Malayan United Industries Berhad

(3809-W)

ANNUAL REPORT 2019

CONTENTS

Notice of Meeting	2
Corporate Information	6
Profile of Directors	7
Profile of Key Senior Management	9
Statement on Corporate Governance	11
Directors' Responsibilities in respect of Financial Statements	20
Statement on Risk Management and Internal Control	21
Other Information	25
Report of the Audit Committee	26
Management Discussion and Analysis	28
Sustainability Report	33
Group Financial Highlights	36
Directors' Report	37
Statement by Directors	42
Statutory Declaration	42
Independent Auditors' Report	43
Statements of Profit or Loss	51
Statements of Other Comprehensive Income	52
Statements of Financial Position	53
Statements of Changes in Equity	56
Statements of Cash Flows	59
Notes to the Financial Statements	62
Properties Owned by the Group	160
Analysis of Shareholdings	164
Form of Proxy	

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of the Company will be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Wednesday, 11 December 2019 at 3.00 p.m. for the following purposes:-

As Ordinary Business

1. To receive the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2019.

2. To approve the payment of Directors' Fees of RM309,548 for the financial year ended 30 June 2019. **(Resolution 1)**

3. To approve the payment of Directors' Benefits (other than Directors' Fees) of up to RM62,000 for the period from 12 December 2019 until the next Annual General Meeting. **(Resolution 2)**

4. To re-elect Dr Wong Hong Meng as Director of the Company, who is retiring in accordance with Article 109 of the Company's Articles of Association. **(Resolution 3)**

5. To re-appoint Messrs Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

As Special Business

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

6. Ordinary Resolution
   - Proposed authority for Dato' Dr Tan Kee Kwong to continue in office as Independent Non-Executive Director

   "THAT authority be and is hereby given to Dato' Dr Tan Kee Kwong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company." **(Resolution 5)**

7. Ordinary Resolution
   - Proposed authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approval of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting or until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being." **(Resolution 6)**

8. Ordinary Resolution
   - Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature

   "THAT, subject to the provisions of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in the Circular/Statement to Shareholders dated 31 October 2019 ("the Related Party"), provided that such transactions are:-

(a) necessary for the day to day operations;
(b) undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Party than those generally available to the public; and
(c) not to the detriment of the minority shareholders;

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will continue to be in force until the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution which shall include, without limitation, taking any action which the Directors may, in their absolute discretion deem fit, to recover any sums due to the Company under the said transactions or to settle the same." **(Resolution 7)**

9. Ordinary Resolution
   - Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad

"THAT, subject to the Companies Act, 2016 and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given to the Company to purchase and/or hold such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad ("Bursa Securities") provided that:-

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase; and
(b) the maximum funds to be allocated by the Company for the purpose of the Proposed Share Buy-Back shall not exceed the Company's retained profits;

AND THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution, and will, subject to renewal thereat, expire at the conclusion of the next Annual General Meeting of the Company following the passing of this Ordinary Resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution in a general meeting of shareholders of the Company), whichever occurs first and in any event, in accordance with the provisions of Bursa Securities Main Market Listing Requirements and/or any other relevant authorities;

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to:-

(a) cancel the shares so purchased; or
(b) retain the shares so purchased as treasury shares; or
(c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
(d) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing any relevant documents) as they may consider expedient or necessary to complete and give effect to the aforesaid authorisation with full powers to assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time." **(Resolution 8)**

NOTICE OF MEETING (Cont'd)

10. Special Resolution
    - Proposed adoption of new Constitution

    "THAT the proposed Constitution of the Company as set out in the Statement/Circular to Shareholders dated 31 October 2019 be approved and adopted with immediate effect in place of the existing Constitution of the Company.

    AND THAT the Directors of the Company and the Company Secretary be and are hereby authorised to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

    (Resolution 9)

11. To transact any other business of which due notice shall have been received.

By order of the Board

Lee Chik Siong
Norlyn binti Kamal Basha
Joint Company Secretaries

Kuala Lumpur
31 October 2019

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 29 November 2019 shall be entitled to attend and vote at the meeting. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a member and/or an exempt authorised nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*
4. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Pursuant to the Bursa Securities Main Market Listing Requirements, all the resolutions set out in this Notice will be put to vote by way of poll.*

Explanatory Notes On Special Business

1. The Ordinary Resolution proposed under item 6, if passed, will authorise Dato' Dr Tan Kee Kwong to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.

   The Nomination Committee had assessed the independence of Dato' Dr Tan Kee Kwong who has served on the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Dato' Dr Tan Kee Kwong has met the independence guidelines as set out in Chapter 1 of Bursa Securities Main Market Listing Requirements. The length of his service does not interfere with Dato' Dr Tan Kee Kwong's ability and exercise of independent judgement as Independent Director.

2. The Ordinary Resolution proposed under item 7 is a renewal of the general authority for the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016. If passed, it will empower the Directors of the Company, from the date of the above Annual General Meeting until the next Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

   The Company has not issued any new shares under the general authority which was approved at the Forty-Seventh Annual General Meeting held on 13 December 2018 and which will lapse at the conclusion of the Forty-Eighth Annual General Meeting to be held on 11 December 2019.

   The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

3. The Ordinary Resolution proposed under item 8, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with the Related Party pursuant to Bursa Securities Main Market Listing Requirements. Please refer to Circular/Statement to Shareholders dated 31 October 2019 for more information.

4. The Ordinary Resolution proposed under item 9, if passed, will empower the Directors of the Company to purchase Malayan United Industries Berhad shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company.

5. The Special Resolution proposed under item 10, if passed, will bring the Company's Constitution in line with the provisions of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

Board of Directors

Andrew Khoo Boo Yeow, *Chairman and Chief Executive Officer*
Dato' Dr Tan Kee Kwong, D.M.P.N, *Independent Non-Executive Director*
Dr Wong Hong Meng, *Independent Non-Executive Director*
Farizon binti Ibrahim, *Independent Non-Executive Director*

Joint Company Secretaries

Lee Chik Siong (MAICSA 7054334)
Norlyn binti Kamal Basha (BC/N/1224)

Auditors

Crowe Malaysia PLT, *Chartered Accountants*

Principal Bankers

United Overseas Bank Limited
Affin Bank Berhad
Public Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad

Registrar

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel No. 03-27839299 Fax No. 03-27839222

Registered Office

Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Tel. No. 03-21487696 Fax. No. 03-21445209 Website: www.muiglobal.com

PROFILE OF DIRECTORS

Andrew Khoo Boo Yeow

Age 47. Male. Australian. Appointed as the Chief Executive Officer and Executive Director on 1 January 2018 and was subsequently re-designated to Chairman and Chief Executive Officer on 13 December 2018. He is currently also the Executive Chairman and Chief Executive Officer of MUI Properties Berhad, the Chairman of Metrojaya Berhad and West Synergy Sdn Bhd, and the Non-Executive Chairman of Laura Ashley Holdings plc. He is also an Executive Director of Pan Malaysia Corporation Berhad and Network Foods International Ltd, and a Director of Laura Ashley Inc., Laura Ashley (North America) Inc., Regent Corporation, Corus Hotels Limited and Federal International (2000) Ltd. He is a Barrister-at-law from Lincolns Inn, United Kingdom and also holds a Degree in Law and Master of Arts from Cambridge University, United Kingdom and Master of Business Administration from Seattle Pacific University, United States of America as well as Bachelor of Arts majoring in Political Science and minoring in Economics from the University of Victoria, Canada. He has also held senior management positions in a number of diverse industries including food, retailing, and the hospitality sector. He is the son of Tan Sri Dato' Khoo Kay Peng, the deemed major shareholder of Malayan United Industries Berhad. He attended all the six (6) Board Meetings held during the financial year ended 30 June 2019.

Dato' Dr Tan Kee Kwong

Age 72. Male. Malaysian. Independent Non-Executive Director. He was appointed to the Board on 3 January 2007. He is the Chairman of the Remuneration Committee. He is also a member of the Audit Committee and the Nomination Committee. Currently, he also sits on the Board of TMC Life Sciences Berhad. He is also the Chairman of the Board of Governors of Sekolah Menengah Laki-Laki Methodist Sentul and Chairman of Pusat Bantuan Sentul; Chairman of the Management Committee of Wesley Methodist School and Chairman of the Board of Management of Methodist College Kuala Lumpur. He graduated with a Bachelor of Medicine and Bachelor of Surgery from the Faculty of Medicine, University of Malaya in 1973. He joined the Government service as a medical officer in 1974 until 1977. Between 1977 and 1980, he worked as a medical officer with the British National Health Service. From 1981 to 1983, he was a volunteer rural health officer in Southern Sudan, Africa. In 1985, he commenced private medical general practice until 1999, when he was made a Deputy Minister in the Ministry of Land and Cooperative Development, a post he held until 2004. He had previously served as a Member of Parliament for Segambut, Kuala Lumpur from 1995 until 2008 and a Member of Parliament for Wangsa Maju, Kuala Lumpur from 2013 until 2018. He attended all the six (6) Board Meetings held during the financial year ended 30 June 2019.

Dr Wong Hong Meng

Age 73. Male. Malaysian. Independent Non-Executive Director. He was appointed to the Board on 4 October 2011. He is the Chairman of the Audit Committee and the Nomination Committee. He is also a member of the Remuneration Committee. He is an economics graduate from the University of Malaya with an MBA from Cranfield School of Management, earned his DBA from the University of South Australia in 2007. Professionally he was a Fellow of the Institute of Chartered Accountant in England and Wales. Currently he is a Chartered Accountant member of the Malaysian Institute of Accountants and an Associate of the Institute of Chartered Secretaries and Administrators. For more than thirty years Dr Wong had held senior management positions in management consultancy, merchant banking, commercial banking and stock broking. In January 1999 he took early retirement from his employment career as Executive Director of TA Enterprise Berhad. After retirement he remained active in the business world and had served as an independent non-executive director and chairman of the audit committee of two companies listed on Bursa Malaysia Securities Berhad. Currently he is an independent non-executive director and member of the investment committee of TA Investment Management Berhad and an independent non-executive director of Pan Malaysia Holdings Berhad. He is also a director of the Full Gospel Business Men's Fellowship Berhad. He attended all the six (6) Board Meetings held during the financial year ended 30 June 2019.

PROFILE OF DIRECTORS (Cont'd)

Farizon binti Ibrahim

Age 62. Female. Malaysian. Independent Non-Executive Director. She was appointed to the Board on 26 June 2018. She is a member of the Audit Committee. She also sits on the Boards of Pan Malaysia Holdings Berhad, Pan Malaysian Industries Berhad, Pan Malaysia Capital Berhad and Metrojaya Berhad. She is the Advisor for EL Wafa Travel Services Sdn Bhd. She had worked with Tabung Haji Kuala Lumpur from 1980 to 1985 and was subsequently attached to Tabung Haji Saudi Arabia under the auspices of the Embassy of Malaysia from 1986 to 1992. She was appointed as the Councillor in the Haj Welfare Division in Tabung Haji Jeddah to assist pilgrims who need counselling during the Haj period in Saudi Arabia. She was also the Public Relations Manager of the Malaysian Women's Association Club of Jeddah. She handled the activities of the Club that includes public relations with various Government, Corporate and other associations in Saudi Arabia. She also played an important role in the International Women's Association of Jeddah in the affairs of Welfare and Charity work. Formerly, she was the Chief Executive Officer of FDI Travel Services Sdn Bhd. Her exposure and experience in trade and travel began while working for the family-owned businesses. She is a graduate in Accountancy and Business Management Studies. She attended all the six (6) Board Meetings held during the financial year ended 30 June 2019.

Note: -
Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company. None of the Directors has any conflict of interest with the Company nor have they been convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.

PROFILE OF KEY SENIOR MANAGEMENT

Andrew Khoo Boo Yeow

Age 47. Male. Australian. He was appointed as the Chief Executive Officer and Executive Director of Malayan United Industries Berhad on 1 January 2018 and was subsequently re-designated to Chairman and Chief Executive Officer on 13 December 2018. For the profile of Mr Andrew Khoo Boo Yeow, please refer to page 7 of this Annual Report.

Wong Nyen Faat

Age 62. Male. Malaysian. He is the Chief Operating Officer of the MUI Group since August 2011. He sits on the Boards of Pan Malaysia Corporation Berhad, Pan Malaysia Holdings Berhad, Pan Malaysia Capital Berhad and Metrojaya Berhad in Malaysia. He also sits on the Boards of Laura Ashley Holdings plc and Corus Hotels Limited in the United Kingdom. He holds a First Class Honours Bachelor's Degree in Science (Mathematics) with Education from the University of Malaya and a Master's Degree in Business Management from the Asian Institute of Management. He had served as Executive Director of Morning Star Resources Limited in Hong Kong.

Tang Kim Siw

Age 75. Male. Malaysian. He is the Group Corporate Communication Director. He was appointed as Corporate Communication Director of the MUI Group on 2 April 2018. Prior to his retirement in 2013, he held several senior positions with the MUI Group. These included Executive Director of MUI Properties Berhad, Executive Director of the Hotel Division, and Chief Executive Officer of Metrojaya Berhad. During his 30-year career with the Group, he had also served in the Group's overseas operations as Executive Director of Corus Hotels Ltd, United Kingdom, President, Regent Corporation, USA, President, MUI Philippines Inc. and Chief Executive, MUI Resources Philippines Inc. His past career experience also included stints in public relations consultancy and human resources development.

Loy Yet-King

Age 73. Male. Canadian. He is President and Director of Corus Hotels Limited, the United Kingdom since 16 August 2016. He had previously served as Chief Executive Officer of Corus Hotels plc (now known as Corus Hotels Limited) from February 2001 to December 2006 and a Director of the Company from November 2000 to October 2014. He has various operational and international experience in food distribution & manufacturing, hospitality and real estate investment in Southeast Asia, Australia, North America and the United Kingdom.

Raymond Yeoh Huat Hock

Age 64. Male. Malaysian. He is Executive Director of the Group's Hotel Division (Malaysia). He joined the Group's Hotel Division (Malaysia) as Vice President in August 2012. He has a Diploma in Hotel Management from the American Hotel & Motel Association. He has over 40 years of experience in hotel industry. He worked with the Holiday Inns in Kuala Lumpur, Penang and Hong Kong and has extensive hotel pre-opening experience with Equatorial Penang and the Swiss Garden International Group. He also had worked with 5-star Padma hotel in Bali, Indonesia. In 1994, he was appointed as General Manager to pre-open two Swiss Garden hotels and subsequently was appointed as Vice President (Operations) of the Swiss Garden International Group.

Chan Chee Meng

Age 57. Male. Malaysian. He is an Executive Director of the Group's Property Division and an Executive Director of West Synergy Sdn Bhd. He joined the Group in November 2016. He has a degree of Bachelor of Arts (Architecture) from Deakin University, Australia. He has more than 25 years of experience in architectural consultancy and property development. He was previously with UOA Development Bhd and prior to joining the MUI Group, he was Deputy General Manager of the Mah Sing Group.

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

Lee Yik Loong

Age 43. Male. Malaysian. He was appointed as Executive Director of Network Foods (Malaysia) Sdn Bhd on 28 May 2018. He graduated from Flinders University of South Australia with a Bachelor of Economics in 1998. Prior to joining the Group, he was the Group Chief Operating Officer of Asia Brands Berhad from April 2014 – May 2018 overseeing the Group's operations and execution of business strategies. From 2003 – 2013, he was attached to Nestle Products Sdn Bhd where he held various leadership positions in the company.

Allicia Thau Poh Leng

Age 51. Female. Malaysian. She was appointed as Executive Director, MJ Department Stores Sdn Bhd/Metrojaya Berhad on 4 October 2019. She holds a Master of Business Administration from the University of the Sunshine Coast. She has more than 30 years working experience, of which, 20 years are in the retail industry with a strong passion for fashion, food retailing, coaching and mentoring. Her retail career began in hypermarket, moving on to fashion boutiques and concept stores, big format specialty stores, food halls and cafes. She has exposure in managing both business and store operations, commercial, marketing and promotion strategy planning, visual merchandizing, people management, hospitality, customer service, brand management and P&L, to name a few. She brings with her best practices and retail experiences from local, regional and international brands, i.e. British India, Baleno, Carrefour and Marks & Spencer amongst other establishments.

Lew Choong Teck

Age 53. Male. Malaysian. He joined Network Foods Industries Sdn Bhd in June 2017 as General Manager (Operations). He has a First Class Honours Bachelor's Degree in Chemical Engineering from the University of Malaya. He has more than 29 years of experience in manufacturing operations, research & development and quality control & assurance. Prior to joining Network Foods Industries Sdn Bhd, he held a senior position of General Manager (Operations) in TG Medical Sdn Bhd, a subsidiary of Top Glove Corporation Bhd.

Wong Shuk Fuen

Age 49. Female. Malaysian. She is the Group Financial Controller. She joined the MUI Group as Financial Controller in October 2014. She has 25 years of experience in accounting and finance, and is a member of the Chartered Institute of Management Accountants, the United Kingdom and a member of the Malaysian Institute of Accountants. She started her career as Accounts Officer at Guolene Plastic Products Sdn Bhd before moving on to various accounting and financial positions in Kenneison Brothers Group. Prior to joining the MUI Group, she was Vice President of AlloyMtd Group.

Pamela Geh Cheng Yen

Age 39. Female. Malaysian. She was appointed as the Group Human Resources Director on 1 August 2019. She has a LL.B (Honours) and was called to the Bar of England and Wales, United Kingdom. She has more than 14 years of working experience in legal and human resource in different industries including consumer goods, healthcare, digital & social media marketing and consulting with a strong background in Talent and Performance Management, Organisational Development, and Employee Engagement.

Note: -
Save as disclosed, none of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company. None of the Key Senior Management has any conflict of interest with the Company nor have they been convicted of any offences within the past five (5) years. There were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2019.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the "Board") is committed to the principles of corporate governance set out in the Malaysian Code on Corporate Governance (the "Code"). The Board is also committed in continuously observing corporate governance practices that are best suited to achieve the objectives and goals of the Company.

In implementing the corporate governance practices, the Company ensures compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Corporate Governance Statement reports on how the Company has applied the principles and recommendations of good corporate governance during the financial year ended 30 June 2019, having considered the Group's structure, business environment and industry practices.

The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the recommendations of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the principles and recommendations of the Code.

The Company was established in 1960 and has grown to become a multi-national conglomerate with extensive interests in various industries such as retailing, hotel, property development, food and financial services. The Company's philosophy has remained constant for over 58 years, underpinned by three key attributes – strength, efficiency and trustworthiness; together forming the guiding principles for its business practices and corporate governance.

Set out below is the description on the manner in which the Company has applied the principles and recommendations of the Code.

1. Board of Directors

1.1 Composition of Board

The Board is responsible for the overall performance of the Company and focuses mainly on strategy, performance, standard of conduct and critical business issues.

The Board currently consists of four (4) Directors:-

- One (1) Chairman and Chief Executive Officer ("CEO")
- Three (3) Independent Non-Executive Directors

The Board complies with the Bursa Securities Listing Requirements that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

Subsequent to the retirement of the Executive Chairman, Tan Sri Dato' Khoo Kay Peng on 13 December 2018, the CEO and Executive Director, Mr Andrew Khoo Boo Yeow had been re-designated as the Chairman and CEO. The Board is mindful of the combined roles but is comfortable that there is no concern as all related party transactions are dealt with in accordance with the Bursa Securities Listing Requirements.

The Board has reserved certain material matters for the collective review and decision by the Board. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board. Matters reserved for the Board include but are not limited to the following:-

(a) Group's business strategy and business plan;
(b) Annual budgets, including major capital commitments;
(c) Material acquisition and disposal of assets; and
(d) Changes to the senior management and control structure.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.1 Composition of Board (Cont'd)

The Management is accountable to the Board for the Company's performance and is required to report regularly to the Board on the progress made by the Company's business units.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented in pages 7 to 8 of the Annual Report.

