)**	(105,329)
Non-deductible expenses		**4,607**	2,553	**378**	273
Recognition of previously unrecognised tax losses		**–**	(91)	**–**	–
Deferred tax assets recognised		**(625)**	(1,050)	**–**	–
(Over)/Under provided in prior years		**(168)**	(7,579)	**3**	60
Foreign withholding tax		**8,081**	2,366	**6,500**	–
Share of profit of equity-accounted associate, net of tax		**(2,193)**	(2,057)	**–**	–
Share of loss of equity-accounted joint venture, net of tax		**1,751**	1,574	**–**	–
Total income tax expense		**122,732**	37,633	**12,946**	3,885
Effective income tax rate		**23%**	9%	**5%**	1%

24. PROFIT FOR THE YEAR

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit for the year is arrived at after charging/(crediting):					
Auditors' remunerations:					
– Audit fees		**701**	813	**90**	100
– Non-audit fees		**284**	220	**179**	178
Advertising and promotion expenses		**208,698**	204,459	**–**	–
Amortisation of intangible assets	6	**2,353**	2,948	**–**	–
Bad debts recovered		**(64)**	(35)	**–**	–
Depreciation of property, plant and equipment	3	**100,065**	88,066	**–**	–
Distributor incentives, discounts and rebates		**743,680**	655,276	**–**	–
Impairment loss:					
– Plant and equipment	3	**363**	149	**–**	–
– Trade receivables	29(D)	**511**	491	**–**	–
Inventories written down	12	**3,333**	6,626	**–**	–
Inventories written off	12	**8,485**	4,950	**–**	–
Net fair value loss/(gain) on derivatives		**50**	(1,330)	**–**	–
Net loss/(gain) on disposal of plant and equipment		**417**	(687)	**–**	–
Net realised foreign exchange loss		**1,734**	5,788	**14**	55
Net unrealised foreign exchange (gain)/loss		**(201)**	428	**18**	(19)
Plant and equipment written off		**3,298**	2,534	**–**	–
Rental expense:					
– Premises		**32,646**	30,273	**–**	–
– Equipment		**10,970**	9,970	**–**	–
Rental income from premises		**(1,177)**	(1,149)	**–**	–
Reversal of impairment loss:					
– Plant and equipment	3	**(697)**	(2,337)	**–**	–
– Trade receivables	29(D)	**(199)**	(551)	**–**	–
Reversal of inventories written down	12	**(433)**	–	**–**	–
Royalties:					
– Holding company		**3,221**	5,743	**–**	–
– Related companies		**50,898**	44,666	**–**	–
– Third parties		**91,070**	81,060	**–**	–
Personnel expenses (including compensation of key management personnel)					
– Contributions to state plans		**26,698**	25,186	**–**	–
– Expenses related to defined benefit plans	17	**6,567**	3,842	**–**	–
– Share-based payment expense		**2,275**	7,221	**–**	–
– Wages, salaries and others		**270,184**	261,631	**–**	–
– Restructuring costs charged/(reversed)		**2,109**	(3,525)	**–**	–

25. OTHER COMPREHENSIVE INCOME

Group	2019 Before tax RM'000	2019 Tax benefit RM'000	2019 Net of tax RM'000	2018 Before tax RM'000	2018 Tax expense RM'000	2018 Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	**(7,254)**	**1,714**	**(5,540)**	463	(111)	352
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	**35,155**	**–**	**35,155**	1,505	–	1,505

26. EARNINGS PER ORDINARY SHARE

(A) BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 30 September 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2019 RM'000	Group 2018 RM'000 Restated
Profit for the year attributable to owners of the Company	**410,260**	386,548

	2019 '000	2018 '000
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust	**366,735**	367,242
Basic earnings per ordinary share (sen)	**111.9**	105.3

26. EARNINGS PER ORDINARY SHARE (CONTINUED)

(B) DILUTED EARNINGS PER ORDINARY SHARE

The calculation of diluted earnings per ordinary share at 30 September 2019 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:

	Group 2019 RM'000	Group 2018 RM'000 Restated
Profit for the year attributable to owners of the Company	**410,260**	386,548

	2019 '000	2018 '000
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust	**366,735**	367,242
Adjustment pursuant to the SGP	**840**	1,215
Adjusted weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust	**367,575**	368,457
Diluted earnings per ordinary share (sen)	**111.6**	104.9

27. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018 ordinary	30.5	**111,867**	15 February 2019
Interim 2019 ordinary	27.0	**99,031**	13 June 2019
		210,898	
2018			
Final 2017 ordinary	30.5	111,795	9 February 2018
Interim 2018 ordinary	27.0	98,966	7 June 2018
		210,761	

After the end of the reporting period, the following dividends were proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2019 ordinary	33.0	**121,037**

28. OPERATING SEGMENTS

The Group's operating businesses are recognised according to products and services, namely F&B Malaysia, F&B Thailand, Property and others which are the Group's strategic business units. For each of the strategic business unit, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis.

Segment performance is evaluated based on operating profit as included in the internal management reports that are reviewed by the CODM.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating businesses:

Financial year ended 30 September 2019	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		2,164,836	1,924,557	3,337	95,398	4,188,128
Inter-segment		–	(15,028)	(2,284)	(93,678)	(110,990)
External		2,164,836	1,909,529	1,053	1,720	4,077,138
Results						
Operating profit/(loss)		161,059	361,955	(142)	(2,428)	520,444
Finance income	28.1	–	–	–	–	15,223
Finance costs	28.1	–	–	–	–	(4,555)
Share of profit of equity-accounted associate, net of tax		–	–	–	9,139	9,139
Share of loss of equity-accounted joint venture, net of tax		–	–	(7,295)	–	(7,295)
Income tax expense	28.1	–	–	–	–	(122,732)
Profit for the year						410,224
Other information						
Segment assets		1,792,899	822,398	116,656	11,101	2,743,054
Investment in an associate		–	–	–	89,658	89,658
Investment in a joint venture		–	–	87,613	–	87,613
Deferred tax assets	28.1	–	–	–	–	6,234
Current tax assets	28.1	–	–	–	–	7,567
Cash and cash equivalents	28.1	–	–	–	–	569,719
Total assets						3,503,845
Segment liabilities		427,495	336,858	810	3,485	768,648
Loans and borrowings	28.1	–	–	–	–	123,311
Deferred tax liabilities	28.1	–	–	–	–	33,994
Current tax liabilities	28.1	–	–	–	–	48,469
Total liabilities						974,422
Others						
Purchase of property, plant and equipment and intangible assets		91,138	46,488	–	213	137,839
Depreciation of property, plant and equipment and amortisation of intangible assets		74,137	27,300	306	675	102,418

28. OPERATING SEGMENTS (CONTINUED)

Financial year ended 30 September 2018 (Restated)	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		2,154,248	1,727,286	3,281	90,155	3,974,970
Inter-segment		(26)	(11,695)	(2,407)	(89,888)	(104,016)
External		2,154,222	1,715,591	874	267	3,870,954
Results						
Operating profit/(loss)		168,149	257,973	463	(4,930)	421,655
Finance income	28.1	–	–	–	–	16,047
Finance costs	28.1	–	–	–	–	(15,571)
Share of profit of equity-accounted associate, net of tax		–	–	–	8,571	8,571
Share of loss of equity-accounted joint venture, net of tax		–	–	(6,558)	–	(6,558)
Income tax expense	28.1	–	–	–	–	(37,633)
Profit for the year						386,511
Other information						
Segment assets		1,753,746	728,893	117,574	10,989	2,611,202
Investment in an associate		–	–	–	84,252	84,252
Investment in a joint venture		–	–	89,094	–	89,094
Deferred tax assets	28.1	–	–	–	–	13,070
Current tax assets	28.1	–	–	–	–	10,548
Cash and cash equivalents	28.1	–	–	–	–	537,092
Total assets						3,345,258
Segment liabilities		360,340	301,323	814	5,069	667,546
Loans and borrowings	28.1	–	–	–	–	335,524
Deferred tax liabilities	28.1	–	–	–	–	28,716
Current tax liabilities	28.1	–	–	–	–	7,921
Total liabilities						1,039,707
Others						
Purchase of property, plant and equipment and intangible assets		155,747	25,403	–	281	181,431
Depreciation of property, plant and equipment and amortisation of intangible assets		65,401	24,550	310	753	91,014

28.1 Group financing (including finance costs), tax expense, deferred tax assets, current tax assets, cash and cash equivalents, current tax liabilities, deferred tax liabilities and loans and borrowings are managed on a group basis and are not allocated to operating segments.