Dr Wong Hong Meng has been identified as the senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board recognises the importance of gender, age and ethnic diversity in the composition of the Board. The Board currently does not have any gender, age and ethnic policies and targets. The Board believes that candidature to the Board should be based on a candidate's skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position.

The Board has formed different Board committees, in support of independent oversight of management that operate within the defined terms of reference. These committees are:-

• Audit Committee
• Nomination Committee
• Remuneration Committee

The Report of the Audit Committee for the financial year ended 30 June 2019 is set out in pages 26 to 27 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out in Section 2.2 and Section 2.3 respectively of this Statement.

1.2 Independence of Directors

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, upon completion of the nine years, the Independent Director may continue to serve the Board subject to shareholders' approval.

The Board will continuously evaluate from time to time the independence of each of its Independent Directors. In this regard, the Board will be guided by the criteria set out in the Bursa Securities Listing Requirements.

1.3 Board Charter and Code of Ethics & Conduct

The Board has established a Board Charter which prescribes, among other things, the roles of the Board, the matters reserved for the Board's collective decision and a Code of Ethics and Conduct.

The Directors conduct themselves with the highest ethical standards. All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Board Charter is subject to review by the Board from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current laws and practice.

1. Board of Directors (Cont'd)

1.3 Board Charter and Code of Ethics & Conduct (Cont'd)

The Board Charter was adopted by the Company on 30 May 2013. The Board Charter is available on the Company's corporate website at www.muiglobal.com.

1.4 Board Meetings

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During meetings, the Chairman engages in the discussions and welcomes opinions, facts and concerns from members of the Board. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda typically reaches the Board at least two (2) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Six (6) Board Meetings were held during the financial year ended 30 June 2019. Details of the attendance of the Directors are set out in the Profile of Directors appearing in pages 7 to 8 of the Annual Report.

1.5 Appointments to the Board

The Nomination Committee is responsible in identifying and evaluating potential candidates based on their skills, experience, knowledge, expertise and commitment to fulfill the role and responsibilities of the position before making any recommendation to the Board for approval of the appointment. The proposed appointment of each new Director will be deliberated by the Board based on the recommendation by the Nomination Committee.

The Board has taken note of the recommendation in the Code pertaining to the establishment of board gender diversity policy. The Board recognises the importance of boardroom diversity and aims to ensure diversity in its composition. The Board currently has one (1) female Director, namely Puan Farizon binti Ibrahim.

The Directors have direct access to the services of the Joint Company Secretaries who are responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 2016, Bursa Securities Listing Requirements and other regulatory requirements.

1.6 Re-election of Directors

In accordance with the Company's Articles of Association, Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

The Company's Articles of Association provide that at every Annual General Meeting, one-third of the Directors for the time being, or, if their number is not a multiple of three, then the number nearest to one-third, shall retire from office and shall be eligible for re-election. The Company's Articles of Association further provide that subject to the provisions of any contract between a Managing Director and the Company, all Directors shall retire from office at least once in every three years and shall be eligible for re-election.

The Remuneration Committee will review the remuneration of the Directors and submit its recommendations to the Board for approval. The individual director concerned will abstain from discussion of their own remuneration. Directors' fees are approved at the Annual General Meeting by the shareholders.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.7 Directors Remuneration

For the financial year ended 30 June 2019, the aggregate of remuneration of the Directors received from the Company and the Group's subsidiaries are categorised into appropriate components and are as follows:-

Directors' Remuneration	*Salaries RM'000*	*Fees RM'000*	*Benefits-in-kind RM'000*	*Allowance &Others RM'000*	*Total RM'000*
Group					
Executive Directors					
Tan Sri Dato' Khoo Kay Peng (Retired on 13 December 2018)	536	265	9	2,006	2,816
Andrew Khoo Boo Yeow	1,245	158	-	51	1,454
Non-Executive Directors					
Dato' Dr Tan Kee Kwong	-	60	-	10	70
Dr Wong Hong Meng	-	129	-	19	148
Farizon binti Ibrahim	-	31	-	26	57
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad (Deceased 31 March 2018)	-	45	-	-	45
	1,781	688	9	2,112	4,590
Company					
Executive Directors					
Tan Sri Dato' Khoo Kay Peng (Retired on 13 December 2018)	136	96	-	49	281
Andrew Khoo Boo Yeow	-	24	-	5	29
Non-Executive Directors					
Dato' Dr Tan Kee Kwong	-	60	-	10	70
Dr Wong Hong Meng	-	72	-	10	82
Farizon binti Ibrahim	-	1	-	10	11
Tan Sri Dato' Paduka Dr Mazlan bin Ahmad (Deceased 31 March 2018)	-	45	-	-	45
	136	298	-	84	518

The number of Directors of the Company whose remuneration during the year falls within the respective bands are as follows:-

	Group Number of Directors		*Company Number of Directors*	
Range of Remuneration	*Executive Directors*	*Non-Executive Directors*	*Executive Directors*	*Non-Executive Directors*
Below RM50,000	-	1	1	2
RM50,001 to RM100,000	-	2	-	2
RM100,001 to RM150,000	-	1	-	-
RM250,001 to RM300,000	-	-	1	-
RM1,450,001 to RM1,500,000	1	-	-	-
RM2,800,001 to RM2,850,000	1	-	-	-
	2	4	2	4

1. Board of Directors (Cont'd)

1.8 Supply of Information

The Board has unrestricted access to information necessary for the furtherance of their duties.

The Board is also updated by the Joint Company Secretaries on new statutory and regulatory requirements concerning their duties and responsibilities from time to time.

Board papers are distributed to Board members prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

All Directors have access to the advice and services of the Joint Company Secretaries and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

1.9 Qualified and Competent Company Secretaries

The Board is supported by two (2) Joint Company Secretaries who are qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016. One of them is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst the other is a member of the Malaysian Bar. The Joint Company Secretaries play an advisory role to the Board in relation to the Company's compliances with relevant regulatory requirements, guidelines and legislation. The Joint Company Secretaries circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference.

The Joint Company Secretaries facilitate the orientation of new Directors besides coordinating the directors' training and development. The Joint Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that deliberations, proceedings and resolutions are properly minuted and documented. The Joint Company Secretaries constantly keep themselves up-to-date through continuous training of the regularly evolving capital market environment, regulatory changes and developments in Corporate Governance.

1.10 Directorships in Other Companies

In accordance with the Bursa Securities Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. Prior to acceptance of any other appointment for directorships in other public listed companies, the Directors are required to consult with the Chairman to ensure that the acceptance of the new directorships would not affect their commitments and responsibilities to the Group. Any acceptance of new directorship must be notified to the Company immediately and the Board is informed on all changes to the directorships held by the Directors at the following Board meeting.

1.11 Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. During the financial year, all the Directors have attended annual training which aims to assist them in the discharge of their duties as Directors.

For the financial year under review, Mr Andrew Khoo Boo Yeow, Dato' Dr Tan Kee Kwong, Dr Wong Hong Meng and Puan Farizon binti Ibrahim had attended a training programme on the subject of "Corporate Liability Provision under the Malaysian Anti-Corruption Commission Amendment Act 2018". This training was organised by the Company and held in-house. Apart from the in-house training, the Directors have attended the following training programmes:-

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

1. Board of Directors (Cont'd)

1.11 Directors' Training (Cont'd)

	Name of Director	*Programmes*
1.	Dr Wong Hong Meng	- "PWC - Sustainability Engagement Series for Directors/Chief Executive Officers" - "KPMG - Corporate Liability" - "Bursa Malaysia Securities Berhad - Non-Financials: Does it Matter" - "Bursa Malaysia Securities Berhad - Leadership Greatness in Turbulent Times: Building Corporate Longevity" - "Bursa Malaysia Securities Berhad - Independent Directors Programme: The Essence of Independence"
2.	Andrew Khoo Boo Yeow	- "Sustainability Reporting"

The Directors are encouraged to attend training programmes and seminars which they feel may be conducive to ensure that they are kept abreast on various aspects related to the businesses of the Group and its regulations, compliance, risk management and sustainability.

2. Board Committees

2.1 Audit Committee

The Audit Committee comprises exclusively Non-Executive Directors, and all are Independent Directors. The members of Audit Committee are as follows:-

Chairman	Dr Wong Hong Meng	- Independent Non-Executive Director
Members	Dato' Dr Tan Kee Kwong	- Independent Non-Executive Director
	Farizon binti Ibrahim	- Independent Non-Executive Director

The attendance of members at the Audit Committee Meeting and work of the Audit Committee for the financial year ended 30 June 2019 are set out in the Report of the Audit Committee in pages 26 to 27 of the Annual Report. The terms of reference of the Audit Committee are available on the Company's corporate website at www.muiglobal.com.

2.2 Nomination Committee

The Nomination Committee comprises exclusively Non-Executive Directors, and all are Independent Directors. The members of the Nomination Committee are as follows:-

Chairman	Dr Wong Hong Meng	- Independent Non-Executive Director
Member	Dato' Dr Tan Kee Kwong	- Independent Non-Executive Director

The Nomination Committee held one (1) meeting during the financial year ended 30 June 2019. The Nomination Committee has carried out the annual assessment for the financial year ended 30 June 2019 and is satisfied that the size of the Board is optimum and there is an appropriate mix of knowledge, skills, attributes, diversity and core competencies in the Board's composition. The Nomination Committee assesses every Director annually and such assessment is based on different criteria, some of them being:-

(a) Fit and proper
(b) Contribution and Performance
(c) Calibre and Personality

2. Board Committees (Cont'd)

2.2 Nomination Committee (Cont'd)

Annual appraisals on the Independent Directors are also conducted via a self-assessment questionnaire to be filled up by each Independent Director and submitted to the Nomination Committee before recommending to the Board on its composition.

The terms of reference of the Nomination Committee are available on the Company's corporate website at www.muiglobal.com.

2.3 Remuneration Committee

The Remuneration Committee comprises exclusively Non-Executive Directors. The members of the Remuneration Committee are as follows:-

Chairman	Dato' Dr Tan Kee Kwong	-	Independent Non-Executive Director
Member	Dr Wong Hong Meng	-	Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of Executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of Executive Directors is a matter for the Board as a whole and individual Executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of Non-Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board collectively.

During the financial year ended 30 June 2019, the Remuneration Committee reviewed the Directors' fees and meeting allowances and made recommendations to the Board.

3. Corporate Disclosure Policy

The Company aims to provide accurate and fair disclosure of corporate information to enable informed and orderly market decisions by investors in accordance with the requirements under the Bursa Securities Listing Requirements as the Company promotes transparency in all aspects of its business and/or management.

4. Whistleblower Policy

The Company has adopted and implemented a Whistleblower Policy which is committed in promoting and maintaining high standards of transparency, accountability and ethics in the workplace, in line with good corporate governance and prevailing legislation.

Pursuant to this Whistleblower Policy, employees in the Company are encouraged to report or disclose alleged, suspected and/or known improper conduct in the workplace without fear of retribution or detrimental action.

5. Relationship with Shareholders and Investors

In addition to various announcements made during the year, the timely release of quarterly interim financial report provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by the Company by accessing Bursa Securities' website and the Company's corporate website at www.muiglobal.com.

5. Relationship with Shareholders and Investors (Con'd)

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session. This process highlights the check and balance system that is required under Malaysian Law.

Pursuant to Paragraph 8.29A(1) of the Bursa Securities Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll.

Shareholders and other interested parties may contact the Joint Company Secretaries for investor relations matter by writing or via telephone/facsimile as follows:-

Postal Address	: Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur
Telephone number	: 03-21487696
Facsimile number	: 03-21445209

6. Accountability and Audit

6.1 Financial Reporting

The Audit Committee is tasked to assist the Board in ensuring that the financial statements comply with the Companies Act, 2016 and the applicable financial reporting standards. The Board has the overall responsibility to ensure that the financial statements reviewed and recommended by the Audit Committee for the Board's approval are prepared in accordance with the Companies Act, 2016 and applicable financial reporting standards so as to present a true and fair view of the state of affairs of the Group.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out in page 42 of the Annual Report, and the Statement explaining the Directors' responsibilities for preparing the annual audited financial statements pursuant to paragraph 15.26(a) of Bursa Securities Listing Requirements is set out in page 20 of the Annual Report.

6.2 Risk Management and Internal Control

The Directors acknowledge their responsibilities for an internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits. The Board has established an internal audit function who reports directly to the Audit Committee. Details of the internal audit functions are set out in Report of the Audit Committee in pages 26 to 27 of the Annual Report.

The Board recognises that risks cannot be fully eliminated. As such, the Group has an Enterprise Risk Management ("ERM") framework in place to minimise and manage them. The Board has established a Risk Management Committee comprising senior management staff and guided by documented terms of reference. The Risk Management Committee tables their risk report to the Audit Committee after regular meeting that are held to deliberate on risk and control issues. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls and ERM framework in safeguarding the Group's assets.

6. Accountability and Audit (Cont'd)

6.2 Risk Management and Internal Control (Cont'd)

Details of the Company's internal control system and risk management are set out in Statement on Risk Management and Internal Control in page 21 to 24 of the Annual Report.

6.3 Relationship with the External Auditors

The Company's external auditors have continued to report to members of the Audit Committee on their findings which are included as part of the Company's financial reports with respect to their audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The Audit Committee met the external auditors three (3) times during the financial year ended 30 June 2019 without presence of management to discuss key concerns and obtain feedback relating to the Company's affairs.

Further, the Audit Committee carries out its own evaluation on the external auditors to determine their suitability from various aspects such as their audit scope and independence. The external auditors have also provided assurances to the Audit Committee on its independence via the Audit Planning Memorandum and Audit Review Memorandum.

The role of the Audit Committee in relation to the external auditors is set out in the Report of the Audit Committee in pages 26 to 27 of the Annual Report.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 2016 in Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance 2017 requires listed companies to maintain a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements require directors of public listed companies to include a statement in their annual report on the state of their risk management and internal controls system. The Bursa Securities' Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines") provides guidance for compliance with these requirements. Set out below is the Board of Directors' ("Board") Statement on Risk Management and Internal Control, which has been prepared in accordance with the Guidelines.

Board's Responsibility

The Board is responsible for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system covers risks and controls on financial, operational and compliance/legal aspects. This system is designed to manage, rather than to eliminate, the risks in the pursuit of the Group's business objective as well as to safeguard shareholders' investments and Group's assets. The system serves to provide reasonable but not absolute assurance against the risk of material misstatement, loss or fraud.

Risk Management

The Board confirms that an ongoing process for identifying, measuring and managing the Group's principal risks is in place. This process is carried out via the following risk management governance structure:

- The Board – discharges its responsibilities and duties by ensuring a sound system of risk management and internal control is in place for the Group. The Board has established the Audit Committee to assist them in fulfilling their responsibilities and duties. The Board formulates the Group's business strategies and reviews the Group's performance on a quarterly basis. Additional meetings may be called as and when the Board deems necessary. The Board also directs appropriate actions as and when significant risks and internal control issue arise.

- The Audit Committee – on behalf of the Board, the Audit Committee, with the assistance of the Risk Management Committee and the Group's Internal Audit Department ("GIAD"), establishes a system of risk management and internal control. The Audit Committee, on behalf of the Board, reviews the significant risks and internal controls of the Group's business and activities and highlights significant risks and issues to the Board on a quarterly basis. The GIAD which reports directly and independently to the Audit Committee regularly conducts audit on the Group's business and activities, and reviews the adequacy and effectiveness of the Group's system of risk management and internal control.

- The Risk Management Committee ("RMC") – assists the Audit Committee in establishing risk management framework and process capable of identifying and managing significant risks inherent or developed in the Group's business and activities. The RMC meets with the risk owners to review the risks on a quarterly basis and presents its reports to the Audit Committee quarterly. Additional meetings may be called as and when the RMC deems necessary. The RMC comprises the Chief Executive Officer, the Chief Operating Officer, the Group Financial Controller and the Head of Operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

Risk Management Process

Risks are reported and monitored at the operational level using a Risk Register which captures risks, mitigating measures and risk ratings. The Risk Register is presented to the RMC for review on a quarterly basis. The level of risk tolerance is guided by a risk likelihood and impact matrix which enables the risk to be rated and prioritised accordingly.

For risks that are material, the mitigating measures are presented to the Management for review on a quarterly basis. Risks are reviewed and managed at each level of reporting and consolidated for review at the next higher level, before they are escalated for review at Group level.

High and new risk areas are immediately flagged and reported to the Audit Committee whose comments and advice are noted for the full Board's information.

Types of Risks

The principal business activities of the Group are retailing, hotel, property, food, financial services and investment holding. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2019.

The significant risks faced by the Group during the financial year ended 30 June 2019 can be broadly categorised as follows:-

<u>Financial Risk</u>

- Potential impairment of investments in associates and amounts owing by associates
- Potential impairment of goodwill on consolidation
- Unfavourable financial results of associates
- Bank borrowings and payments of principal/interest

<u>Operational Risk</u>

- Design, sourcing and buying of merchandise
- Cyber Security risk
- Service standards
- Safety and fire hazards
- Recoverability of trade receivables
- Food safety and quality issues
- Demand forecasting
- Machinery and equipment failures
- Inventory obsolescence
- Product recalls
- Rising costs

<u>Compliance/Legal Risk</u>

- Failures to comply with statutory/regulatory requirements
- Any legal suits that may arise from time to time

External Risk

- Domestic and/or global economic slowdown
- Continued cooling measures on the property market
- Calamities e.g. outbreak of transmissible diseases, air tragedies, terrorist attacks
- Foreign exchange fluctuations
- Fluctuations in interest rates
- Fluctuation in prices of raw materials, building materials and crude palm oil
- Price wars among competitors
- Trade war between China and United States of America

Internal Audit Function

The internal audit function is performed by GIAD of Malayan United Management Sdn Bhd, a company under the MUI Group of Companies, which provides assurance on the efficiency and effectiveness of the Group's internal control system. Further details of the internal audit function are set out in the Report of the Audit Committee in the Annual Report.

Key Elements of Internal Control

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidelines, are described below:

- Establishment of a control environment in respect of the overall attitude, awareness and actions of Directors and Management regarding the internal control system and its importance to the Group;

- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that adequate controls are in place;

- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;

- Documented policies, procedures and limits of approving authorities for key aspects of the business. This provides a framework of authority and accountability within the organisation and facilitates corporate decision-making at the appropriate level in the organisation's hierarchy;

- Establishment of segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;

- Quarterly management reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This allows for an effective monitoring of significant variances and deviation from standard operating procedures and budget;

- Group Internal Audit function independently reviews the risk identification procedures and control procedures implemented by Management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit function assesses the operation and validity of the system of internal controls in relation to the level of risk involved using Risk-Based-Auditing methodology;

- The Audit Committee convenes meetings to deliberate on the findings and recommendations for improvement by the Group Internal Audit function, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems; and

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

- The Group's internal control does not apply to associated companies where the Group does not have direct control over their operations.

Adequacy and Effectiveness of the Group's Risk Management and Internal Control System

The Board has received assurance from the Chief Executive Officer, the Group Financial Controller and the Head of Operations that the Group's risk management and internal control is operating adequately and effectively in all material aspects.

The Board is of the view that the risk management and internal control system in place for the financial year under review and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment and the Group's assets. The system of risk management and internal control continues to be subject to enhancement, validation and regular review.

Review of Statement by External Auditors

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the External Auditors have reviewed this Statement of Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide 3 (AAPG 3) – Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants ("MIA").