28. OPERATING SEGMENTS (CONTINUED)

GEOGRAPHICAL SEGMENTS

The Group operates significantly in three geographical areas namely, Malaysia, Thailand and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of the assets and excluded investment in an associate, investment in a joint venture and deferred tax assets.

Geographical information

	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Malaysia	**1,778,476**	1,770,852	**1,116,552**	1,104,627
Thailand	**1,695,676**	1,426,571	**372,726**	329,336
Singapore	**260,796**	282,815	**–**	–
Cambodia	**94,112**	184,802	**–**	–
Hong Kong	**49,624**	48,314	**–**	–
Laos	**36,902**	30,939	**–**	–
Philippines	**31,367**	27,252	**–**	–
Indonesia	**29,217**	14,760	**–**	–
Brunei	**17,940**	13,080	**–**	–
Vietnam	**13,117**	13,540	**–**	–
Netherlands	**12,998**	16,128	**–**	–
Others	**56,913**	41,901	**75,370**	75,370
	4,077,138	3,870,954	**1,564,648**	1,509,333

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	**1,339,180**	1,281,679
Investment properties	**48,775**	49,318
Properties held for development	**56,047**	56,047
Intangible assets	**120,646**	122,289
	1,564,648	1,509,333

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 30 September 2019 and 2018.

29. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments as at 30 September 2019 categorised as follows:

(i) Fair value through profit or loss ("FVTPL") – Mandatorily required by MFRS 9; and

(ii) Amortised cost ("AC").

2019	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables	29.1	**566,733**	**–**	**566,733**
Derivative financial assets	13	**6**	**6**	**–**
Cash and cash equivalents	14	**569,719**	**–**	**569,719**
		1,136,458	**6**	**1,136,452**
Company				
Other receivables	11	**469,852**	**–**	**469,852**
Cash and cash equivalents	14	**40,332**	**–**	**40,332**
		510,184	**–**	**510,184**
Financial liabilities				
Group				
Trade and other payables	29.2	**662,050**	**–**	**662,050**
Derivative financial liabilities	13	**136**	**136**	**–**
Loans and borrowings	16	**123,311**	**–**	**123,311**
		785,497	**136**	**785,361**
Company				
Other payables	19	**4,577**	**–**	**4,577**

29. FINANCIAL INSTRUMENTS (CONTINUED)

(A) CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below provides an analysis of financial instruments as at 30 September 2018 categorised as follows:

(i) Fair value through profit or loss ("FVTPL") – Designated upon initial recognition;

(ii) Loans and receivables ("L&R"); and

(iii) Financial liabilities measured at amortised cost ("FL")

2018	Note	Carrying amount RM'000	FVTPL RM'000	L&R RM'000	FL RM'000
Financial assets					
Group					
Trade and other receivables	29.1	555,036	–	555,036	–
Derivative financial assets	13	60	60	–	–
Cash and cash equivalents	14	537,092	–	537,092	–
		1,092,188	60	1,092,128	–
Company					
Other receivables	11	351,792	–	351,792	–
Cash and cash equivalents	14	124,509	–	124,509	–
		476,301	–	476,301	–
Financial liabilities					
Group (restated)					
Trade and other payables	29.2	579,111	–	–	579,111
Derivative financial liabilities	13	140	140	–	–
Loans and borrowings	16	335,524	–	–	335,524
		914,775	140	–	914,635
Company					
Other payables	19	858	–	–	858

29.1 Trade and other receivables amounting to RM33,263,000 (2018: RM49,608,000) are not regarded as financial assets. These include prepayments, deposits paid, sales tax refund receivable and other tax recoverable.

29.2 Trade and other payables amounting to RM56,951,000 (2018: RM48,119,000) are not regarded as financial liabilities. These include contract liabilities, provision for unconsumed annual leave and other tax payable.

(B) NET GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net gains/(losses) on:				
Fair value through profit or loss				
– Mandatorily required by MFRS 9	**(50)**	1,330	**–**	–
Financial assets at amortised cost	**13,177**	–	**28,984**	–
Financial liabilities at amortised cost	**(4,555)**	(15,571)	**–**	–
Loans and receivables	**–**	10,319	**–**	17,954
	8,572	(3,922)	**28,984**	17,954

29. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(D) CREDIT RISK

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries of the Company. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Certain customers are required to have collateral in the form of financial assets and/or bank guarantees.

At each reporting date, the Group assesses 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 determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM161,240,000 (2018: RM183,147,000) in respect of RM425,376,000 (2018: RM446,358,000) trade receivables. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit management team; and

b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past two years. 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 believes that these factors are immaterial for the purpose of impairment calculation for the financial year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 September 2019 which are grouped together as they are expected to have similar risk nature.

Group	2019 Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Current (not past due)	**368,479**	**(508)**	**367,971**
1-30 days past due	**53,868**	**(230)**	**53,638**
31-60 days past due	**3,723**	**(325)**	**3,398**
61-90 days past due	**234**	**(34)**	**200**
More than 90 days past due	**1,659**	**(1,490)**	**169**
	427,963	**(2,587)**	**425,376**

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as bank guarantees, properties and other credit enhancement in managing exposure to credit risk.

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

	Note	Group RM'000
Balance at 1 October 2018 as per MFRS 139		**503**
Adjustments on initial application of MFRS 9	34	**2,003**
Balance at 1 October 2018 as per MFRS 9		**2,506**
Impairment loss recognised	24	**511**
Impairment loss reversed	24	**(199)**
Impairment loss written off		**(231)**
Balance at 30 September 2019		**2,587**

29. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

Trade receivables (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and measurement

The aging of trade receivables as at 30 September 2018 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Not past due	385,345	–	385,345
Past due 1-30 days	56,436	–	56,436
Past due 31-60 days	1,591	–	1,591
Past due 61-90 days	196	–	196
Past due 91-120 days	128	–	128
Past due more than 120 days	3,165	(503)	2,662
	446,861	(503)	446,358

The movements in the allowance for impairment losses of trade receivables during the previous financial year were:

	Note	Group RM'000
At 1 October 2017		1,163
Impairment loss recognised	24	491
Impairment loss reversed	24	(551)
Impairment loss written off		(600)
At 30 September 2018		503

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.

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 the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM128,317,000 (2018: RM347,043,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

(E) LIQUIDITY RISK

Liquidity risk is the risk that the Group or 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.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2019	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	2-3 years RM'000
Group						
Interest-bearing borrowings	16	**123,311**	**2.44**	**128,317**	**30,241**	**98,076**
Financial guarantees		**–**	**–**	**12,229**	**12,229**	**–**
Trade and other payables	29(A)	**662,050**	**–**	**662,050**	**662,050**	**–**
Derivative financial liabilities	13	**136**	**–**	**136**	**136**	**–**
		785,497		**802,732**	**704,656**	**98,076**
Company						
Financial guarantees		**–**	**–**	**128,317**	**128,317**	**–**
Other payables	19	**4,577**	**–**	**4,577**	**4,577**	**–**
		4,577		**132,894**	**132,894**	**–**

29. FINANCIAL INSTRUMENTS (CONTINUED)

(E) LIQUIDITY RISK (CONTINUED)

Maturity analysis (continued)

2018	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Within 1 year RM'000	2-3 years RM'000
Group (restated)						
Interest-bearing borrowings	16	335,524	1.83 to 4.24	347,043	227,220	119,823
Financial guarantees		–	–	9,950	9,950	–
Trade and other payables	29(A)	579,111	–	579,111	579,111	–
Derivative financial liabilities	13	140	–	140	140	–
		914,775		936,244	816,421	119,823
Company						
Financial guarantees		–	–	347,043	347,043	–
Other payables	19	858	–	858	858	–
		858		347,901	347,901	–

(F) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group hedges a portion of its foreign currency denominated trade payables. The Group uses forward exchange contracts 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 exchange contracts are rolled over at maturity.