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is it factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

OTHER INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not have any corporate proposal during the financial year ended 30 June 2019.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 30 June 2019, the amounts of audit and non-audit fees paid/payable by the Company and the Group to the external auditors were as follows:

	Group RM'000	Company RM'000
Audit Fees	867	167
Non-Audit Fees	320	119

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 30 June 2019 or entered into since the end of the previous financial year except as disclosed in the financial statements.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee was established on 5 July 1994. The Board shall ensure that the composition of the Audit Committee complies with Bursa Securities Listing Requirements as well as other regulatory requirements. The terms of reference of the Audit Committee are available on the Company's corporate website.

MEMBERS

1. Members

The Audit Committee consists of the following members:-

Name	***Designation***
Dr Wong Hong Meng - *Chairman*	*Independent Non-Executive Director*
Dato' Dr Tan Kee Kwong	*Independent Non-Executive Director*
Farizon binti Ibrahim	*Independent Non-Executive Director*

2. Meetings

During the financial year ended 30 June 2019, five (5) Audit Committee Meetings were held and the records of each member are as follows:-

Name	***Attendance***
Dr Wong Hong Meng - *Chairman*	5 out of 5
Dato' Dr Tan Kee Kwong	5 out of 5
Farizon binti Ibrahim	5 out of 5

In addition to the Committee members, the Head of Internal Audit and officer in charge of accounts are invited to each meeting. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

3. Summary of Work of the Audit Committee During the Financial Year Ended 30 June 2019

The Audit Committee reviewed and deliberated one (1) audit report on assignment and four (4) audit follow-up reports conducted by the Group Internal Audit Department ("GIAD"). Besides, there were twenty-one (21) audit reports which had been reviewed at the respective subsidiaries' Audit Committee meetings which were also brought to the attention of this Audit Committee. The Audit Committee also appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.

3. Summary of Work of the Audit Committee During the Financial Year Ended 30 June 2019 (Cont'd)

In addition, the unaudited quarterly interim financial reports and the audited financial statements of the Group and of the Company were reviewed by the Audit Committee prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with.

The Audit Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed audit issues and concerns affecting the financial statements of the Company and its subsidiaries and discussed applicable accounting and auditing standards that may have a significant implication on the Group's financial statements. The Audit Committee also reviewed related party transactions/recurrent related party transactions carried out by the Group.

The Audit Committee reviewed and approved the Internal Audit Plan for the financial year ended 30 June 2019. In its review of the Internal Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.

4. Internal Audit Function

The internal audit function is performed by GIAD of Malayan United Management Sdn Bhd, a company under the MUI Group of companies and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The GIAD reports directly to the Audit Committee, and regularly reviews and appraises the Group's key operations to ensure that key risk and control concerns are being effectively managed.

The GIAD carries out audit assignments based on risk-based audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken are presented to the Audit Committee and forwarded to the management concerned for attention and necessary action. During the financial year ended 30 June 2019, GIAD carried out internal audit functions to all business entities of the Group, summarised as follows:

1) Retailing : audits on store operations, warehouse management, procurement, human resource & administration, account payables, account receivables, capital expenditure and asset management;

2) Hotel : audits on food & beverages management, finance department, front office management, end-of-day processing, cash management and customer service;

3) Food : audits on warehouse management, trade and non-trade payable, account receivable, capital expenditure, asset management, quality assurance, human resource & administration and sales & marketing; and

4) Property : audits on tendering process, contract management, project management and sales & marketing activities.

Follow-up reviews on previous audit reports are conducted by GIAD on a quarterly basis to ensure appropriate actions are implemented to address the concerns highlighted.

The cost incurred for the internal audit function of the Group for the financial year ended 30 June 2019 was approximately RM659,721.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Principal Activities

The Group is an investment holding entity, primarily engaged in five core business activities either directly or through its various subsidiaries and associates. These businesses are grouped under the categories of retailing, hotel, property, food and financial services. For the financial year ended 30 June 2019, there were no significant changes to these principal activities.

Financial Results

The Group achieved a significant improvement in its operating profit despite a contraction in total revenue. Profit from operations rose to RM25.2 million for the financial year compared with RM3.2 million in the previous period.

Total revenue, however, declined 1.9% from RM400.2 million to RM392.9 million, due largely to continuing difficult market conditions in the retail industry, retail store closures and disposal of two UK hotels.

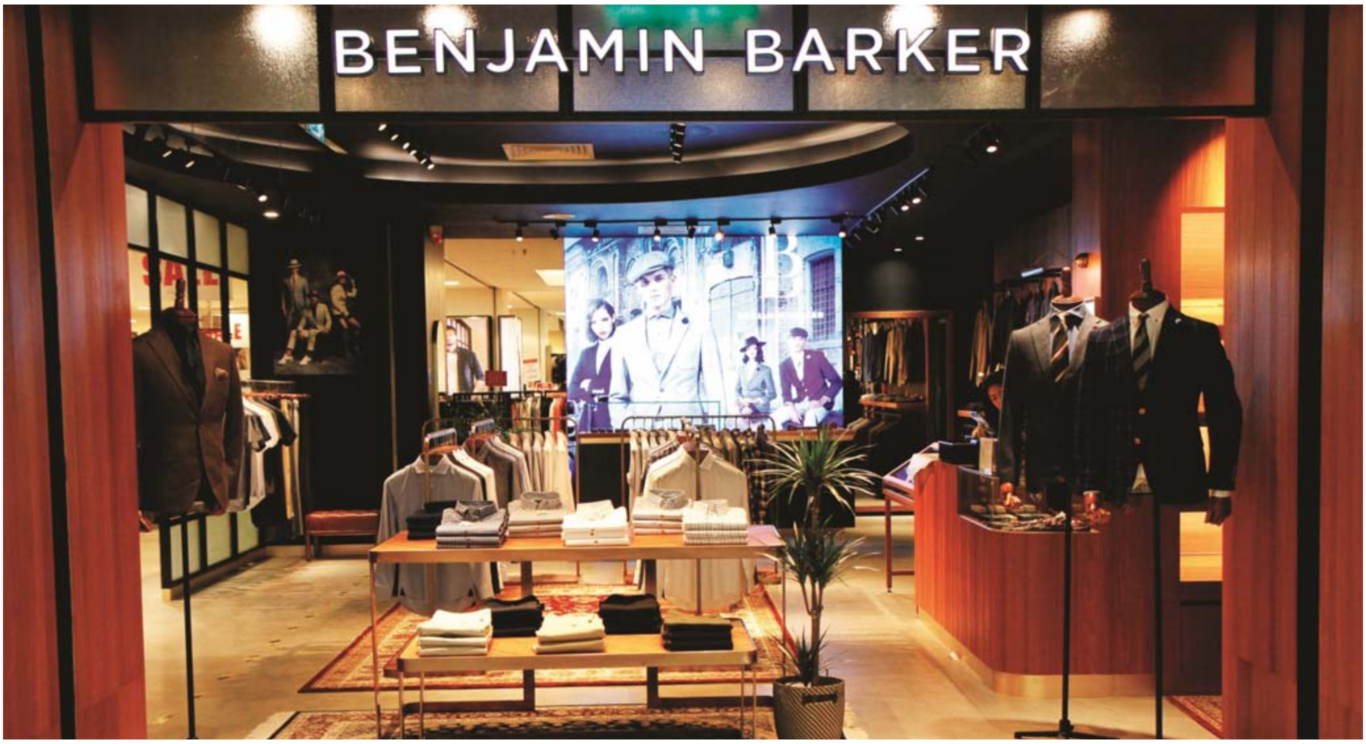
The Group made a larger loss before tax of RM83.0 million compared with a previous year's loss of RM47.3 million as a result of an impairment of RM58.8 million and a RM20.8 million share of losses from associates.

As at 30 June 2019, the Group's deposits, bank balances and cash stood at RM241.5 million. Group borrowings were reduced to RM822.2 million from RM848.8 million.

Corporate Developments

Disposals

The Group disposed of three lots of leasehold land with a four-storey shoplot each in Kuala Lumpur and two warehouses in Selangor. The sale for the property in Kuala Lumpur earned the Group a profit of RM3.4 million, while the warehouses were sold at a profit of RM16.4 million. The sales of these properties were completed during the financial year under review.



Dissolution of subsidiaries
During the financial year, eight dormant and inactive subsidiaries were dissolved and another four underwent members' voluntary winding-up proceedings. Apart from these 12 subsidiaries, no further changes were made to the composition of the Group, its subsidiaries and associates.

Review of Business Operations

Retailing Division
This division comprises two long-established retail entities: the UK-based Laura Ashley Holdings plc (Laura Ashley) and Metrojaya Berhad (Metrojaya), one of Malaysia's oldest department store groups.

Listed on the London Stock Exchange, Laura Ashley is one of Britain's best-recognised home and fashion retailers, known for its distinctive, quintessentially-English designs. The group operates 155 stores in the United Kingdom and one in France, in addition to 80 franchised stores in 23 countries and 2 territories. The Laura Ashley group also operates licensing businesses in the United States, Bahrain, India, Malaysia, Qatar, South Korea, Thailand and United Arab Emirates, among others. It sees growth potential in this business segment and is exploring opportunities to expand licensing business in China and other emerging markets.

The global high-street retail industry continues to face strong headwinds in the face of stiff competition and changing consumer shopping behaviour. Reflecting current market conditions, Laura Ashley saw a 9.6% decline in turnover for the 52 weeks ended 30 June 2019. It recorded a revenue of £232.5 million compared with a revenue of £257.2 million in the previous year. Consequently, the group recorded a loss before tax, excluding exceptional items, of £9.8 million compared with a £5.6 million profit in 2018. After exceptional items, the loss before tax was £14.3 million.

Laura Ashley (North America) Inc., which is an associate of the Group, is engaged in the licensing of Laura Ashley trademarks and copyrighted designs in both North and South America. For the financial year ended 30 June 2019, its revenue increased 11.3% to USD7.9 million. Profit before tax grew 23.5% to USD4.2 million from USD3.4 million in the previous year.

As at 30 June 2019, Metrojaya operates five department stores, two MJ Concept stores, one MJ Outlet store, and one East India Company store. In addition, the Metrojaya group also owns several established fashion brands, namely East India Company, Somerset Bay, and Zona.

For the financial year under review, the company recorded a lower revenue of RM84.3 million compared with RM101.8 million in the previous financial year. The 17.2% drop in revenue was due to continuing difficult market conditions in the fashion retail industry in the country and retail store closures.

Metrojaya recorded a lower loss before tax of RM20.5 million for the financial year compared with a loss before tax of RM29.1 million in the previous financial year. Without exceptional items, the loss before tax from operations was RM1.6 million, which was an improvement from the RM9.1 million loss recorded in the preceding year.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Hotel Division

The Group owns and operates seven hotels in the UK and two hotels in Malaysia under Corus and Laura Ashley brands.

Corus Hotels Limited UK recorded a 3.2% drop in revenue to £27.3 million from £28.2 million during the financial year under review. This was largely due to the disposal of two hotels in February 2019. However, like-for-like revenue improved by 3.0% to £27.3 million, due to improved average room rate.

Corus Hotel Hyde Park London had another strong year, with revenue growing 12.1% to £14.3 million. The Laura Ashley-branded Belsfield Hotel in the Lake District reported a revenue of £4.1 million, on par with the previous financial year.

Both hotels in Malaysia reported lower revenue for the financial year due to an oversupply of hotel rooms compared to market demand. The keen competition in the hotel industry was aggravated by the unregulated surge of Airbnb accommodation.

Corus Hotel Kuala Lumpur recorded a 10.8% decrease in revenue to RM25.7 million despite a small increase in occupancy rate. Corus Paradise Resort Hotel in Port Dickson also registered a lower revenue of RM8.1 million, an 11.9% decline.

Property Division

The Group's main property development is its 1,990-acre flagship Bandar Springhill township in the southern fringe of Seremban and strategically located on the Seremban-Port Dickson Highway. It is undertaken by its subsidiary West Synergy Sdn Bhd (West Synergy), which is a 60-40 joint venture company with Chin Teck Plantations Berhad.

While the primary activity of West Synergy is property development, which provides the main revenue stream to MUI Properties Bhd, it is also engaged in oil palm fruit harvesting carried out on about 980 acres of yet-

undeveloped oil palm plantation land in Bandar Springhill. Despite their advanced age, these palm trees continue to provide profitable yield, due to continuing plantation-management protocols followed by West Synergy.

During the financial year under review, West Synergy continued to market the two phases of its popular residential launches from the previous financial year. The first phase, launched in the first quarter, comprised 134 units of Freesia and Peony gated homes. The second phase, launched in the third quarter, consisted of 252 units of Irises and Cosmos homes in another security-gated community. Both phases achieved strong sale of about 80%.

Food Division

Through its Singapore investment holding company, Network Foods International Ltd (NFIL), the Group is engaged in the manufacturing, marketing and distribution of its own brands of chocolate confectionery. These products are made by Network Foods Industries Sdn Bhd (NFI), which operates a manufacturing facility in Shah Alam, Selangor. The marketing and distribution of the confectionery are undertaken by its sister companies – Network Foods (Malaysia) Sdn Bhd (NFM), Network Foods (Hong Kong) Ltd (NFHK) and Network Foods Distribution Pte Ltd (NFD). Network Foods manufactures several established brands such as Tango, Crispy, Tudor Gold and Kandos, which are exported to over 30 countries.

For the financial year under review, the food group achieved a 9.8% growth in revenue to RM71.7 million from RM65.3 million, recording a 32.1% jump in gross profit to RM22.4 million.

However, due to a net fair value loss of RM10.2 million on an investment, a RM4.4 million loss before tax was recorded. If not for this non-cash adjustment, the Group would have achieved a profit before tax of RM5.8 million, compared to a RM3.7 million loss before tax in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Financial Services Division

The Group has investment in an associate company, Pan Malaysia Capital Berhad which, in turn, owns PM Securities Sdn Bhd, a stock broking firm, and PCB Asset Management Sdn Bhd, an asset management company.

Risks

The risk profile of the trading environment in the retail, hotel, property and chocolate confectionery markets will continue to remain challenging and difficult for the current financial year.

The Group is mindful of its current gearing position and is making concerted efforts to unlock selected assets that will enable it to lessen its financial leverage while strengthening its liquidity. Once completed, the Group will be in a much stronger position to accelerate growth in all its business sectors.

Prospects

Malaysia's GDP growth for 2019 is forecast to grow by 4.6%, slightly down from 4.7% as global trade tensions continue to cast a shadow over world economy.

Against this backdrop, the business landscape for the retail, hotel, property and confectionery industries in Malaysia will continue to remain difficult, with signs of competition intensifying further this year.

The hotel division will continue to face strong headwinds with the current competitive market conditions not letting up. However, the Corus Hotel group expects to remain profitable. The retail division, especially the Metrojaya group, will undergo some needed restructuring of its operations, and expects to see improved operating results this year. The confectionery group is continuing with its planned corporate and business re-organisation that will enable it to respond to market needs more efficiently. The Network Foods Group expects to see stronger profitability for the current financial year. The property division, despite the overall soft market, will continue to build on its growth in profitability.

Barring unforeseen circumstances, the Group expects to see further improvement in financial performance in the current financial year.

SUSTAINABILITY REPORT

The MUI Group recognises that the way it conducts its businesses has a direct effect on the society at large. With this in mind, the Group fully subscribes to the universal concept of corporate social responsibility, working to ensure that its business operations and practices meet the environmental, social and economic expectations of corporate sustainability.

The Group's approach to sustainability is based on its core values of strength, efficiency and trustworthiness. This corporate culture underpins the Group's day-to-day interactions with its employees, customers and all stakeholders.

Economic sustainability

One of the fundamental principles that the Group encourages in all its business practices is fair dealings and ethical engagement in the marketplace. In this regard, the Group strives to deliver products and services that meet the criteria of value, safety and quality.

Environment sustainability

The Group believes that a business practice with a friendly environment can boost its business, improve reputation and drive market opportunities. It also recognises the importance of environmental protection and preservation in all its business operations and as such, aims to reduce its carbon footprint to promote a cleaner and healthier environment through better management of resources and material utilisation. Procedures that ensure sound environmental practises are encouraged in its hotels, retail outlets and manufacturing plant.

Energy efficiency

The Group is of the view that efficient use of energy will contribute to a healthier environment for the benefit of all, now and in the future. It encourages the use of energy-saving lightings, devices and practices in hotels, retail stores, factory and offices. In addition to water conservation practices, the Group encourages its management teams to explore less polluting and greener alternatives for their operations.

SUSTAINABILITY REPORT (Cont'd)

Social sustainability
The Group believes that the long-term sustainability of its business is dependent on its workforce which it regards as its most important asset. Thus, it seeks to create a workplace environment that values mutual respect, regular dialogues with staff, equal treatment and opportunities for all, training and advancement prospects based on meritocracy.

Employee development and recognition
The Group ensures that its Human Resources policies and guidelines fully comply with all relevant legislations and that its workplace embraces diversity, inclusion, and equality. The Group encourages employee dialogues and will continue with holding annual town hall meetings where issues can be raised without fear or favour, and everyone is given an opportunity to engage senior management.

Employee's Code of Conduct
We apprise our employees of the Group's Code of Business Ethics and Conduct, and the need to carry out businesses at the highest ethical standards. Corporate and individual integrity and mutual respect are emphasized in the Group's dealings and interactions.

Whistleblower Policy
To help create a fair, equitable and healthy workplace environment, the Senior Management adopts and actively enforces the Whistle Blower Policy across all its business divisions. Complaints and allegations of improper employee behaviour are dealth with promptly and fairly.

OSH (Occupational safety and health)
The Group takes pains to ensure compliance with the standards of safety and health in the workplace. Each business unit sets up its OSHA committee which is tasked to address workplace safety issues.

The OSHA committee is headed by a senior management member and minutes are also disseminated to the senior corporate management team to ensure full communication and ownership.

As an added employee benefit, the Group has introduced the Bookdoc application, an online healthcare platform. This platform allows for easier access to primary healthcare services for its employees. The Bookdoc application also includes a fitness tracker that encourages employees to increase their daily average walking steps.

Corporate Social Responsibility
As a responsible corporate citizen, the Group believes in giving back to the community and has participated in community projects for the benefit of various charitable organisations.

Following is a list of CSR projects undertaken by the Group, its subsidiaries or associates:

- The Group sponsored RM50,000 for the World Chinese Economic Forum 2018 held from 9 November to 10 November 2018.

- Pan Malaysia Corporation Berhad donated RM10,000 to Semoa Bhd, a registered non-profit and non-governmental organisation, focused on improving the lives of Orang Asli children. The organisation currently houses 90 school-going children at its Semoa's Orang Asli Education Centre (OAEC) in Raub, Pahang.

- The Network Foods group launched a community initiative called 'Jom Sekolah' for the children of Kampung Orang Asli Kerling (KOA Kerling) in Hulu Selangor. Its aim is to reduce the school drop-out rate for these children, offering rewards for their attendance and school performance. The food group also sponsored a children's playground for the community.

- Corus Hotels in the United Kingdom continued to support local community projects and offered assistance to local charities. Corus Hotel Hyde Park supported Mind, Mental Health Charity 2019, Victoria Park Run Through Event, Windsor Colour Obstacle Rush and a staff bake-off.

• As its continuing CSR project, Laura Ashley donated over £160,000 to Newlife and British Red Cross.

• The Metrojaya group focuses its efforts on children and continues to spread warmth and joy during festive seasons to underprivileged children. This year, some of its staff spent time with the children from the Good Samaritan Home in Klang and Rumah Kasih Nurul Hasanah in Ukay Heights, Kuala Lumpur for Chinese New Year and Hari Raya, respectively.

• Corus Hotel Kuala Lumpur continued to support disadvantaged children from orphanages or foster homes by providing hotel meals during festive occasions and donating food items to several homes.