29. FINANCIAL INSTRUMENTS (CONTINUED)

(F) MARKET RISK (CONTINUED)

(i) Currency risk (continued)

Exposure to foreign currency risk

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

Group	Denominated in USD RM'000	SGD RM'000
2019		
Cash and cash equivalents	**5,754**	**7,954**
Receivables	**74,844**	**21,751**
Payables	**(1,709)**	**(4,963)**
Net exposure	**78,889**	**24,742**
2018		
Cash and cash equivalents	7,883	8,649
Receivables	31,757	5,660
Payables	–	(3,677)
Net exposure	39,640	10,632

Currency risk sensitivity analysis

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

A 10% (2018: 10%) strengthening of the following currencies against RM at the end of the reporting period would have increased or decreased, respectively pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group 2019 RM'000	2018 RM'000
USD	**8,060**	3,964
SGD	**2,474**	1,063

A 10% (2018: 10%) weakening of the above currencies against RM 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.

(ii) Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The Group has no exposure to significant interest rate risk as the fixed rate debts were entered into by the Group in order to minimise cash flow risk. However, the Company has exposure to interest rate risk from its loan to a subsidiary amounting to RM465,318,000 (2018: RM348,318,000).

Interest rate risk sensitivity analysis

A change in 100 basis points in interest rates would have decreased or increased pre-tax profit or loss of the Company by RM4,653,000 (2018: RM3,483,000).

29. FINANCIAL INSTRUMENTS (CONTINUED)

(G) FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statements of financial position.

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2019											
Group											
Financial assets											
Derivative financial assets	13	**–**	**6**	**–**	**6**	**–**	**–**	**–**	**–**	**6**	**6**
Financial liabilities											
Derivative financial liabilities	13	**–**	**136**	**–**	**136**	**–**	**–**	**–**	**–**	**136**	**136**
Loans and borrowings	16	**–**	**–**	**–**	**–**	**–**	**–**	**123,594**	**123,594**	**123,594**	**123,311**
		–	**136**	**–**	**136**	**–**	**–**	**123,594**	**123,594**	**123,730**	**123,447**
2018											
Group											
Financial assets											
Derivative financial assets	13	–	60	–	60	–	–	–	–	60	60
Financial liabilities											
Derivative financial liabilities	13	–	140	–	140	–	–	–	–	140	140
Loans and borrowings	16	–	–	–	–	–	–	329,414	329,414	329,414	335,524
		–	140	–	140	–	–	329,414	329,414	329,554	335,664
Company											
Financial liabilities											
Financial guarantees		–	–	–	–	–	–	3,322	3,322	3,322	–

Level 2 fair value

Derivatives

The fair value of a forward exchange contract is estimated by taking the difference of the future cash flows arising from the derivative financial instrument, each discounted by their respective risk-free rate (based on government bonds) to the measurement date based on residual maturity of the foreign exchange contract.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either directions).

29. FINANCIAL INSTRUMENTS (CONTINUED)

(G) FAIR VALUE INFORMATION (CONTINUED)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows method using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.
Financial guarantees	Discounted cash flows method based on the interest differential between what the bank would have charged without guarantee and the actual interest charged with the guarantee.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework with respect to the measurement of fair values of financial instruments. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than minimum issued and paid-up capital.

The Group has complied with this requirement.

The Group and the Company monitor and maintain a prudent level of total debt to total equity attributable to owners of the Company ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements. The debt to equity ratio of the Group is as follows:

		Group	
	Note	**2019 RM'000**	**2018 RM'000 Restated**
Total loans and borrowings	16	**123,311**	335,524
Equity attributable to owners of the Company		**2,529,324**	2,305,416
Debt to equity ratio		**5%**	15%

31. OPERATING LEASES

LEASES AS LESSEE

Non-cancellable and optional renewal rental payable as follows:

	Group	
	2019	2018
	RM'000	RM'000
Less than one year	**28,956**	19,158
Between one and five years	**13,470**	14,525
More than five years	**1,055**	989
	43,481	34,672

The Group leases premises and equipment under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date.