• Corus Hotel Kuala Lumpur also joined hands with World Vision Malaysia to host 'Sponsors Unite!' to raise public consciousness of the plight of underprivileged children around the world, and raising donations for them.

• Similarly Corus Paradise Resort Hotel also supported a number of charities in Port Dickson.

• West Synergy made donations of about RM20,000 to various homes and welfare organisations.

GROUP FINANCIAL HIGHLIGHTS
FIVE-YEAR SUMMARY

	30.6.2019 12 months	*30.6.2018 12 months (Restated)*	*30.6.2017 12 months*	*30.6.2016 18 months (Restated)*	*31.12.2014 12 months (Restated)*
KEY RESULTS (RM'000)					
Revenue	392,900	400,181	414,062	676,575	467,430
Profit from operations before exceptional items	25,214	3,206	11,316	5,604	28,125
Loss before taxation	(82,972)	(47,332)	(116,658)	(116,076)	(412)
Loss after taxation attributable to owners of the Company	(102,611)	(56,947)	(130,367)	(140,912)	(4,842)
OTHER KEY DATA (RM'000)					
Total assets	1,622,943	1,790,652	1,915,662	2,032,983	2,069,529
Total liabilities	1,018,707	1,025,686	1,069,330	1,107,011	1,055,279
Share capital	3,152,866	3,152,866	3,152,866	2,932,561	2,932,561
Equity attributable to owners of the Company	375,513	537,901	618,224	701,612	779,111
Total equity	604,236	764,966	846,332	925,972	1,014,250
Total borrowings	822,234	848,774	906,021	937,661	898,049
FINANCIAL RATIOS					
Operating profit margin (%)	6.42	0.80	2.73	0.83	6.02
Current ratio (times)	0.76	2.09	2.27	1.96	1.97
Gearing ratio (times)	1.36	1.11	1.07	1.01	0.89
SHARE INFORMATION					
Basic loss per share (sen)	(3.50)	(1.94)	(4.45)	(4.81)	(0.17)
Net assets per share attributable to owners of the Company (RM)	0.13	0.18	0.21	0.24	0.27

Note:
1. *30.6.2018 and 30.6.2019 figures reflect the results and state of affairs of the Group reported in accordance with MFRSs.*
2. *31.12.2014 to 30.6.2017 figures reflect the results and state of affairs of the Group reported in accordance with FRSs.*

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

Principal Activities

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotel, property, food and financial services as set out in Note 39 to the financial statements.

Financial Results

	Group *RM'000*	*Company* *RM'000*
Loss after taxation for the financial year	(92,985)	(193,089)
Attributable to:-		
Owners of the Company	(102,611)	(193,089)
Non-controlling interests	9,626	-
	(92,985)	(193,089)

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 30 June 2019.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and
(b) there were no issues of debentures by the Company.

Option Granted Over Unissued Shares

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

Bad and Doubtful Debts

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the Directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

DIRECTORS' REPORT (Cont'd)

Current Assets

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

Valuation Methods

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Contingent and Other Liabilities

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

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

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

No contingent or other liability of the Group and of the Company 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 when they fall due.

Change of Circumstances

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

Items of an Unusual Nature

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature other than those as disclosed in Note 6 to the financial statements.

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

Directors

The names of Directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Dato' Khoo Kay Peng	(Retired on 13 December 2018)
Andrew Khoo Boo Yeow	(Re-designated as Chairman and Chief Executive Officer on 13 December 2018)
Dato' Dr Tan Kee Kwong	
Dr Wong Hong Meng	
Farizon binti Ibrahim	

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are as follows:-

Abdul Rashid bin Ismail	
Anna Melissa R. Lichaytoo	
Ariff bin Rozhan	
Chan Chee Meng	
Chan Choung Yau	
Ching Eng Chin @ Ching Eng Ching	
Datin Ngiam Pick Ngoh	
Datuk Christopher Martin Boyd	
Gho Lian Chin	
Goh Wei Lei	
Ho Ruey Ming (He Rui Ming)	(Resigned on 1 August 2018)
Khurram Mohmand	
Kok William	
Kwa Kim Li	
Lawrence Chai	
Lee Boon Kong	(Resigned on 5 September 2019)
Lee Chik Siong	
Lew Choong Teck	
Lim Fei Fong	
Loh Pooi Ling	
Loy Yet-King	
Marguerite Lai	
Ng Kwan Cheong	
Ng Lai Fah	
Norlyn binti Kamal Basha	
Ong Hung Ming	
Poon Yoke Fun	
Raymond Yeoh Huat Hock	
Ronald G. Bickford	
Tan Sri Dato' Dr Yeoh Oon Kheng	
Tan Sri Dato' Seri Azmi bin Khalid	
Teoh Eng Gaik	
Valerie Anne D. Gonzales	

DIRECTORS' REPORT (Cont'd)

Directors *(Cont'd)*

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are as follows: - *(Cont'd)*

Victoria C. De Los Reyes
Wong Nyen Faat
Wong Shuk Fuen
Yeoh Thiam Leong

Directors' Interests

According to the register of Directors' shareholdings, none of the Directors of the Company holding office at the end of the financial year had any shares of the Company and its related corporations during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37(b) to the financial statements.

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

Directors' Remuneration

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 7 to the financial statements.

Indemnity And Insurance Cost

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and Officers of the Company were RM75,000,000 and RM34,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 12 and Note 39 to the financial statements.

Significant Corporate Developments

The significant corporate developments are disclosed in Note 35 to the financial statements.

Auditors

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 7 to the financial statements.

Signed in accordance with a resolution of the directors dated 18 October 2019.

Andrew Khoo Boo Yeow

Dr Wong Hong Meng

STATEMENT BY DIRECTORS

Pursuant To Section 251 (2) Of The Companies Act, 2016

We, Andrew Khoo Boo Yeow and Dr Wong Hong Meng, being two of the Directors of Malayan United Industries Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 51 to 159 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 18 October 2019.

Andrew Khoo Boo Yeow **Dr Wong Hong Meng**

STATUTORY DECLARATION

Pursuant To Section 251 (1)(b) Of The Companies Act, 2016

I, Wong Shuk Fuen, MIA Membership Number: 12985, being the officer primarily responsible for the financial management of Malayan United Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 159 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 Wong Shuk Fuen at Kuala Lumpur in the Federal Territory on this 18 October 2019.

Wong Shuk Fuen

Before me

P.Valliamah
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of Malayan United Industries Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malayan United Industries Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 51 to 159.

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 June 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 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.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

Impairment of Goodwill

Refer to Notes 4(n), 4(aa)(ix) and 17 to the financial statements

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Goodwill impairment testing of cash generating unit ("CGU") relies on estimates of value-in-use based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment. The Group has goodwill of RM24.6 million relating to the food CGU. We focused on this area due to the significance of the goodwill recognised in the financial statements of the Group and the inherent subjectivity associated with the assumptions used in estimating the value-in-use of the CGU. The judgements in relation to goodwill impairment relate primarily to the assumptions underlying the calculation of the value-in-use of the business, being the achievability of the long-term business plans.	Our procedures included, amongst others:- • Reviewing the value-in-use model for goodwill including challenging management's forecast and key assumptions including revenue growth rate, gross profit margin and discount rate; • Comparing previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections; and • Performing a sensitivity analysis over the revenue growth rate, gross profit margin and discount rate used in deriving the value-in-use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of goodwill.

Recoverability of Receivables

Refer to Notes 4(m)(i) and 18 to the financial statements

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Included in receivables of the Group is an amount of RM63.2 million, being advances to an associate, which represented 49.8% of total receivables as at 30 June 2019. We focused on this area due to the significance of the carrying amount and the inherent judgement involved in the impairment review process.	Our procedures included, amongst others:- • Verifying the collections for the current financial year and reviewing historical collection trend; and • Reviewing management's assessment and basis of estimation on the adequacy of allowance for impairment losses.

Associates

Refer to Notes 4(h), 4(aa)(iii), 4(aa)(x) and 13 to the financial statements

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Impairment of associates As at 30 June 2019, the carrying amounts of the investments in Laura Ashley Holdings plc ("Laura Ashley") and Regent Corporation were RM115.2 million and RM181.1 million respectively.	Our procedures included, amongst others:- Impairment indication assessment of investment in ordinary shares of Regent Corporation • Assessing if there is any impairment indication and reviewing adequacy of impairment losses, if any.

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Associates (Cont'd)
Refer to Notes 4(h), 4(aa)(iii), 4(aa)(x) and 13 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>Impairment of associates (Cont'd)

We focused on this area due to the significance of the carrying amount recognised in the financial statements of the Group and the inherent subjectivity and significant management's judgement associated with the assumptions used in the following:

• Impairment indication assessment of investment in ordinary shares of Regent Corporation.
• Fair value assessment of investment in preference shares of Regent Corporation.
• Impairment assessment of investment in ordinary shares of Laura Ashley.</td><td><u>Fair value assessment of investment in preference shares of Regent Corporation</u>

• Making enquiries of and challenging the management on the key assumptions made, including:
- redemption of the subscription price paid;
- redemption periods; and
- discount rate.
• Involving our internal experts to evaluate the management's valuation methodology; and
• Performing a sensitivity analysis over the key assumptions used in deriving the fair value of preference shares.

<u>Impairment assessment of investment in ordinary shares of Laura Ashley</u>

• Reviewing the value-in-use model for investment in ordinary shares including challenging management's forecast and key assumptions including revenue growth rate, gross profit margin and discount rate;
• Comparing previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections; and
• Performing a sensitivity analysis over the revenue growth rate, gross profit margin and discount rate used in deriving the value-in-use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of investment in ordinary shares.</td></tr>
<tr><td>Key Audit Matters in relation to Laura Ashley

The Group has 35.17% interest in Laura Ashley which is accounted for under the equity method. The Group's share of the loss after taxation from Laura Ashley for the financial year ended 30 June 2019 was RM26.3 million.

In the context of our audit of the Group's financial statements, the key audit matters relating to the Group's share of the loss and net assets of Laura Ashley are summarised below:-

i. <u>Revenue recognition</u>

Revenue is recognised in accordance with the accounting policy. The accounting policy contains a number of judgements including the level of retail sales returns.</td><td>Laura Ashley is a significant associate of the Group. We have met with Laura Ashley's management and have discussed with them and evaluated the impact on the Group financial statements of the key audit matters relating to Laura Ashley.

Our procedures covered reviewing component auditors' work papers to ascertain adequacy of work performed included, amongst others:-

• Performing controls testing on the origination of various sources of revenue;
• Performing substantive testing to determine whether the accounting policies has been correctly applied, taking into consideration the treatment of returns and gift cards;</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Investment in Associates (Cont'd)
Refer to Notes 4(h), 4(aa)(iii), 4(aa)(x) and 13 to the financial statements</td></tr>
<tr><td>Key Audit Matters</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>Key Audit Matters in relation to Laura Ashley (Cont'd)

i. <u>Revenue recognition</u> (Cont'd)</td><td>• Testing a sample of transactions between the financial statements and source documents, covering retail, licensing and franchising revenues; and
• Testing the process of reconciliation between cash/card receipts and revenue.</td></tr>
<tr><td>ii. <u>Recoverability of trade receivables</u>
There were RM14.2 million trade receivables overdue at 30 June 2019 and not provided for, of which RM12.6 million were more than 60 days overdue.
Laura Ashley's provisioning methodology uses historical loss experience to quantify, on a discounted and probability weighted basis, the cash shortfalls exacted to be incurred in the future.</td><td>• Performing controls testing on the origination of the underlying customer receivables and related IT systems and testing the year end receivables balances to which Laura Ashley's management have applied their provisioning methodology;
• Testing historical default experience, payment history, recoveries since 30 June 2019 and individual customer credit risks and wider macro-economic factors, being the key drivers to the provision calculated by management;
• Testing on a sample basis, whether the performing trade receivables were genuinely performing, in order to obtain evidence that receivables are appropriately recorded; and
• Developing an independent expectation of the provision amount held against trade receivables, and concluded that the position taken by management was reasonable.</td></tr>
<tr><td>iii. <u>Inventory valuation</u>
Inventory represents a significant asset on the Laura Ashley's Consolidated Statement of Financial Position and is carried at the lower of cost and net realisable value ("NRV").
Significant judgement is required to estimate the NRV of old and slow moving stock lines and hence the amount of provision required for slow moving or obsolete inventory.</td><td>• Testing the inputs to the provision calculation, including the classification of inventory;
• Considering and challenging the basis and methodology for inventory provisions with a particular focus on the areas for which no provision had been made;
• Assessing the level and classification of out-of-season inventory at the year end;
• Assessing discounting of products following the year end to check the reasonableness of the provisions applied at the year end; and
• Reviewing inventory write-offs in the financial period to ensure they are not inconsistent with the key assumptions used in the inventory provision model at the year end.</td></tr>
</table>

Key Audit Matters (Cont'd)

Associates *(Cont'd)* Refer to Notes 4(h), 4(aa)(iii), 4(aa)(x) and 13 to the financial statements	
Key Audit Matters	**How Our Audit Addressed the Key Audit Matter**
Key Audit Matters in relation to Laura Ashley *(Cont'd)*	
iv. Valuation of defined benefit pension scheme Laura Ashley has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Having taken professional advice, Management estimates these factors in determining the net pension obligation in Laura Ashley's Consolidated Statement of Financial Position.	• Reviewing and benchmarking the assumptions used in the valuation of pension scheme liabilities; • Performing substantive testing to assess whether the inputs, such as contributions, were correctly accounted for; and • Obtaining and testing supporting information in relation to the scheme assets.
v. Going concern Laura Ashley's financial statements have been prepared on a going concern basis as discussed in Laura Ashley's "Accounting Policies" section. Laura Ashley has made substantial losses this year, but has also reduced borrowings from the sale of properties. Laura Ashley's directors performed a going concern assessment based on their latest budgets and forecasts, and taking into account the Group's current facilities. The going concern assumption relies on existing cash reserves and revenue growth generating sufficient cash flows to cover necessary expenditure.	• Examining Laura Ashley's trading and cash flow forecast for the two year period to 30 June 2021 and agreed that this was based on the latest Laura Ashley's Board approved budget. The forecast included key assumptions in relation to future sales performances in each part of the business, capital expenditure, working capital movements and cost savings. The forecasts were used to assess the liquidity available to Laura Ashley and the performance against covenants included with the facilities; • Testing the key assumptions in the forecast. For sales forecasts and comparing them to historic performances and market forecasts and examined the initiatives developed by Laura Ashley's directors to drive sales; • Agreeing material capital expenditure to detailed plans and assumptions; • Considering the working capital assumptions in light of historic and recent working capital movements; • Testing the mathematical accuracy of the forecasts and managements' calculations of the forecast covenant compliance; • Holding discussions with Laura Ashley's directors and management to understand the nature of the downside risks modelled in their going concern assessment, and considering whether further risks should be applied to the forecasts;

INDEPENDENT AUDITORS' REPORT (Cont'd)

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Investment in Associates (Cont'd)
Refer to Notes 4(h), 4(aa)(iii), 4(aa)(x) and 13 to the financial statements</td></tr>
<tr><td>Key Audit Matters</td><td>How Our Audit Addressed the Key Audit Matter</td></tr>
<tr><td>Key Audit Matters in relation to Laura Ashley (Cont'd)
v. <u>Going concern</u> (Cont'd)</td><td>• Focusing on the trading sensitivities of a further decline in the Laura Ashley's sales; and
• Assessing the possibility of such risks arising and their potential impact. In addition to assessing managements' downside scenarios, considering what further sensitivities (modelled by management) would need to be applied to result in a breach of covenants, or a lack of funds to pay debts as they fall due.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (Cont'd)

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 39 to the financial statements.

OTHER MATTERS

1. As stated in Note 3.1 to the financial statements, Malayan United Industries Berhad adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 30 June 2018 and 1 July 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year ended 30 June 2018 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and the financial performance and cash flows for the financial year then ended.
2. 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.

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Chan Kuan Chee
02271/10/2021 J
Chartered Accountant

Kuala Lumpur

18 October 2019

STATEMENTS OF PROFIT OR LOSS

For The Financial Year Ended 30 June 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	5	**392,900**	400,181	**177**	5,980
Cost of sales		**(230,414)**	(245,231)	**-**	-
Gross profit		**162,486**	154,950	**177**	5,980
Other income		**15,778**	13,166	**1,252**	1,398
Distribution costs		**(8,281)**	(9,462)	**-**	-
Administrative expenses		**(90,517)**	(84,516)	**(1,486)**	(1,603)
Other expenses		**(54,252)**	(70,932)	**-**	-
Profit/(Loss) from operations before exceptional items		**25,214**	3,206	**(57)**	5,775
Exceptional items	6	**(41,798)**	2,999	**(181,879)**	(33,544)
(Loss)/Profit from operations after exceptional items		**(16,584)**	6,205	**(181,936)**	(27,769)
Finance costs		**(45,303)**	(43,890)	**(11,153)**	(10,969)
Share of results of associates		**(20,794)**	(9,647)	**-**	-
Share of results of joint venture		**(291)**	-	**-**	-
Loss before taxation	7	**(82,972)**	(47,332)	**(193,089)**	(38,738)
Taxation	8	**(10,013)**	(5,854)	**-**	-
Loss after taxation		**(92,985)**	(53,186)	**(193,089)**	(38,738)
Loss after taxation attributable to:-					
Owners of the Company		**(102,611)**	(56,947)	**(193,089)**	(38,738)
Non-controlling interests	12	**9,626**	3,761	**-**	-
		(92,985)	(53,186)	**(193,089)**	(38,738)
Basic/Diluted loss per share attributable to owners of the Company (sen)	9	**(3.50)**	(1.94)		

The attached notes form an integral part of these financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 30 June 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Loss after taxation		**(92,985)**	(53,186)	**(193,089)**	(38,738)
Other comprehensive income/(expenses)					
Items that will not be reclassified subsequently to profit or loss					
Fair value loss of equity investments		**(2,412)**	-	**-**	-
Share of other comprehensive (expenses)/income of associates		**(5,258)**	2,701	**-**	-
Items that will be reclassified subsequently to profit or loss					
Derecognition of subsidiaries placed under winding up/dissolved		**-**	17,692	**-**	-
Fair value loss on available-for-sale financial assets		**-**	(320)	**-**	-
Foreign currency translations differences		**14,537**	(56,873)	**-**	-
Share of other comprehensive income of associates		**1,127**	1,929	**-**	-
Other comprehensive income/(expenses)		**7,994**	(34,871)	**-**	-
Total comprehensive expenses for the financial year		**(84,991)**	(88,057)	**(193,089)**	(38,738)
Total comprehensive expenses attributable to:-					
Owners of the Company		**(94,206)**	(87,136)	**(193,089)**	(38,738)
Non-controlling interests		**9,215**	(921)	**-**	-
Total comprehensive expenses for the financial year		**(84,991)**	(88,057)	**(193,089)**	(38,738)

The attached notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As At 30 June 2019

	Note	Group **30.6.2019** **RM'000**	 30.6.2018 RM'000 (Restated)	 1.7.2017 RM'000 (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	10	**608,247**	626,581	681,554
Investment properties	11	**95,654**	97,386	99,079
Associates	13	**296,340**	403,667	441,372
Joint venture	14	**459**	-	-
Other investments	15	**6,729**	10,325	10,647
Inventories	16	**35,263**	35,263	35,263
Goodwill on consolidation	17	**25,179**	25,179	29,935
Deferred tax assets	28	**1,516**	867	1,052
		1,069,387	1,199,268	1,298,902
CURRENT ASSETS				
Inventories	16	**162,814**	151,353	142,904
Trade and other receivables	18	**126,994**	168,430	182,641
Contract assets	19	**11,076**	7,572	4,509
Right to recover returned goods	20	**615**	519	528
Contract costs	21	**541**	-	-
Other investments	15	**55**	45	49
Current tax assets		**9,932**	12,232	17,039
Deposits, bank balances and cash	22	**241,529**	251,233	276,662
		553,556	591,384	624,332
TOTAL ASSETS		**1,622,943**	1,790,652	1,923,234

The attached notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	23	**3,152,866**	3,152,866	3,152,866
Reserves	24	**(34,490)**	(42,895)	(12,706)
Accumulated losses		**(2,742,863)**	(2,572,070)	(2,515,123)
		375,513	537,901	625,037
NON-CONTROLLING INTERESTS	12	**228,723**	227,065	227,986
TOTAL EQUITY		**604,236**	764,966	853,023
NON-CURRENT LIABILITIES				
Borrowings	25	**282,307**	728,787	775,629
Provision for restoration cost	26	**3,242**	4,123	4,626
Employee benefits	27	**1,721**	1,741	1,735
Deferred tax liabilities	28	**5,287**	5,429	7,213
Derivative liability	30	**-**	2,273	4,869
		292,557	742,353	794,072
CURRENT LIABILITIES				
Trade and other payables	29	**173,825**	150,955	133,891
Contract liabilities	19	**7,679**	9,440	7,288
Refund liabilities	20	**1,024**	865	880
Borrowings	25	**539,927**	119,987	130,392
Derivative liability	30	**1,191**	-	-
Employee benefits	27	**575**	531	464
Current tax liabilities		**1,929**	1,555	3,224
		726,150	283,333	276,139
TOTAL LIABILITIES		**1,018,707**	1,025,686	1,070,211
TOTAL EQUITY AND LIABILITIES		**1,622,943**	1,790,652	1,923,234

The attached notes form an integral part of these financial statements.