None of the leases includes contingent rentals.

The disclosure above includes the non-cancellable periods and optional renewal periods where the Group is reasonably certain to extend.

LEASES AS LESSOR

The Group leases out its investment properties (Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Less than one year	**831**	873
Between one and five years	**148**	379
	979	1,252

32. CAPITAL AND OTHER COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	Group	
	2019	2018
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	**206,831**	149,617
Authorised but not contracted for	**230,691**	122,384
	437,522	272,001

33. RELATED PARTIES

IDENTITY OF RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly to control or 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 entities 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 holding companies, significant investors, subsidiaries, associate, joint venture and key management personnel.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions had been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 11 and 19.

		Note	Group		Company	
			2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
A.	**F&NL Group**					
	Sales of goods		**266,876**	287,658	**–**	–
	Purchases of goods		**(184,210)**	(161,379)	**–**	–
	Royalties paid		**(54,119)**	(50,409)	**–**	–
	Internal audit fees paid		**(1,275)**	(1,161)	**–**	–
	Receipt of corporate service fees		**1,581**	20	**–**	–
B.	**Subsidiaries**					
	Dividend income		**–**	–	**213,220**	429,831
	Finance income		**–**	–	**21,338**	8,614
	Management fees		**–**	–	**(410)**	(457)
C.	**CHB Group**					
	Purchases of goods		**(12)**	(3,508)	**–**	–
	Dividend income		**3,733**	8,087	**3,733**	8,087
D.	**VCSB**					
	Finance income		**5,814**	5,830	**5,814**	5,830
E.	**Thai Beverage Public Company Limited Group**	33.1				
	Sales of goods		**1,747**	1,442	**–**	–
	Purchases of goods		**(2,845)**	(2,260)	**–**	–
	Marketing expenses		**(18,223)**	(25,487)	**–**	–
	Corporate service fees paid		**(1,999)**	(623)	**–**	–
F.	**BJC Group**	33.1				
	Sales of goods		**68,099**	52,932	**–**	–
	Purchases of goods		**(20,237)**	(25,266)	**–**	–
	Other expenses		**(10,254)**	(1,726)	**–**	–

33. RELATED PARTIES (CONTINUED)

SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

		Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
G.	**Other related parties of TCC Group**	33.1				
	Purchases of goods		**(42,925)**	(40,685)	**–**	–
	Management fees		**(2,026)**	(2,623)	**–**	–
	Insurance premium paid		**(3,093)**	(2,569)	**–**	–
H.	**PNB Group**	33.2				
	Sales of goods		**59,158**	58,288	**–**	–
	Purchases of goods		**(44,087)**	(54,768)	**–**	–
	Rental of equipment paid		**(3,074)**	(2,989)	**–**	–
I.	**Key management personnel**					
	Non-Executive Directors					
	Fees		**1,275**	1,173	**1,275**	1,173
	Estimated monetary value of benefits-in-kind		**47**	46	**47**	46
			1,322	1,219	**1,322**	1,219
	Other key management personnel					
	Remuneration		**12,950**	11,364	**–**	–
	Contributions to defined contribution plan		**828**	764	**–**	–
	Share-based payments		**541**	1,666	**–**	–
			14,319	13,794	**–**	–
			15,641	15,013	**1,322**	1,219

33.1 These refer to companies and entities which are jointly controlled by Tan Sri Charoen Sirivadhanabhakdi and his spouse, Puan Sri Wanna Sirivadhanabhakdi, who have a deemed indirect interest in the Company, held through F&NL pursuant to Section 8 of the Companies Act 2016.

33.2 PNB is deemed a related party by virtue of its interest in the shares of the Company, held through AmanahRaya Trustees Berhad.