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
ASSETS				
NON-CURRENT ASSET				
Subsidiaries	12	**688,337**	802,306	734,818
CURRENT ASSETS				
Trade and other receivables	18	**317,988**	397,531	490,717
Current tax assets		**842**	842	842
Deposits, bank balances and cash	22	**131**	333	185
		318,961	398,706	491,744
TOTAL ASSETS		**1,007,298**	1,201,012	1,226,562
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	23	**3,152,866**	3,152,866	3,152,866
Accumulated losses		**(2,655,340)**	(2,442,016)	(2,403,278)
TOTAL EQUITY		**497,526**	710,850	749,588
NON-CURRENT LIABILITY				
Borrowings	25	**11,000**	13,000	15,000
CURRENT LIABILITIES				
Trade and other payables	29	**496,772**	475,162	459,974
Borrowings	25	**2,000**	2,000	2,000
		498,772	477,162	461,974
TOTAL LIABILITIES		**509,772**	490,162	476,974
TOTAL EQUITY AND LIABILITIES		**1,007,298**	1,201,012	1,226,562

The attached notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 30 June 2019

Group

	Share Capital RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale Reserve RM'000	General Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1.7.2017 (As previously reported)	3,152,866	19,304	192,386	9,845	7,665	25,257	(2,789,099)	618,224	228,108	846,332
- prior year adjustment (Note 38)	-	-	171	-	-	-	6,872	7,043	-	7,043
- transition to the MFRS framework (Note 38)	-	(19,304)	(210,201)	(9,845)	(2,727)	(25,257)	267,104	(230)	(122)	(352)
At 1.7.2017 (As restated)	3,152,866	-	(17,644)	-	4,938	-	(2,515,123)	625,037	227,986	853,023
(Loss)/Profit after taxation	-	-	-	-	-	-	(56,947)	(56,947)	3,761	(53,186)
Fair value (loss)/gain on available-for-sale financial assets	-	-	-	-	(335)	-	-	(335)	15	(320)
Foreign currency translations	-	-	(52,128)	-	-	-	-	(52,128)	(4,745)	(56,873)
Derecognition of subsidiaries placed under winding up / dissolved	-	-	17,644	-	-	-	-	17,644	48	17,692
Share of other comprehensive (expenses)/ income of associates	-	-	(579)	5,209	-	-	-	4,630	-	4,630
Total comprehensive (expenses)/income	-	-	(35,063)	5,209	(335)	-	(56,947)	(87,136)	(921)	(88,057)
At 30.6.2018	3,152,866	-	(52,707)	5,209	4,603	-	(2,572,070)	537,901	227,065	764,966

The attached notes form an integral part of these financial statements.

Group

	Share Capital RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Capital Reserve RM'000	Available-for-sale/ Fair Value Reserve* RM'000	General Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 30.6.2018 (As previously reported)	3,152,866	19,304	157,693	14,648	7,330	24,347	(2,843,860)	532,328	227,834	760,162
- prior year adjustment (Note 38)	-	-	(199)	-	-	-	6,872	6,673	-	6,673
- transition to the MFRS framework (Note 38)	-	(19,304)	(210,201)	(9,439)	(2,727)	(24,347)	264,918	(1,100)	(769)	(1,869)
At 30.6.2018 (As restated)	3,152,866	-	(52,707)	5,209	4,603	-	(2,572,070)	537,901	227,065	764,966
- change in accounting policy (Note 38)	-	-	-	-	-	-	(68,182)	(68,182)	(6,727)	(74,909)
At 1.7.2018 (As restated)	3,152,866	-	(52,707)	5,209	4,603	-	(2,640,252)	469,719	220,338	690,057
(Loss)/Profit after taxation	-	-	-	-	-	-	(102,611)	(102,611)	9,626	(92,985)
Fair value loss of equity instruments	-	-	-	-	(1,801)	-	-	(1,801)	(611)	(2,412)
Foreign currency translations	-	-	14,337	-	-	-	-	14,337	200	14,537
Share of other comprehensive income / (expenses) of associates	-	-	1,127	(5,258)	-	-	-	(4,131)	-	(4,131)
Total comprehensive income/(expenses)	-	-	15,464	(5,258)	(1,801)	-	(102,611)	(94,206)	9,215	(84,991)
Transaction with owners:-										
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(830)	(830)
At 30.6.2019	3,152,866	-	(37,243)	(49)	2,802	-	(2,742,863)	375,513	228,723	604,236

* At 1.7.2018, the available-for-sale reserve has been reclassified as fair value reserve as a result of the adoption of MFRS 9 Financial Instruments.

The attached notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

Company

	Share Capital RM'000	*Revaluation Reserve RM'000*	*Accumulated Losses RM'000*	*Total Equity RM'000*
At 1.7.2017 (As previously reported)	3,152,866	26,264	(2,429,542)	749,588
Transition to the MFRS framework (Note 38)	-	(26,264)	26,264	-
At 1.7.2017 (As restated)	3,152,866	-	(2,403,278)	749,588
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(38,738)	(38,738)
At 30.6.2018 (As restated)	**3,152,866**	**-**	**(2,442,016)**	**710,850**
Change in accounting policy (Note 38)	**-**	**-**	**(20,235)**	**(20,235)**
At 1.7.2018 (As restated)	**3,152,866**	**-**	**(2,462,251)**	**690,615**
Loss after taxation/Total comprehensive expenses for the financial year	**-**	**-**	**(193,089)**	**(193,089)**
At 30.6.2019	**3,152,866**	**-**	**(2,655,340)**	**497,526**

The attached notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 30 June 2019

		Group		Company	
		2019	2018	**2019**	2018
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Cash Flows From/(Used In) Operating Activities					
Loss before taxation		**(82,972)**	(47,332)	**(193,089)**	(38,738)
Adjustments for:-					
Depreciation:					
- property, plant and equipment	10	**18,173**	18,817	**-**	-
- investment properties	11	**1,067**	307	**-**	-
Dividend income from:					
- other investments		**(1)**	(1)	**-**	-
Exceptional items [*See (a) below*]		**38,096**	(4,756)	**181,879**	33,543
Fair value gain on interest rate swap	30(a)	**(1,080)**	(2,424)	**-**	-
Fair value gain on other investments (current)		**(11)**	-	**-**	-
Interest expense		**45,303**	43,890	**11,153**	10,969
Interest income		**(9,274)**	(6,295)	**(1,252)**	(1,398)
Inventories written down	16	**859**	12	**-**	-
Inventories written off	16	**-**	11,428	**-**	-
Reversal of inventories previously written down	16	**(465)**	(17,015)	**-**	-
Property, plant and equipment written off	10	**1,417**	871	**-**	-
Provision for employee benefits	27	**199**	256	**-**	-
Provision for restoration cost	26	**80**	95	**-**	-
Share of results of associates		**20,794**	9,647	**-**	-
Share of results of joint venture		**291**	-	**-**	-
Writeback of provision for restoration cost	26	**(1,408)**	(416)	**-**	-
Operating profit/(loss) before working capital changes		**31,068**	7,084	**(1,309)**	4,376
Changes in working capital:					
- receivables		**(3,212)**	11,359	**(28,876)**	-
- inventories		**(11,854)**	(2,875)	**-**	-
- payables		**21,650**	19,029	**60**	(175)
Cash generated from/(used in) operations		**37,652**	34,597	**(30,125)**	4,201
Employee benefits paid	27	**(177)**	(111)	**-**	-
Interest paid		**(675)**	(1,226)	**(1,252)**	(1,398)
Interest received		**3,850**	1,871	**1,252**	1,398
Restoration costs paid	26	**-**	(182)	**-**	-
Tax refunded		**2,408**	3,221	**-**	-
Tax paid		**(9,582)**	(8,484)	**-**	-
Real property gains tax paid		**(986)**	-	**-**	-
Net cash from/(used in) operating activities		**32,490**	29,686	**(30,125)**	4,201

The attached notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash Flows From/(Used In) Investing Activities					
Dividends received from:					
- other investments		**1**	1	**-**	-
Interest received		**5,424**	4,424	**-**	-
Purchase of:					
- interest in a joint venture		**(750)**	-	**-**	-
- property, plant and equipment	31(a)	**(16,587)**	(14,355)	**-**	-
- investment properties	11	**(271)**	(117)	**-**	-
Proceeds from disposal of:					
- investment properties		**4,551**	-	**-**	-
- property, plant and equipment		**27,669**	29,734	**-**	-
Proceeds from redemption of debentures		**1,189**	-	**-**	-
Proceeds from capital distribution received from a subsidiary		**522**	-	**-**	-
Proceeds from redemption of preference shares		**-**	-	**31,923**	9,333
Advances to subsidiaries		**-**	-	**-**	(11,386)
Utilisation of restricted fund		**-**	2,248	**-**	-
(Placement)/Withdrawal of term deposits:					
- with tenure of more than 3 months		**(4,268)**	10,800	**-**	-
- pledged with licensed banks		**1,174**	533	**-**	-
Net cash from/(used in) investing activities		**18,654**	33,268	**31,923**	(2,053)
Cash Flows Used In Financing Activities					
Dividends paid to non-controlling shareholders of subsidiaries		**(830)**	-	**-**	-
Interest paid		**(44,628)**	(42,664)	**-**	-
Proceeds from drawdown of bank borrowings	31(b)	**5,380**	5,000	**-**	-
Repayments of bank borrowings	31(b)	**(27,629)**	(28,436)	**(2,000)**	(2,000)
Net cash used in financing activities		**(67,707)**	(66,100)	**(2,000)**	(2,000)
Net (decrease)/increase in cash and cash equivalents		**(16,563)**	(3,146)	**(202)**	148
Cash and cash equivalents as at 1 July 2018/2017		**197,066**	199,413	**333**	185
Effect of exchange rate changes on cash and cash equivalents		**4,065**	799	**-**	-
Cash and cash equivalents as at 30 June 2019/2018	31(c)	**184,568**	197,066	**131**	333

The attached notes form an integral part of these financial statements.

(a) Exceptional items as presented in the statements of cash flows comprise: -

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Bad debts recovered		**-**	-	**266**	-
Bad debts written off		**(128)**	-	**-**	-
Fair value loss on investment in unquoted preference shares		**(4,256)**	-	**-**	-
Gain on disposal of:					
- investment properties		**3,435**	-	**-**	-
- property, plant and equipment		**17,491**	3,705	**-**	-
Gain on capital distribution received from a subsidiary		**522**	-	**-**	-
Gain on redemption of preference shares		**-**	-	**3,944**	3,178
Gain on foreign exchange:					
- unrealised		**5,208**	22,957	**-**	-
Gain/(Loss) on derecognition of winding up subsidiaries		**384**	(18,098)	**-**	-
(Impairment loss)/Reversal of impairment loss on:					
- amount owing by an associate	18	**(276)**	-	**-**	-
- amount owing by subsidiaries	18	**-**	-	**(100,099)**	(27,440)
- deposits, bank balances and cash		**196**	-	**-**	-
- goodwill on consolidation	17	**-**	(4,756)	**-**	-
- investment in an associate	13	**(58,751)**	-	**-**	-
- investment in subsidiaries	12	**-**	-	**(85,990)**	(9,281)
- property, plant and equipment	10	**(1,645)**	557	**-**	-
- trade and other receivables	18	**(276)**	391	**-**	-
		(38,096)	4,756	**(181,879)**	(33,543)

The attached notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As At 30 June 2019

1. Corporate Information

Malayan United Industries Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office and the principal place of business of the Company is located at Unit 3, No. 191, Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The consolidated financial statements for the financial year ended 30 June 2019 comprise the Company and its subsidiaries and the interests of the Group in associates and joint venture.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors dated 18 October 2019.

2. Principal Activities

The principal activity of the Company is investment holding whilst its subsidiaries and associates are primarily engaged in retailing, hotel, property, food and financial services as set out in Note 39 to the financial statements.

3. Basis of Preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

3.1. These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standard Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards', with 1 July 2017 as the date of transition. An opening statement of financial position as at the date of transition has been prepared based on accounting policies as describe in Note 4 to the financial statements. Such accounting policies have also been applied to other financial information covered under this set of financial statements, including comparative information presented. The financial impacts on transition from FRSs to MFRSs are disclosed in Note 38 to financial statements.

3.2. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	**Effective Date**
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019

3. Basis of Preparation *(Cont'd)*

3.2. The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- *(Cont'd)*

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows: -

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statements of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4. Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

4. Significant Accounting Policies *(Cont'd)*

(a) Basis of Consolidation *(Cont'd)*

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition (1 July 2017). Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous accounting framework (FRSs) as at the date of transition.

4. Significant Accounting Policies *(Cont'd)*

(b) Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

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 that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time 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.
- 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 todate.

(i) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance, as well as the customer purchases the goods at the retail outlets. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Payment for the retail sales transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

The goods are often sold with a right to return the goods within a specific period. Revenue from these sales is recognised based on the price specific in the contract, net of estimated returns. Past experience is used to estimate and provide for the returns, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

The Group operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases. Past experience is used to estimate and provide for the discounts using most likely method. A contract liability for the award points is recognised at the time of the initial sales transaction. Revenue is recognised when the points are redeemed by the customer or expire.

4. **Significant Accounting Policies** *(Cont'd)*

(b) **Revenue from Contracts with Customers** *(Cont'd)*

(ii) Revenue from Hotel Operations

Revenue received from the services rendered to guests of the hotel includes provision of rooms, food and beverage sales, other departments' sales and ancillary services. The services rendered are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room rentals that is over the stay within the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

(iii) Revenue from Property Development

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress toward complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(iv) Commissions from Concessionaire Sales

When the Group acts in a capacity of an agent rather than as a principal in a transaction, the revenue recognised is the net amount of commission earned by the Group upon the sale of goods in the retail stores.

(v) Sale of Oil Palm Fruits

Revenue from sale of oil palm fruits harvested is recognised upon the transfer of control of the goods to the customer, being when the goods have been delivered to the customers and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

(vi) Property Rental Income

Property rental income is accounted for on a straight-line basis over the lease term.

(c) **Revenue from other sources and other operating income**

(i) Dividend Income

Dividend income from subsidiaries, associates and other investments is recognised when the right to receive payment is established.

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

4. Significant Accounting Policies *(Cont'd)*

(d) Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other cost directly attributable to bringing the assets to working conditions for its intended use.

Subsequent to initial recognition, property, plant and equipment, other than freehold land, are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land has unlimited useful life and is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

	%
Buildings	2 to 5
Leasehold land	41 to 96 years
Plant & machinery	5 to 20
Motor vehicles	10 to 30
Furniture, fittings & equipment	5 to 33.3
Renovation	5 to 20

Construction work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(e) Investment Properties

Investment properties are land and buildings held by the Group for their investment potential and rental income. Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

4. **Significant Accounting Policies** *(Cont'd)*

(e) **Investment Properties** *(Cont'd)*

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

(f) **Leased Assets**

(i) *Finance Leases*

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. 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. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) *Operating Leases*

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

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

(g) **Subsidiaries**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4. Significant Accounting Policies *(Cont'd)*

(h) Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting period of the financial statements are not co-terminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

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 interest of the Group in an associate decrease but does not result in a loss of significant influence, any retained interest is not re-measured. 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.

4. Significant Accounting Policies *(Cont'd)*

(i) Joint Venture

A joint venture is an entity in which the Group has rights only to the net assets of the investments.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 30 June 2019. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's interest in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

(j) Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

4. Significant Accounting Policies *(Cont'd)*

(j) Financial Instruments *(Cont'd)*

(i) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

a) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

b) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

c) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4. **Significant Accounting Policies** *(Cont'd)*

(j) **Financial Instruments** *(Cont'd)*

(ii) Financial Liabilities

a) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

b) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

4. Significant Accounting Policies *(Cont'd)*

(j) Financial Instruments *(Cont'd)*

(v) Derecognition *(Cont'd)*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) 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 specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

<u>Accounting Policies Applied Until 30 June 2018</u>

As disclosed in Note 38(d) to the financial statements, the Group has applied MFRS 9 with the exemption in MFRS 1 which allows the Group not to restate comparative information in the opening consolidated statement of financial position in the year of the initial application of MFRS 9 and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.
- Non-derivative financial assets with fixed or determinable payments and fixed maturities that the management had the positive intention and ability to hold to maturity were classified as held-to-maturity. The held-to-maturity investments were measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.
- Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. Significant Accounting Policies *(Cont'd)*

(j) Financial Instruments *(Cont'd)*

Accounting Policies Applied Until 30 June 2018 *(Cont'd)*

- Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Interest income calculated for a debt instrument using the effective interest method was recognised in profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any

(k) Contract Costs

(i) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(ii) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(l) Contract Asset And Contract Liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

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.

(m) Impairment

(i) *Impairment of Financial Assets*

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

4. Significant Accounting Policies *(Cont'd)*

(m) Impairment *(Cont'd)*

(i) *Impairment of Financial Assets (Cont'd)*

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Accounting Policies Applied Until 30 June 2018

As disclosed in Note 38(d) to the financial statements, the Group has applied MFRS 9 with the exemption in MFRS 1 which allows the Group not to restate comparative information in the opening consolidated statement of financial position in the year of the initial application of MFRS 9 and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets continues to be accounted for in accordance with the previous accounting policies as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

(ii) *Impairment of Non-financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

4. **Significant Accounting Policies** *(Cont'd)*

(m) Impairment *(Cont'd)*

(ii) *Impairment of Non-financial Assets (Cont'd)*

An impairment loss is recognised in profit or loss.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(n) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest, if any, in the entity over net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed, if any. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if any, the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such investment is not allocated to any assets including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

(o) Inventories

Inventories which consist of completed development properties held for sale, retail trading merchandises, raw materials, work-in-progress, finished goods, sundry stores, consumables and other stock items, are stated at the lower of cost and net realisable value.

Cost of completed properties for sale is determined by the specific identification method and comprises cost associated with acquisition of land, building and constructions costs and appropriate proportions of common costs.