The number of Directors of the Company whose total remuneration during the current and previous financial year within the following bands is analysed below:

Remuneration (RM)	**Non-Executive Directors 2019**	**Non-Executive Directors 2018**
0 – 50,000	**–**	4
50,001 – 100,000	**3**	3
100,001 – 150,000	**7**	6
150,001 – 200,000	**–**	–
200,001 – 250,000	**1**	1

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

(A) IMPACT ON FINANCIAL STATEMENTS

The following tables summarise the impact arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

(i) Statement of financial position

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 October 2017			
Trade and other payables	628,685	8,335	637,020
Equity attributable to owners of the Company	2,132,558	(8,335)	2,124,223
Retained earnings	1,218,891	(8,335)	1,210,556

Group	30 September 2018			1 October 2018	
	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000	MFRS 9 adjustments RM'000	As restated RM'000
Trade and other payables	620,310	6,920	627,230	–	627,230
Reserves	2,312,336	(6,920)	2,305,416	(2,003)	2,303,413
Retained earnings	1,393,615	(6,920)	1,386,695	(2,003)	1,384,692

(ii) Statement of profit or loss and other comprehensive income for the financial year ended 30 September 2018

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Revenue	4,109,859	(238,905)	3,870,954
Cost of sales	(2,727,681)	6,409	(2,721,272)
Distribution expenses	(407,221)	64,693	(342,528)
Marketing expenses	(430,578)	169,218	(261,360)

Group	As previously reported	As restated
Basic earnings per ordinary share (sen)	104.9	105.3
Diluted earnings per ordinary share (sen)	104.5	104.9

(iii) Statement of cash flows for the financial year ended 30 September 2018

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Profit before tax	422,729	1,415	424,144
Changes in trade and other payables	(10,289)	(1,415)	(11,704)

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(B) ACCOUNTING FOR FINANCIAL INSTRUMENTS

(i) Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

- The Group has not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 October 2018. Accordingly, the information presented for the previous financial year does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.
- Assessments on classification of financial assets and financial liabilities have been made based on the determination of the business model within which a financial asset or a financial liability is held.

  Trade and other receivables, cash and cash equivalents, trade and other payables and loans and borrowings that were classified as either loans and receivables or other financial liabilities measured at amortised cost under MFRS 139 are now reclassified at amortised cost.
- Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

(ii) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 October 2018:

Category under MFRS 139	30 September 2018 RM'000	1 October 2018 Remeasurement RM'000	1 October 2018 Reclassification to new MFRS 9 category Amortised cost RM'000
Financial assets			
Group			
Loans and receivables			
Trade and other receivables *	555,036	(2,003)	553,033
Cash and cash equivalents	537,092	–	537,092
	1,092,128	(2,003)	1,090,125
Company			
Loans and receivables			
Other receivables	351,792	–	351,792
Cash and cash equivalents	124,509	–	124,509
	476,301	–	476,301

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(B) ACCOUNTING FOR FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (continued)

Category under MFRS 139	30 September 2018 RM'000	1 October 2018 Reclassification to new MFRS 9 category Amortised cost RM'000
Financial liabilities		
Group		
Other financial liabilities measured at amortised cost		
Trade and other payables	579,111	579,111
Loans and borrowings	335,524	335,524
	914,635	914,635
Company		
Other financial liabilities measured at amortised cost		
Other payables	858	858

* **Reclassification from loans and receivables to amortised cost**

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM2,003,000 in allowance for impairment was recognised in opening retained earnings of the Group at 1 October 2018 on transition to MFRS 9.

(C) ACCOUNTING FOR REVENUE

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Sale of goods	Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.	The Group or the Company recognises revenue when it transfers control over a product or a service to customer. An asset is transferred when the customer obtains control of the asset.

35. SUBSEQUENT EVENT

On 8 October 2019, the Company announced that its direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd (formerly known as Rimba Perkasa Sdn Bhd) had on the same date entered into a conditional sale and purchase agreement ("SPA") with MSM Perlis Sdn Bhd, a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad, in relation to the proposed acquisition of 9 parcels of leasehold land measuring in total approximately 4,453.92 hectares, which is located in Mukim Chuping, Daerah Perlis, Negeri Perlis for a total cash consideration of RM156.0 million. Further details of the SPA are set out in the said announcement.

There were no other material events subsequent to the end of the financial year that have not been reflected in this financial statements.