The cost of other inventories is measured based on a weighted average cost of formula, and comprises the purchase price 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 and appropriate share of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4. Significant Accounting Policies *(Cont'd)*

(p) Inventories - Property Development

(i) *Land Held for Property Development*

Land held for property development consist of land costs where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle. Such land and development costs are stated lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the properties held for future development will be best available measure of the net realisable value.

Land held for property development is classified 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.

(ii) *Property Development Costs*

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are stated at the lower of cost and net realisable value.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

(q) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

(r) Income Taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries or associates on distributions to the Group and the Company, capital gain taxes and real property gains taxes payable on disposal of properties, if any.

4. **Significant Accounting Policies** *(Cont'd)*

(r) Income Taxes *(Cont'd)*

Taxes in the profit or loss and other comprehensive income comprise current tax and deferred tax.

(i) *Current Tax*

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) *Deferred Tax*

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

Provision for restoration costs

Provision for restoration costs is included in the carrying amounts of furniture, fittings and equipment. This provision is recognised in respect of the Group's obligation to restore leased outlets to its original state upon the expiry of tenancy agreements.

4. Significant Accounting Policies *(Cont'd)*

(t) Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When its inflow of economic benefit is virtually certain, then the related asset is recognised in the statements of financial position.

(u) Employee Benefits

(i) *Short Term Employee Benefits*

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) *Defined Contribution Plans*

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(iii) *Provision for Retirement Gratuities*

The Group makes provisions for unfunded retirement gratuities for certain eligible employees. The retirement benefits are calculated based on the terms of employment contract.

(v) Functional and Foreign Currencies

(i) *Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

4. **Significant Accounting Policies** *(Cont'd)*

(v) Functional and Foreign Currencies *(Cont'd)*

(ii) *Foreign Currency Translation and Balances*

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

(iii) *Foreign Operations*

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in associates and a joint venture that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in associates and a joint venture that includes a foreign operation while retaining significant influence and joint control, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(w) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. **Significant Accounting Policies** *(Cont'd)*

(x) 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(y) Earnings Per Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

(z) Fair Value Measurements

Fair value is 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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
Level 3: Inputs are unobservable inputs for the asset or liability.

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

(aa) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

4. Significant Accounting Policies *(Cont'd)*

(aa) Critical Accounting Estimates and Judgements *(Cont'd)*

(i) Depreciation of Property, Plant and Equipment *(Cont'd)*

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(iii) Impairment of Property, Plant and Equipment, Investment Properties and Associates

The Group determines whether its property, plant and equipment, investment properties and associates are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(iv) Write-down of Inventories

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

(v) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(vi) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the value of trade receivables and contract assets.

4. Significant Accounting Policies *(Cont'd)*

(aa) Critical Accounting Estimates and Judgements *(Cont'd)*

(vii) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(viii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(x) Fair Value Estimates for Unquoted Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income.

(xi) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the assets is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customers and the application laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress toward complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extents of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

4. Significant Accounting Policies *(Cont'd)*

(aa) Critical Accounting Estimates and Judgements *(Cont'd)*

(xii) Provision for Restoration Costs

The Group estimates provision for restoration costs based on historical costs incurred per square feet of sales area. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs.

(xiii) Deferred Tax Assets

Deferred tax assets are recognised for all unutilised tax losses and capital allowances, and other deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the unutilised tax losses and capital allowances, and other deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits.

5. Revenue

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue from Contracts with Customers:-					
Sales of goods		**131,252**	135,797	**-**	-
Hotel operations		**179,404**	192,698	**-**	-
Property development		**54,810**	36,797	**-**	-
Commissions from concessionaire sales	5(a)	**21,854**	28,453	**-**	-
Sales of oil palm fruits		**2,427**	3,290	**-**	-
Property rental income		**3,153**	3,146	**-**	-
Revenue from Other Source:-					
Dividend income from subsidiaries		**-**	-	**177**	5,980
		392,900	400,181	**177**	5,980

(a) The commission income from gross concessionaire sales amounted to RM85,097,000 (2018: RM110,374,000).

(b) The information on the disaggregation of revenue by geographical markets is disclosed in Note 32(ii) to the financial statements.

6. Exceptional Items

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Bad debts written off		**(128)**	-	**-**	-
Bad debts recovered		**-**	-	**266**	-
Fair value loss on investment in unquoted preference shares		**(4,256)**	-	**-**	-
Gain on disposal of:					
- investment properties		**3,435**	-	**-**	-
- property, plant and equipment		**17,491**	3,705	**-**	-
Gain on redemption of preference shares		**-**	-	**3,944**	3,178
Gain on capital distribution received from a subsidiary		**522**	-	**-**	-
Gain/(Loss) on derecognition of winding up subsidiaries		**384**	(18,098)	**-**	-
(Loss)/Gain on foreign exchange:					
- realised		**(3,702)**	(1,757)	**-**	(1)
- unrealised		**5,208**	22,957	**-**	-
(Impairment loss)/Reversal of impairment loss on:					
- amounts owing by an associate	18	**(276)**	-	**-**	-
- amount owing by subsidiaries	18	**-**	-	**(100,099)**	(27,440)
- deposits, bank balances and cash		**196**	-	**-**	-
- goodwill on consolidation	17	**-**	(4,756)	**-**	-
- investment in an associate	13	**(58,751)**	-	**-**	-
- investment in subsidiaries	12	**-**	-	**(85,990)**	(9,281)
- property, plant and equipment	10	**(1,645)**	557	**-**	-
- trade and other receivables	18	**(276)**	391	**-**	-
		(41,798)	2,999	**(181,879)**	(33,544)

7. Loss Before Taxation

		Group		Company	
		2019	2018	**2019**	2018
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Loss before taxation is stated after charging: -					
Auditors' remuneration:					
Audit fees:					
- current financial year		**1,632**	1,637	**167**	151
- underprovision in prior years		**132**	168	**16**	35
Non-audit fees:					
- auditors of the Company		**146**	52	**47**	20
- member firms of the auditors of the Company		**174**	229	**72**	101
- other auditors		**380**	717	**-**	-
Depreciation:					
- property, plant and equipment	10	**18,173**	18,817	**-**	-
- investment properties	11	**1,067**	307	**-**	-
Directors' remuneration:					
Directors of the Company:					
Receivable from the Company					
- fees		**298**	288	**298**	288
- other emoluments		**173**	337	**173**	337
- defined contribution plan		**47**	105	**47**	105
Receivable from subsidiaries					
- fees		**390**	286	**-**	-
- other emoluments		**3,356**	2,924	**-**	-
- defined contribution plan		**317**	402	**-**	-
Directors of subsidiaries:					
- fees		**537**	599	**-**	-
- other emoluments		**2,672**	3,022	**-**	-
- defined contribution plan		**138**	251	**-**	-
Interest expense on:					
- bank overdrafts		**675**	1,226	**-**	-
- term loans		**30,910**	29,107	**-**	-
- revolving credits		**11,404**	11,715	**1,252**	1,398
- other borrowings		**2,314**	1,842	**9,901**	9,571
Inventories written down	16	**859**	12	**-**	-
Inventories written off	16	**-**	11,428	**-**	-
Property, plant and equipment written off	10	**1,417**	871	**-**	-
Provision for employee benefits	27	**199**	256	**-**	-
Provision for restoration cost	26	**80**	95	**-**	-
Staff costs:					
- defined contribution plan		**5,380**	5,426	**-**	-
- salary, wages and other costs		**101,645**	106,975	**-**	-
Other key management personnel:					
- defined contribution plan		**70**	109	**-**	-
- salary, bonus and allowance		**590**	911	**-**	-

7. Loss Before Taxation *(Cont'd)*

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Loss before taxation is stated after crediting: -					
Dividend income from investment:					
- quoted shares in overseas		**1**	1	**-**	-
Interest income from:					
- amounts owing by subsidiaries		**-**	-	**1,252**	1,398
- term deposits		**5,424**	4,424	**-**	-
- others		**3,850**	1,871	**-**	-
Fair value gain on interest rate swap	30(a)	**1,080**	2,424	**-**	-
Fair value gain on other investments (current)		**11**	-	**-**	-
Reversal of inventories previously written down	16	**465**	17,015	**-**	-
Writeback of provision for restoration cost	26	**1,408**	416	**-**	-

The estimated monetary value of benefits-in-kind received by the Directors of the Company, otherwise than in cash from the Group amounted to RM8,600 (2018: RM8,700).

8. Taxation

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Current tax expense:					
- Malaysian income tax		**7,886**	5,638	**-**	-
- Foreign income tax		**1,647**	1,467	**-**	-
- Underprovision in respect of prior years		**320**	294	**-**	-
		9,853	7,399	**-**	-
Real property gains tax		**986**	-	**-**	-
		10,839	7,399	**-**	-
Deferred tax:					
- Origination and reversal of temporary differences		**(420)**	(672)	**-**	-
- Overprovision in respect of prior years		**(406)**	(873)	**-**	-
	28	**(826)**	(1,545)	**-**	-
Total tax expense		**10,013**	5,854	**-**	-

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the financial year. Tax expense for other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

8. Taxation *(Cont'd)*

A reconciliation between the average effective tax rate and the applicable tax rate to the loss before taxation of the Group and the Company is as follows:-

	Group		***Company***	
	2019	*2018*	***2019***	*2018*
	%	*%*	***%***	*%*
Tax at applicable tax rate on loss before taxation	**(24.00)**	(24.00)	**(24.00)**	(24.00)
Tax effects of:-				
Different tax rates on foreign subsidiaries	**(0.18)**	(0.99)	**-**	-
Tax exempt income	**(0.95)**	(2.62)	**-**	-
Movement in deferred tax assets not recognised during the financial year	**3.30**	11.60	**-**	-
Non-allowable expenses	**39.70**	29.08	**24.67**	30.54
Utilisation of deferred tax assets in the previous financial year	**(0.81)**	(0.45)	**-**	-
Income not subject to tax	**(12.17)**	(1.88)	**(0.67)**	(6.54)
Real property gains tax	**1.19**	-	**-**	-
Share of results of associates	**6.01**	4.89	**-**	-
Share of results of joint venture	**0.08**	-	**-**	-
	12.17	15.63	**-**	-
Overprovision in respect of prior years	**(0.10)**	(3.26)	**-**	-
Average effective tax rate	**12.07**	12.37	**-**	-

9. Basic/Diluted Loss Per Share

Basic/Diluted loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2019	*2018*
Loss attributable to owners of the Company (RM'000)	**(102,611)**	(56,947)
	Unit	*Unit*
Weighted average number of ordinary shares in issue ('000)	**2,932,561**	2,932,561
	Sen	*Sen*
Basic/Diluted loss per share attributable to owners of the Company	**(3.50)**	(1.94)

10. Property, Plant And Equipment

Group	Note	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Plant & Machinery RM'000	Motor Vehicles RM'000	Furniture, Fittings & Equipment RM'000	Construction Work-In Progress RM'000	Renovation RM'000	Total 2019 RM'000	Total 2018 RM'000
Cost											
At 1 July 2018/2017		280,315	45,752	437,913	53,483	6,680	213,337	2,465	84,975	1,124,920	1,228,025
Exchange difference		(2,034)	1	(2,400)	-	64	(1,385)	(19)	-	(5,773)	(37,606)
Additions	31(a)	-	-	101	1,150	44	13,377	1,693	669	17,034	15,006
Disposals		-	(9,419)	(3,973)	(74)	(2,203)	(247)	-	-	(15,916)	(72,165)
Written off		-	-	-	-	(146)	(8,042)	-	-	(8,188)	(8,347)
Reclassifications		-	-	(555)	(237)	(2)	61,289	(1,762)	(60,356)	(1,623)	7
At 30 June 2019/2018		278,281	36,334	431,086	54,322	4,437	278,329	2,377	25,288	1,110,454	1,124,920
Accumulated Depreciation											
At 1 July 2018/2017 (As previously reported)		4,099	8,869	107,434	48,973	6,362	190,470	-	74,901	441,108	479,936
Prior year adjustment		-	-	(6,673)	-	-	-	-	-	(6,673)	(7,043)
At 1 July 2018/2017 (As restated)		4,099	8,869	100,761	48,973	6,362	190,470	-	74,901	434,435	472,893
Exchange difference		(37)	(4)	(268)	(1)	67	(1,252)	-	-	(1,495)	(10,691)
Charge for the financial year	7	-	551	2,879	827	166	12,978	-	772	18,173	18,817
Disposals		-	(1,855)	(1,366)	(74)	(2,203)	(240)	-	-	(5,738)	(39,113)
Written off		-	-	-	-	(146)	(6,625)	-	-	(6,771)	(7,476)
Reclassifications		-	-	(555)	(135)	(2)	52,434	-	(53,365)	(1,623)	5
At 30 June 2019/2018		4,062	7,561	101,451	49,590	4,244	247,765	-	22,308	436,981	434,435

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. Property, Plant And Equipment *(Cont'd)*

Group	Note	*Freehold Land RM'000*	*Leasehold Land RM'000*	*Buildings RM'000*	*Plant & Machinery RM'000*	*Motor Vehicles RM'000*	*Furniture, Fittings & Equipment RM'000*	*Construction Work-In Progress RM'000*	*Renovation RM'000*	*Total 2019 RM'000*	*Total 2018 RM'000*
Accumulated Impairment Losses											
At 1 July 2018/2017		**68**	**2,373**	**60,512**	**-**	**-**	**597**	**-**	**354**	**63,904**	73,578
Exchange difference		**-**	**-**	**(319)**	**-**	**-**	**(4)**	**-**	**-**	**(323)**	(2,096)
Recognised during the financial year	6	**-**	**-**	**-**	**-**	**-**	**1,645**	**-**	**-**	**1,645**	(557)
Disposal		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	(7,023)
Reclassifications		**-**	**-**	**-**	**-**	**-**	**354**	**-**	**(354)**	**-**	2
At 30 June 2019/2018		**68**	**2,373**	**60,193**	**-**	**-**	**2,592**	**-**	**-**	**65,226**	63,904
Carrying Amount											
At 30 June 2019		**274,151**	**26,400**	**269,442**	**4,732**	**193**	**27,972**	**2,377**	**2,980**	**608,247**	
At 30 June 2018		276,148	34,510	276,640	4,510	318	22,270	2,465	9,720	626,581	
At 1 July 2017		306,105	35,141	294,402	4,895	212	27,573	2,894	10,332	681,554	

10. Property, Plant And Equipment *(Cont'd)*

(a) Certain land and buildings, furniture, fittings and equipment, and plant and machinery of the subsidiaries with carrying amounts totalling RM478,204,000 (30.6.2018: RM489,728,000; 1.7.2017: RM519,430,000) are pledged to financial institutions for banking facilities granted to certain subsidiaries as disclosed in Note 25 to the financial statements.

(b) Property, plant and equipment of the Group with carrying amounts totalling RM818,000 (30.6.2018: RM1,605,000; 1.7.2017: RM1,870,000) have been acquired under hire-purchase and lease arrangements.

(c) The strata titles of shoplots of the Group with carrying amounts of RM1,745,000 (30.6.2018: RM1,793,000; 1.7.2017: RM1,841,000) have yet to be transferred to the Group as at the end of reporting period.

11. Investment Properties

		Group	
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Cost			
At 1 July	**113,405**	114,797	112,481
Exchange difference	**195**	(1,509)	2,196
Additions	**271**	117	120
Disposals	**(1,867)**	-	-
At 30 June	**112,004**	113,405	114,797
Accumulated Depreciation			
At 1 July	**16,019**	15,718	14,974
Exchange difference	**15**	(6)	33
Charge for the financial year	**1,067**	307	711
Disposals	**(751)**	-	-
At 30 June	**16,350**	16,019	15,718
Carrying Amount			
At 30 June	**95,654**	97,386	99,079
Fair Value	**131,209**	130,558	128,445
Included in the above are:-			
Buildings	**29,243**	30,390	32,186
Freehold land	**66,411**	66,140	66,023
Long term leasehold land	**-**	856	870
	95,654	97,386	99,079

11. Investment Properties *(Cont'd)*

(a) Investment properties comprise commercial properties leased to third parties under operating leases. Rental income and direct operating expenses arising from these investment properties are as follows:-

		Group	
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Rental income	**3,255**	3,283	3,339
Direct operating expenses	**1,979**	1,657	1,858

(b) Included in investment properties are freehold shoplots with a carrying amount of RM19,094,000 (30.6.2018: RM19,778,000; 1.7.2017: RM20,462,000) where the related strata titles have yet to be transferred to the Group as at the end of reporting period.

(c) The fair value of investment properties for disclosure purposes, which are at Level 3 fair value, were recommended by the Directors as at the end of reporting period based on indicative market value of similar properties in the vicinity on a price per square foot basis. The price per square foot of the properties adopted were significant inputs. Any changes in the price per square foot will result in a reasonable change in the fair value of the investment properties.

(d) The investment properties of the Group are mainly used to generate rental income. However, the fair value of the investment properties reflects the highest and best use of the said properties based on the view and estimation that the Group should the investment properties be disposed of. However, the management does not intend to dispose of the investment properties at the moment and the existing use of the investment properties remain for rental purpose.

12. Subsidiaries

		Company	
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Investments in subsidiaries, at cost			
Quoted shares	**305,028**	305,028	305,028
Unquoted shares			
At 1 July	**759,079**	807,489	858,842
Capitalisation of amount owing by subsidiaries	**-**	82,924	-
Capital distribution by dissolved subsidiaries	-	-	(50,048)
Redemption of preference shares	**(27,979)**	(6,155)	-
Reclassification	**-**	(125,179)	(1,305)
At 30 June	**731,100**	759,079	807,489
	1,036,128	1,064,107	1,112,517
Less: Accumulated impairment losses			
At 1 July	**(261,801)**	(377,699)	(435,645)
Additions during the financial year	**(85,990)**	(12,273)	(4,856)
Reversal during the financial year	**-**	2,992	61,497
Reclassification	**-**	125,179	1,305
At 30 June	**(347,791)**	(261,801)	(377,699)
	688,337	802,306	734,818
Market value of quoted shares	**62,975**	74,494	87,516

12. Subsidiaries *(Cont'd)*

(a) The consolidated financial statements do not deal with the subsidiaries under or pending liquidation/winding up.

(b) The subsidiaries, including those companies under or pending liquidation/winding up as indicated, are disclosed in Note 39 to the financial statements.

(c) The subsidiaries of the Group that have material non-controlling interests ("NCI") are as follows:-

	Belsfield LLP	*County Hotels Limited*	*Pan Malaysia Corporation Berhad*	*Pan Malaysia Holdings Berhad*	*West Synergy Sdn Bhd*	*Others*	*Total*
30.6.2019							
NCI percentage of ownership interest and voting interest	**38.89%**	**38.89%**	**33.49%**	**30.81%**	**40.00%**		
Carrying amount of NCI (RM'000)	**16,220**	**20,369**	**97,845**	**12,229**	**84,239**	**(2,179)**	**228,723**
Profit/(Loss) allocated to NCI (RM'000)	**1,137**	**(993)**	**(1,124)**	**(445)**	**5,603**	**5,448**	**9,626**
30.6.2018							
NCI percentage of ownership interest and voting interest	38.89%	38.89%	33.49%	30.81%	40.00%		
Carrying amount of NCI (RM'000)	16,166	21,434	99,825	19,532	78,635	(8,527)	227,065
Profit/(Loss) allocated to NCI (RM'000)	561	233	(1,167)	(442)	3,711	865	3,761
1.7.2017							
NCI percentage of ownership interest and voting interest	38.89%	38.89%	33.49%	30.81%	40.00%		
Carrying amount of NCI (RM'000)	16,305	22,966	100,602	19,758	74,925	(6,570)	227,986
Profit allocated to NCI (RM'000)	1,018	492	659	37	2,475	84	4,765

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year is as follows:-

	Belsfield LLP RM'000	*County Hotels Limited RM'000*	*Pan Malaysia Corporation Berhad RM'000*	*Pan Malaysia Holdings Berhad RM'000*	*West Synergy Sdn Bhd RM'000*
30.6.2019					
Assets and liabilities					
Non-current assets	**48,243**	**58,153**	**172,814**	**22,652**	**36,703**
Current assets	**6,997**	**6,157**	**126,804**	**31,624**	**195,064**
Non-current liabilities	**(10,141)**	**(5,249)**	**(1,022)**	**(14,411)**	**(49)**
Current liabilities	**(3,391)**	**(5,748)**	**(13,055)**	**(4,871)**	**(21,121)**
Net assets	**41,708**	**53,313**	**285,541**	**34,994**	**210,597**

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. Subsidiaries *(Cont'd)*

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year is as follows:- *(Cont'd)*

	Belsfield LLP RM'000	*County Hotels Limited RM'000*	*Pan Malaysia Corporation Berhad RM'000*	*Pan Malaysia Holdings Berhad RM'000*	*West Synergy Sdn Bhd RM'000*
30.6.2019					
Results					
Revenue	**22,154**	**13,162**	**71,733**	**8,110**	**57,237**
Profit/(Loss) for the financial year	**2,921**	**(2,552)**	**(5,515)**	**(1,313)**	**14,008**
Total comprehensive income/(expenses)	**2,921**	**(2,552)**	**(10,598)**	**(2,474)**	**14,008**
Total comprehensive income/(expenses) attributed to NCI	**1,136**	**(993)**	**(3,549)**	**(762)**	**5,603**
Dividend paid to NCI	**830**	**-**	**-**	**-**	**-**
Cash flows					
Net cash (used in)/from operating activities	**(8,084)**	**85**	**1,545**	**(437)**	**(7,114)**
Net cash (used in)/from investing activities	**(748)**	**(3,433)**	**(6,581)**	**635**	**(61)**
Net cash from/(used in) financing activities	**8,175**	**3,284**	**-**	**(2,159)**	**-**
Net decrease in cash and cash equivalents	**(657)**	**(64)**	**(5,036)**	**(1,961)**	**(7,175)**
30.6.2018					
Assets and liabilities					
Non-current assets	50,032	56,448	184,539	24,817	36,404
Current assets	9,793	6,372	126,325	53,148	184,637
Non-current liabilities	(17)	-	(992)	(15,561)	(45)
Current liabilities	(18,240)	(4,539)	(12,975)	(5,863)	(24,408)
Net assets	41,568	58,281	296,897	56,541	196,588
Results					
Revenue	22,650	15,402	65,342	9,202	40,087
Profit/(Loss) for the financial year	2,740	691	(3,218)	(1,305)	9,277
Total comprehensive income/(expenses)	2,740	691	(5,339)	(666)	9,277
Total comprehensive income/(expenses) attributed to NCI	1,065	269	(1,788)	(205)	3,711
Cash flows					
Net cash from/(used in) operating activities	8,371	4,302	420	1,520	(1,517)
Net cash (used in)/from investing activities	(851)	(1,124)	11,620	462	(76)
Net cash from/(used in) financing activities	2,566	(2,005)	-	(2,180)	-
Net increase/(decrease) in cash and cash equivalents	10,086	1,173	12,040	(198)	(1,593)

12. Subsidiaries *(Cont'd)*

(d) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting year is as follows:- *(Cont'd)*

	Belsfield LLP RM'000	***County Hotels Limited RM'000***	***Pan Malaysia Corporation Berhad RM'000***	***Pan Malaysia Holdings Berhad RM'000***	***West Synergy Sdn Bhd RM'000***
1.7.2017					
Assets and liabilities					
Non-current assets	54,894	59,682	186,304	24,668	36,601
Current assets	7,109	6,748	128,863	54,053	172,157
Non-current liabilities	(16,988)	(3,689)	(1,796)	(16,631)	-
Current liabilities	(3,089)	(1,566)	(10,783)	(4,883)	(21,446)
Net assets	41,926	61,175	302,588	57,207	187,312
Results					
Revenue	30,774	14,883	73,654	9,262	37,386
Profit/(Loss) for the financial year	2,617	1,358	(12,410)	109	6,187
Total comprehensive income/(expenses)	2,617	1,358	(10,070)	109	6,187
Total comprehensive income/(expenses) attributed to NCI	1,018	528	(3,485)	37	2,475
Dividend paid to NCI	-	933	-	-	-
Cash flows					
Net cash from/(used in) operating activities	8,378	4,177	(538)	2,477	14,358
Net cash (used in)/from investing activities	(1,532)	(5,578)	(2,559)	(192)	4,366
Net cash used in financing activities	(4,589)	-	(96)	(2,167)	(15)
Net increase/(decrease) in cash and cash equivalents	2,257	(1,401)	(3,193)	118	18,709

(e) During the financial year, the Company has carried out a review of the recoverable amounts of its investments in certain subsidiaries that had been persistently making losses. A net impairment losses of RM85,990,000 (30.6.2018: net impairment losses of RM9,281,000; 1.7.2017: net reversal of impairment losses of RM56,641,000) representing the write-down/write-back of the investments to their recoverable amounts, was recognised under "Exceptional Items" line item in the statement of profit or loss.

(f) None of the covenants of bank borrowings taken by the Company and its subsidiaries restrict the subsidiary to provide advances to other parties (including the related corporations within the Group) and to declare dividends to its shareholders until settlement of the borrowing.

(g) Certain shares held in a quoted subsidiary were pledged to a financial institution for credit facilities of RM27,095,000 (30.6.2018: RM35,095,000; 1.7.2017: RM43,095,000) granted to the Group.

(h) Shares held in an unquoted foreign subsidiary was pledged to a financial institution for a credit facility of RM417,943,663 (30.6.2018: RM421,701,963, 1.7.2017: RM445,111,713) granted to the Group.

13. Associates

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares	13(a)	**181,135**	208,858	220,587
Quoted shares	13(b)	**115,205**	194,809	220,785
		296,340	403,667	441,372

(a) Unquoted shares:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
(i) Ordinary shares, at cost			
- Malaysia	**63,828**	63,828	63,828
- Overseas	**33,006**	33,006	33,006
Group's share of post-acquisition reserves	**(53,451)**	(58,948)	(52,001)
Exchange difference	**10,790**	10,561	8,485
Less: Accumulated impairment losses	**(16,057)**	(16,057)	(16,057)
	38,116	32,390	37,261
(ii) Preference shares, at fair value (30.6.2018/1.7.2017 – at cost)			
- Overseas	**142,948**	233,056	233,056
Exchange difference	**71**	(5,624)	1,234
Less: Accumulated impairment losses	**-**	(50,964)	(50,964)
	143,019	176,468	183,326
	181,135	208,858	220,587

(b) Quoted shares:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Ordinary shares in overseas, at cost	**336,278**	336,278	336,278
Exchange difference	**4,713**	(4,856)	23,049
Group's share of post-acquisition reserves	**(167,035)**	(136,613)	(138,542)
Less: Accumulated impairment losses	**(58,751)**	-	-
	115,205	194,809	220,785
Market value of quoted shares			
- Overseas	**30,548**	61,871	162,664

The summarised financial information of the material associates is as follows:-

	Laura Ashley Holdings plc RM'000	*Regent Corporation RM'000*
30.6.2019		
Assets and liabilities		
Non-current assets	**60,363**	**137,299**
Current assets	**328,056**	**37,642**
Non-current liabilities	**(82,408)**	**-**
Current liabilities	**(199,983)**	**(25,481)**
Net assets	**106,028**	**149,460**

13. Associates *(Cont'd)*

The summarised financial information of the material associates is as follows:- *(Cont'd)*

	Laura Ashley Holdings plc RM'000	***Regent Corporation RM'000***
30.6.2019		
Results		
Revenue	**1,241,434**	**33,248**
(Loss)/Profit for the financial year	**(74,753)**	**11,220**
Total comprehensive (expenses)/income	**(86,500)**	**11,220**
Cash flows		
Net cash (used in)/from operating activities	**(14,950)**	**14,676**
Net cash from/(used in) investing activities	**190,620**	**(40,843)**
Net cash used in financing activities	**(110,528)**	**(248)**
Net increase/(decrease) in cash and cash equivalents	**65,142**	**(26,415)**
30.6.2018		
Assets and liabilities		
Non-current assets	273,279	109,665
Current assets	386,615	49,520
Non-current liabilities	(162,590)	-
Current liabilities	(304,526)	(24,445)
Net assets	192,778	134,740
Results		
Revenue	1,410,819	29,074
Loss for the financial year	(7,679)	(14,174)
Total comprehensive income/(expenses)	5,485	(14,174)
Cash flows		
Net cash from operating activities	21,941	8,513
Net cash used in from investing activities	(12,616)	(538)
Net cash used in financing activities	(13,165)	(244)
Net (decrease)/increase in cash and cash equivalents	(3,840)	7,731
1.7.2017		
Assets and liabilities		
Non-current assets	317,517	140,843
Current assets	429,320	50,545
Non-current liabilities	(191,740)	-
Current liabilities	(357,207)	(33,180)
Net assets	197,890	158,208

13. Associates *(Cont'd)*

The summarised financial information of the material associates is as follows:- *(Cont'd)*

	Laura Ashley Holdings plc RM'000	*Regent Corporation RM'000*
1.7.2017		
Results		
Revenue	1,510,426	33,811
Profit for the financial year	21,811	3,281
Total comprehensive income	32,717	3,281
Cash flows		
Net cash (used in)/from operating activities	(70,341)	12,317
Net cash (used in)/from investing activities	(4,362)	1,454
Net cash used in financing activities	(10,906)	(257)
Net (decrease)/increase in cash and cash equivalents	(85,609)	13,514

The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:-

	Laura Ashley Holdings plc RM'000	*Regent Corporation RM'000*
30.6.2019		
Group's share of net assets	**57,325**	**37,077**
Exchange difference	**4,713**	**1,039**
Goodwill	**53,167**	**-**
Net investment in preference shares	**-**	**143,019**
Carrying amount in the statements of financial position	**115,205**	**181,135**
Group's share of associates' results for the financial year ended 30 June 2019:		
Group's share of (loss)/profit	**(26,291)**	**5,497**
Group's share of other comprehensive expenses	**(4,131)**	**-**
Group's share of total comprehensive (expenses)/ income	**(30,422)**	**5,497**
30.6.2018		
Group's share of net assets	87,747	31,580
Exchange difference	(4,856)	811
Goodwill	111,918	-
Net investment in preference shares	-	176,467
Carrying amount in the statements of financial position	194,809	208,858
Group's share of associates' results for the financial year ended 30 June 2018:		
Group's share of loss	(2,701)	(6,946)
Group's share of other comprehensive income	4,630	-
Group's share of total comprehensive income/(expenses)	1,929	(6,946)

13. Associates *(Cont'd)*

The reconciliation of net assets of the associates to the carrying amount of the investment in associates are as follows:- *(Cont'd)*

	Laura Ashley Holdings plc RM'000	***Regent Corporation RM'000***
1.7.2017		
Group's share of net assets	85,818	38,526
Exchange difference	23,049	(1,265)
Goodwill	111,918	-
Net investment in preference shares	-	183,326
Carrying amount in the statements of financial position	220,785	220,587
Group's share of associates' results for the financial year ended 1 July 2017:		
Group's share of profit	7,671	1,608
Group's share of other comprehensive income	3,836	-
Group's share of total comprehensive income	11,507	1,608
Dividend received	27,633	-

(a) The investment in preference shares represents investment in unquoted preference shares of Regent Corporation. The redemption of the shares shall be upon application by the holders thereof and at a price equal to the original subscription price paid plus an amount equal to the share of the investee company's surplus assets at the time of redemption on a pari passu basis with other classes of shares based on the price paid for these shares respectively.

Information on the fair value hierarchy of investment in unquoted preference shares is disclosed in Note 33(V)(iii) to the financial statements.

(b) During the financial year, the Group has carried out a review of the recoverable amount of its investment in certain associates that had been making losses. An impairment loss of RM58,751,000 was recognised in "Exceptional Items" line item of statements of profit or loss. The recoverable amount was determined based on the value-in-use approach and the pre-tax discount rate used was 8%.

(c) The associates are disclosed in Note 39 to the financial statements.

14. Joint Venture

	Group		
	30.6.2019 RM'000	*30.6.2018 RM'000*	*1.7.2017 RM'000*
Unquoted shares, at cost	**750**	-	-
Group's share of post-acquisition loss	**(291)**	-	-
	459	-	-

(a) The Group's involvement in joint arrangement is structured through a separate vehicle which provides the Group rights to the net assets of the entity. Accordingly, the Group has classified this investment as a joint venture.

14. Joint Venture *(Cont'd)*

(b) The summarised unaudited financial information for the joint venture is as follows:-

	Baker & Cook (M) Sdn Bhd		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Assets			
Non-current assets	**184**	-	-
Current assets	**733**	-	-
Net assets	**917**	-	-
Results			
Loss for the financial year/Total comprehensive expenses	**(583)**	-	-
Group's share of loss for the financial year	**(291)**	-	-

(c) The joint venture is disclosed in Note 39 to the financial statements.

15. Other Investments

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Non-current			
Quoted shares in Malaysia, at fair value	**5,455**	6,700	7,655
Quoted shares outside Malaysia, at fair value	**1,209**	2,371	1,738
	6,664	9,071	9,393
Unquoted shares in Malaysia, at fair value (30.6.2018/1.7.2017: at cost)	**65**	7,209	7,209
Less: Accumulated impairment losses	**-**	(7,144)	(7,144)
	65	65	65
Unquoted debentures in Malaysia, at cost	**-**	1,189	1,189
	6,729	10,325	10,647
Current			
Convertible bond outside Malaysia, at fair value	**55**	45	49
	6,784	10,370	10,696

Information on the fair value hierarchy is disclosed in Note 33(V)(iii) to the financial statements.

At 1 July 2018, the Group designated its investments in quoted shares and unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets.

16. Inventories

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current				
Land held for property development				
- Freehold land, at cost	16(a)	**35,263**	35,263	35,263
Current				
At cost				
Property development costs	16(b)	**116,076**	106,315	94,698
Completed development properties		**14,877**	11,031	11,586
Finished goods		**5,956**	4,938	4,793
Raw materials		**3,865**	3,293	3,664
Packing materials		**2,108**	2,151	2,242
Sundry stores and consumables		**2,754**	1,484	1,183
Work-in-progress		**744**	1,453	1,568
Food, beverages and hotel supplies		**1,285**	1,802	2,108
At net realisable value				
Retail trading merchandises		**15,149**	18,886	21,062
		162,814	151,353	142,904

(a) The land held for property development is temporarily used for planting of oil palm trees prior to the commencement of property development activities.

(b) Property Development Costs

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
At 1 July			
Freehold land	**14,148**	14,498	14,673
Development costs	**91,720**	79,602	71,346
Exchange difference	**447**	598	434
	106,315	94,698	86,453
Property development costs incurred during the financial year	**47,491**	33,020	27,756
Property development costs recognised as an expense in profit or loss during the financial year	**(33,699)**	(21,252)	(19,675)
Transfer to inventories	**(4,086)**	-	-
Exchange difference	**55**	(151)	164
At 30 June	**116,076**	106,315	94,698
Represented by:			
Freehold land, at cost	**13,713**	14,148	14,498
Property development costs	**102,363**	92,167	80,200
	116,076	106,315	94,698

16. Inventories *(Cont'd)*

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
(c) Recognised in profit or loss:-			
Inventories recognised as cost of sales	**89,211**	106,695	113,869
Inventories written down as cost of sales	**859**	12	5,251
Inventories written off as cost of sales	**-**	11,428	804
Reversal of inventories previously written down	**(465)**	(17,015)	(446)

17. Goodwill On Consolidation

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Cost	**1,267,253**	1,267,253	1,267,253
Less: Accumulated impairment losses	**(1,242,074)**	(1,242,074)	(1,237,318)
Carrying amount	**25,179**	25,179	29,935
Accumulated impairment losses:-			
At 1 July	**1,242,074**	1,237,318	1,164,481
Recognised during the financial year (Note 6)	**-**	4,756	72,837
At 30 June	**1,242,074**	1,242,074	1,237,318

The carrying amount of goodwill allocated to each cash-generating unit ("CGU") is as follows:-

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
CGU			
Retailing	**567**	567	5,323
Food	**24,612**	24,612	24,612
	25,179	25,179	29,935

(a) Retailing

The carrying amount of goodwill on consolidation of retailing segment allocated to specialty store is RM567,000 (30.6.2018: RM567,000; 1.7.2017: department store of RM4,756,000 and specialty store of RM567,000).

No impairment is required on the goodwill allocated to specialty store which is considered immaterial to the Group.

17. Goodwill On Consolidation *(Cont'd)*

(b) Food

The Group has assessed the recoverable amount of the food CGU and determined that no impairment is required. The recoverable amount of the CGU is determined using the value in use approach, and this is derived from the present value of the future cash flows from the CGU computed using projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount of the food CGU are as follows:-

(i) Revenue growth rate ranging from 5% to 11% (30.6.2018: 5% to 16%; 1.7.2017: 2%);

(ii) Gross profit margin which determined at 31% (30.6.2018: 34% to 36%; 1.7.2017: 15% to 42%) based on average gross profit margin achieved in previous financial years immediately before the budgeted period; and

(iii) A pre-tax discount rate of 8% (30.6.2018: 10.3%; 1.7.2017: 8%) estimated based on the weighted average cost of capital of the subsidiary group that operates the food CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the CGU and are based on both external sources and internal historical data.
Management believes that any reasonable possible changes in the key assumptions would not cause the carrying amount of the goodwill on consolidation to exceed its recoverable amount of the CGU. The assumptions above have been consistently applied in estimating.

18. Trade And Other Receivables

		Group		
	Note	***30.6.2019 RM'000***	*30.6.2018 RM'000*	*1.7.2017 RM'000*
Trade receivables		**30,342**	30,924	33,090
Less: Allowance for impairment losses	18(a)	**(1,548)**	(1,031)	(1,436)
		28,794	29,893	31,654
Other receivables		**67,380**	65,993	63,628
Less: Allowance for impairment losses	18(a)	**(51,749)**	(50,956)	(52,631)
		15,631	15,037	10,997
Amounts owing by associates		**102,750**	101,895	112,033
Less: Allowance for impairment losses	18(a)	**(39,539)**	-	-
		63,211	101,895	112,033
Goods and Services Tax recoverable		**1,929**	3,301	1,461
Deposits		**6,191**	6,937	9,345
Prepayments		**11,238**	11,367	17,151
		126,994	168,430	182,641

18. Trade And Other Receivables *(Cont'd)*

		Company		
		30.6.2019	30.6.2018	1.7.2017
	Note	**RM'000**	RM'000	RM'000
Amounts owing by subsidiaries		**2,976,912**	2,936,121	3,001,867
Less: Allowance for impairment losses				
At 1 July (as previously reported)		**(2,538,595)**	(2,511,155)	(2,200,722)
Effect of adoption of MFRS 9		**(20,235)**	-	-
At 1 July (as restated)		**(2,558,830)**	(2,511,155)	(2,200,722)
Additions during the financial year		**(736,431)**	(52,297)	(319,409)
Reversal during the financial year		**636,332**	24,857	8,976
At 30 June		**(2,658,929)**	(2,538,595)	(2,511,155)
		317,983	397,526	490,712
Deposits		**5**	5	5
		317,988	397,531	490,717

(a) The reconciliation of movements in the impairment losses on trade and other receivables are as follows:-

	Group		
	30.6.2019	30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Trade receivables			
At 1 July (as previously reported)	**1,031**	1,436	2,547
- effects on adoption of MFRS 9	**378**	-	-
At 1 July (as restated)	**1,409**	1,436	2,547
Charge for the financial year	**498**	80	1,243
Written off	**-**	-	(2,201)
Written back	**(357)**	(459)	(898)
Reclassification	**-**	-	715
Exchange difference	**(2)**	(26)	30
At 30 June	**1,548**	1,031	1,436
Other receivables			
At 1 July (as previously reported)	**50,956**	52,631	47,441
- effects on adoption of MFRS 9	**184**	-	-
At 1 July (as restated)	**51,140**	52,631	47,441
Charge for the financial year	**333**	-	4,075
Written off	**-**	(493)	-
Written back	**(198)**	(12)	(128)
Exchange difference	**474**	(1,170)	1,243
At 30 June	**51,749**	50,956	52,631

18. Trade And Other Receivables *(Cont'd)*

(a) The reconciliation of movements in the impairment losses on trade and other receivables are as follows:- *(Cont'd)*

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Amounts owing by associates			
At 1 July			
- effects on adoption of MFRS 9	**39,263**	-	-
Charge for the financial year	**276**	-	-
At 30 June	**39,539**	-	-
	92,836	51,987	54,067

(b) Trade receivables are non-interest bearing and the normal trade credit terms range from 7 to 120 days (30.6.2018: 7 to 120 days; 1.7.2017: 7 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

(c) Included in the trade receivables are retention sums on sale and purchase agreements totalling RM2,936,000 (30.6.2018: RM3,329,000; 1.7.2017: RM3,177,650). The retention sums are due upon expiry of the defect liability period stated in the respective sale and purchase agreements. The remaining defect liability period range from 8 to 24 (30.6.2018: 8 to 24; 1.7.2017: 6 to 18) months.