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 138 to 210 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 30 September 2019 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:

Tengku Syed Badarudin Jamalullail
Director

Lee Meng Tat
Director

Kuala Lumpur
5 November 2019

STATUTORY DECLARATION

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

I, **Lai Kah Shen**, the officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 138 to 210 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Lai Kah Shen, Passport No: E5943387A**, at Kuala Lumpur in the Federal Territory on 5 November 2019.

Lai Kah Shen

Before me:

Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Fraser & Neave Holdings Bhd
(Company No. 196101000155 (4205-V))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the statements of financial position as at 30 September 2019 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 138 to 210.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial 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.

IMPAIRMENT ASSESSMENT ON INTANGIBLE ASSETS – GOODWILL AND BRAND

Refer to Note 2(F)(i) and (ii) – Significant accounting policy on intangible assets – goodwill and brand and Note 6 – Intangible assets – goodwill and brand of the financial statements.

THE KEY AUDIT MATTER

As at 30 September 2019, the Group had goodwill of approximately RM41 million mainly relating to soft drinks business and dairy brand of approximately RM75 million owned by the Group.

The Group is required to assess impairment of goodwill and brand at the end of each reporting period. The recoverability of the carrying amounts of goodwill and brand are dependent upon the recoverable values (determined using the discounted cash flow model) of the cash generating units which the goodwill and brand are allocated to.

This was one of the areas that our audit focused on because there were inherent uncertainties and significant judgement involved in forecasting and discounting future cash flows to arrive at the recoverable values which may be affected by future market or economic conditions. The inherent uncertainties amongst others include appropriateness of significant assumptions used and discount rates.

KEY AUDIT MATTERS (CONTINUED)

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following audit procedures, among others:

- obtained the Group's impairment assessment based on the discounted cash flows projections of the operating units which the goodwill and brand were allocated to, and assessed the value-in-use method used in determining the recoverable amount of the goodwill and brand;
- assessed the discount rates used by the Group by benchmarking it against other companies in the industry and external source data;
- assessed those key assumptions used in the cash flows projections, such as the future prices for products and raw materials, gross profit margin, and growth rates by comparing them with internal and external sources; and
- considered the adequacy of the Group's disclosures in respect of the key assumptions that reflected the risks inherent in the valuation of goodwill and brand, and the sensitivity of the outcome of the impairment assessment to changes in key assumptions used in the cash flows projections.

ADVERTISING AND PROMOTION EXPENSES, AND DISTRIBUTOR INCENTIVES, DISCOUNTS AND REBATES

Refer to Note 19 – Trade and other payables and Note 24 – Profit for the year of the financial statements.

THE KEY AUDIT MATTER

During the financial year, the Group incurred advertising and promotion expenses, and distributor incentives, discounts and rebates of approximately RM209 million and RM744 million respectively of which approximately RM72 million and RM40 million respectively were included as accruals and approximately RM1 million and RM50 million respectively were included as contract liabilities as at financial year end. The advertising and promotion expenses, and distributor incentives, discounts and rebates are relating to food and beverages business, to support, promote and develop the Group's brands. With the adoption of MFRS 15, *Revenue from Contracts with Customers*, some of these costs are consideration payable to customers which were previously recognised as expenses, would be required to be recognised as part of the transaction price and hence to be reclassified to net off against revenue as disclosed in Note 34. The correspondence entries were recorded as accruals or contract liabilities.

This was one of the areas that our audit focused on because of the high volume of transactions incurred during the financial year and estimation involved in determining the appropriate amount of contract liabilities and accruals as at financial year end and especially in relation to those promotion and brand support campaigns that were still ongoing subsequent to financial year end.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following audit procedures, among others:

- obtained an understanding of the process, evaluated the design and implementation and tested the operating effectiveness of controls over the payment and accrual process;
- performed substantive procedures and checked samples of expenses to supplier's and customer's claim; and
- checked accruals and contract liabilities to samples of supporting contracts and documents with the suppliers and customers to assess adequacy of the accruals and contract liabilities.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

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.

INDEPENDENT AUDITORS' REPORT
to the members of Fraser & Neave Holdings Bhd
(Company No. 196101000155 (4205-V))
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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 relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTER(S)

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

Ong Beng Seng
Approval Number: 02981/05/2020 J
Chartered Accountant

Petaling Jaya
5 November 2019