(d) Included in other receivables is an amount owing by a related party of RM16,757,000 (30.6.2018: RM16,507,000; 1.7.2017: RM16,409,000), which is unsecured, bears average interest at 2.5% (30.6.2018: 3.68%; 1.7.2017: 6%) per annum and payable upon demand in cash and cash equivalents. As at the reporting date, an accumulated impairment loss of RM10,739,000 (30.6.2018: RM10,739,000; 1.7.2017: RM10,739,000) was recognised in profit or loss.

(e) Included in other receivables is an overpayment of rental to be refunded from a related party, which amounted to RM16,312,000 (30.6.2018: RM16,078,000; 1.7.2017: RM15,540,000). As at the reporting date, an accumulated impairment loss of RM10,428,000 (30.6.2018: RM10,428,000; 1.7.2017: RM10,428,000) was recognised in profit or loss.

(f) The amounts owing by associates represent balances arising from advances, which are unsecured, repayable on demand in cash and cash equivalents and interest-free except for gross advances of RM54.4 million (30.6.2018: RM54.4 million; 1.7.2017: RM54.4 million), which bear interest at 4.7% (30.6.2018: 4.7%; 1.7.2017: 4.7%) per annum and are repayable on demand. As at the reporting date, an impairment loss of RM39,539,000 was recognised in profit or loss.

(g) The amounts owing by subsidiaries represent balances arising from advances and payments made on behalf by the Company, are unsecured, repayable on demand in cash and cash equivalents and interest-free except for amounts totalling RM13,000,000 (30.6.2018: RM15,000,000; 1.7.2017: RM17,000,000), which bear interest at 9.21% (30.6.2018: 8.96%; 1.7.2017: 8.50%) per annum.

18. Trade And Other Receivables *(Cont'd)*

(h) The ageing analysis of trade receivables of the Group is as follows: -

		Group	
30.6.2019	***Gross Amount RM'000***	***Lifetime Loss Allowance RM'000***	***Carrying Amount RM'000***
Current (Not past due)	**14,398**	**(1)**	**14,397**
1 to 30 days past due	**6,520**	**(7)**	**6,513**
31 to 60 days past due	**4,378**	**(13)**	**4,365**
61 to 90 days past due	**1,773**	**(12)**	**1,761**
91 to 120 days past due	**543**	**-**	**543**
	27,612	**(33)**	**27,579**
Credit impaired:			
- more than 120 days past due	**2,179**	**(964)**	**1,215**
- individually impaired	**551**	**(551)**	**-**
	30,342	**(1,548)**	**28,794**

		Group		
30.6.2018	***Gross Amount RM'000***	***Individual Impairment RM'000***	***Collective Impairment RM'000***	***Carrying Amount RM'000***
Current (Not past due)	14,279	-	-	14,279
1 to 30 days past due	6,512	-	-	6,512
31 to 60 days past due	2,400	-	-	2,400
61 to 90 days past due	1,277	-	-	1,277
91 to 120 days past due	235	-	-	235
More than 120 days past due	6,221	(469)	(562)	5,190
	30,924	(469)	(562)	29,893

		Group		
1.7.2017	***Gross Amount RM'000***	***Individual Impairment RM'000***	***Collective Impairment RM'000***	***Carrying Amount RM'000***
Current (Not past due)	18,741	-	-	18,741
1 to 30 days past due	4,122	-	-	4,122
31 to 60 days past due	1,791	-	-	1,791
61 to 90 days past due	2,923	-	-	2,923
91 to 120 days past due	312	-	-	312
More than 120 days past due	5,201	(823)	(613)	3,765
	33,090	(823)	(613)	31,654

19. Contract Assets/Contract Liabilities

		Group		
		30.6.2019	*30.6.2018*	*1.7.2017*
		RM'000	*RM'000*	*RM'000*
Contract assets				
- accrued billings in respect of property development costs	19(a)	**11,076**	7,572	4,509
Contract liabilities				
- progress billings in respect of property development costs	19(a)	**(5,986)**	(6,469)	(4,437)
- customer loyalty programme	19(b)	**(1,693)**	(2,971)	(2,851)
		(7,679)	(9,440)	(7,288)

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
(a) At 1 July	**1,103**	72	10,775
Property development revenue recognised in profit or loss during the financial year	**53,820**	35,488	29,669
Billings to customers during the financial year	**(49,833)**	(34,457)	(40,372)
At 30 June	**5,090**	1,103	72
Represented by:-			
Contract assets	**11,076**	7,572	4,509
Contract liabilities	**(5,986)**	(6,469)	(4,437)
	5,090	1,103	72

i. The contract assets and liabilities represent the timing differences in revenue recognition and the milestone billings in respect of the property development activities.

ii. Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the reporting date are as follows:-

	2020	***2021***	***2022***
	RM'000	*RM'000*	*RM'000*
Property development revenue	11,410	2,813	1,478

(b) The contract liabilities relate to loyalty programme where retail customers accumulate points for purchases made which entitle them to discounts on future purchases.

20. Right To Recover Returned Goods And Refund Liabilities

On adoption of MFRS 15, Revenue from Contract Customers, an asset for a right to recover returned goods is recognised in relation to sales of goods with a right to return.

These are measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned goods. For goods that are expected to be returned, instead of revenue, a refund liability is recognised.

21. Contract Costs

Costs to obtain customer contracts primarily comprise commission paid to secure sales contracts for the Group's property development activities. The contract costs are recoverable and amortised over the period in which the related revenue is expected to be recognised.

22. Deposits, Bank Balances And Cash

		Group	
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Term deposits with licensed banks	**173,364**	182,869	160,443
Bank balances and cash	**68,165**	68,364	116,219
	241,529	251,233	276,662

		Company	
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Bank balances and cash	**131**	333	185

(a) The weighted average effective annual interest rate of deposits during the financial year are as follows:-

		Group	
	30.6.2019	*30.6.2018*	*1.7.2017*
	%	*%*	*%*
Term deposits with licensed banks	**3.13**	2.42	2.88

The maturity periods for deposits range from 1 to 365 days (30.6.2018: 1 to 365 days; 1.7.2017: 1 to 365 days).

(b) Included in bank balances and cash of the Group are funds held under the Housing Development Accounts amounting to RM22,934,000 (30.6.2018: RM17,765,000; 1.7.2017: RM33,316,000) pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.

(c) Included in term deposits is an amount of RM26,693,000 (30.6.2018: RM26,693,000; 1.7.2017: RM28,941,000) which represents balance of proceeds from the disposal of the cement associates by a listed subsidiary. Any deviation from the approved utilisation of this amount is subject to the approval of Securities Commission ("SC"). The SC had vide its letter dated 15 December 2008 approved the listed subsidiary's application to revise the utilisation by repaying its bank borrowings and expanding its food business.

(d) Included in term deposits is an amount of RM5,062,000 (30.6.2018: RM6,236,000; 1.7.2017: RM6,769,000) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

23. Share Capital

	Group/Company		
	30.6.2019	*30.6.2018*	*1.7.2017*
Issued and fully paid			
Number of shares *('000)*	**2,932,561**	2,932,561	2,932,561
Ordinary shares *(RM'000)*	**3,152,866**	3,152,866	3,152,866

The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

24. Reserves

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
Exchange translation reserve	**(37,243)**	(52,707)	(17,644)
Capital reserve	**(49)**	5,209	-
Available-for-sale reserve	**-**	4,603	4,938
Fair value reserve	**2,802**	-	-
	(34,490)	(42,895)	(12,706)

(a) The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) The capital reserve represents the Group's share of reserves of associates.

(c) The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (30.6.2018/1.7.2017: available-for-sale reserve).

25. Borrowings

	Group			Company		
	30.6.2019	*30.6.2018*	*1.7.2017*	***30.6.2019***	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*	***RM'000***	*RM'000*	*RM'000*
Non-current						
Term loans						
- secured	**204,542**	633,427	665,826	**-**	-	-
Revolving credits						
- secured	**43,295**	53,095	26,000	**-**	-	-
- unsecured	**34,209**	41,439	82,764	**11,000**	13,000	15,000
Hire-purchase and lease liabilities	**261**	826	1,039	**-**	-	-
	282,307	728,787	775,629	**11,000**	13,000	15,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. Borrowings *(Cont'd)*

	Group			Company		
	30.6.2019	*30.6.2018*	*1.7.2017*	**30.6.2019**	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*	**RM'000**	*RM'000*	*RM'000*
Current						
Bank overdrafts						
- secured	**18,738**	19,038	27,838	**-**	-	-
- unsecured	**-**	-	701	**-**	-	-
Revolving credits						
- secured	**34,200**	33,000	25,000	**-**	-	-
- unsecured	**44,730**	47,230	56,030	**2,000**	2,000	2,000
Term loans						
- secured	**441,702**	19,931	19,992	**-**	-	-
Hire-purchase and lease liabilities	**557**	788	831	**-**	-	-
	539,927	119,987	130,392	**2,000**	2,000	2,000
Total borrowings	**822,234**	848,774	906,021	**13,000**	15,000	17,000

	Group		
	30.6.2019	*30.6.2018*	*1.7.2017*
	RM'000	*RM'000*	*RM'000*
(a) The maturities of non-current term loans and revolving credits are as follows:-			
Between 1 year to 5 years	**262,683**	492,922	538,246
More than 5 years	**19,363**	235,039	236,344
	282,046	727,961	774,590
(b) Details of hire-purchase and lease liabilities are as follows:-			
Hire-purchase and minimum lease payments			
Within 1 year	**599**	849	895
Between 1 year to 5 years	**282**	889	1,119
	881	1,738	2,014
Future finance charges	**(63)**	(124)	(144)
Present value of hire-purchase and lease liabilities	**818**	1,614	1,870
Portion payable: -			
Within 1 year (current)	**557**	788	831
Between 1 year to 5 years (non-current)	**261**	826	1,039
	818	1,614	1,870

(c) A term loan of approximately RM417,944,000 (30.6.2018: RM421,702,000; 1.7.2017: RM445,112,000) has been partially pledged by an interest rate swap as disclosed in Note 30 to the financial statements.

25. Borrowings *(Cont'd)*

(d) The weighted average effective annual interest rates of borrowings during the financial year are as follows:-

	Group			*Company*		
	30.6.2019	*30.6.2018*	*1.7.2017*	***30.6.2019***	*30.6.2018*	*1.7.2017*
	%	*%*	*%*	***%***	*%*	*%*
Bank overdrafts	**4.0**	4.1	4.1	**-**	-	-
Revolving credits	**6.9**	6.6	7.6	**9.2**	9.0	8.5
Term loans	**4.3**	4.1	4.1	**-**	-	-
Hire-purchase and lease liabilities	**8.0**	8.0	8.0	**-**	-	-

(e) The banking facilities of certain subsidiaries are secured by the following:-

(i) fixed charges over certain property, plant and equipment, investment properties, shares held in a quoted and unquoted subsidiary and term deposits of the Group as disclosed in Notes 10, 11, 12 and 22 to the financial statements;

(ii) floating charges over all the other assets of certain subsidiaries;

(iii) a corporate guarantee of the Company; and

(iv) a corporate guarantee of certain subsidiaries.

(f) A term loan of approximately RM417,944,000 is due for full repayment within 12 months from the end of the reporting period. As a result, the non-current portion of the term loan has been classified as current liabilities as at the reporting date. The Group has obtained a refinancing letter from the bank to extend the full repayment of the term loan to another 3 years subsequent to reporting period before date of financial statements. Consequently, the Group assessed that it is able to meet its cash flows requirements for the next twelve months from the reporting date.

26. Provision For Restoration Cost

		Group		
		30.6.2019	*30.6.2018*	*1.7.2017*
	Note	***RM'000***	*RM'000*	*RM'000*
Provision for restoration cost of rented premises				
At 1 July		**4,123**	4,626	5,314
Additions:				
- by the capitalisation of property, plant and equipment	31(a)	**447**	-	-
- recognised in profit or loss	7	**80**	95	49
Paid during the financial year		**-**	(182)	(567)
Written back during the financial year	7	**(1,408)**	(416)	(181)
Exchange difference		**-**	-	11
At 30 June		**3,242**	4,123	4,626

Provision for restoration cost comprises mainly initial estimates of reinstatement costs for stores upon termination of tenancy.

27. Employee Benefits

	Note	30.6.2019 RM'000	Group 30.6.2018 RM'000	1.7.2017 RM'000
At 1 July		**2,272**	2,199	1,999
Exchange difference		**2**	(72)	3
Provision during the financial year	7	**199**	256	283
Writeback during the financial year		**-**	-	(134)
Paid during the financial year		**(177)**	(111)	(106)
		2,296	2,272	2,045
Transfer from classified as held for sale		**-**	-	154
At 30 June		**2,296**	2,272	2,199
Analysed between:				
- Non-current portion		**1,721**	1,741	1,735
- Current portion		**575**	531	464
		2,296	2,272	2,199

Provision is made for employee entitlements accumulated as a result of employees rendering services up to the reporting date. These benefits include annual leave and retirement gratuity.

Liabilities arising in respect of annual leave and retirement gratuity are measured at their nominal amounts.

28. Deferred Tax Assets/Liabilities

	Note	30.6.2019 RM'000	Group 30.6.2018 RM'000	1.7.2017 RM'000
At 1 July		**4,562**	6,161	3,259
Transfer (to)/from profit or loss	8	**(826)**	(1,545)	1,031
Exchange difference		**35**	(54)	43
		3,771	4,562	4,333
Transfer from classified as held for sale		**-**	-	1,828
At 30 June		**3,771**	4,562	6,161

(a) The amounts, determined after appropriate offsetting, are as follows:-

Deferred tax liabilities, net	**5,287**	5,429	7,213
Deferred tax assets, net	**(1,516)**	(867)	(1,052)
	3,771	4,562	6,161

28. Deferred Tax Assets/Liabilities (Cont'd)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

Deferred tax liabilities

Group	*Property, plant and equipment RM'000*	*Set off of Tax RM'000*	*Total RM'000*
At 1 July 2017	17,689	(10,476)	7,213
Recognised in profit or loss	(2,031)	347	(1,684)
Exchange difference	(619)	519	(100)
At 30 June 2018/1 July 2018	**15,039**	**(9,610)**	**5,429**
Recognised in profit or loss	**(539)**	**133**	**(406)**
Reclassification	**104**	**129**	**233**
Exchange difference	**(50)**	**81**	**31**
At 30 June 2019	**14,554**	**(9,267)**	**5,287**

Deferred tax assets

Group	*Advance Corporation Taxation RM'000*	*Provisions RM'000*	*Unutilised Tax Losses and Capital Allowances RM'000*	*Inventories RM'000*	*Set off of Tax RM'000*	*Total RM'000*
At 1 July 2017	(5,086)	(925)	(5,517)	-	10,476	(1,052)
Recognised in profit or loss	347	139	-	-	(347)	139
Exchange difference	255	-	310	-	(519)	46
At 30 June 2018/1 July 2018	**(4,484)**	**(786)**	**(5,207)**	**-**	**9,610**	**(867)**
Recognised in profit or loss	**99**	**(331)**	**-**	**(55)**	**(133)**	**(420)**
Reclassification	**1**	**130**	**-**	**(234)**	**(130)**	**(233)**
Exchange difference	**39**	**-**	**55**	**(9)**	**(81)**	**4**
At 30 June 2019	**(4,345)**	**(987)**	**(5,152)**	**(298)**	**9,266**	**(1,516)**

(c) The Group has not recognised deferred tax assets in the financial statements in respect of the following items:-

		Group	
	30.6.2019 RM'000	*30.6.2018 RM'000*	*1.7.2017 RM'000*
Unutilised tax losses	**782,257**	845,397	872,073
Unutilised capital allowances	**13,706**	13,444	14,761
Other deductible temporary differences	**373,282**	382,464	336,298
	1,169,245	1,241,305	1,223,132

The deferred tax assets are not recognised in respect of these items as the relevant subsidiaries are uncertain of the extent that is probable that future taxable profit will be available against which the above deductible temporary differences can be utilised.

The deductible temporary differences do not expire under the current tax legislation.

29. Trade And Other Payables

	Group			Company		
	30.6.2019	30.6.2018	1.7.2017	**30.6.2019**	30.6.2018	1.7.2017
	RM'000	RM'000	RM'000	**RM'000**	RM'000	RM'000
Trade payables	**57,119**	67,841	55,391	**-**	-	-
Other payables	**12,605**	9,337	7,403	**259**	200	375
Goods and Service Tax payable	**-**	885	121	**-**	-	-
Accrued expenses	**22,457**	27,201	23,655	**-**	-	-
Amounts owing to subsidiaries	**-**	-	-	**496,513**	474,962	459,599
Amounts owing to associates	**81,644**	45,691	47,321	**-**	-	-
Total trade and other payables	**173,825**	150,955	133,891	**496,772**	475,162	459,974

(a) Trade payables are non-interest bearing and the normal trade credit terms range from 14 to 120 days (30.6.2018: 14 to 90 days; 1.7.2017: 90 days).

(b) The amounts owing to subsidiaries represent balances arising from advances received from subsidiaries which are unsecured, repayable on demand in cash and cash equivalents and interest-free except for amount totalling RM169,405,000 (30.6.2018: RM171,205,000; 1.7.2017: Nil), which bears interest 5.80% (30.6.2018: 5.59%; 1.7.2017: Nil) per annum.

(c) The amounts owing to associates represent balances arising from advances received by certain overseas subsidiaries from associates, which are unsecured, repayable on demand in cash and cash equivalents and interest-free.

30. Derivative Liability

	Group		
	30.6.2019	30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Interest rate swap			
Contract/Notional Amount	**137,920**	139,160	146,885
Non-current	**-**	2,273	4,869
Current	**1,191**	-	-

The Group does not apply hedge accounting.

(a) The Group has recognised a gain of RM1,080,000 (30.6.2018: RM2,424,000; 1.7.2017: RM3,975,000) arising from fair value changes of derivatives during the financial year as disclosed in Note 7 to the financial statements. The fair value changes were attributed to changes in interest rates. The method and assumptions applied in determining the fair value of interest rate swap is disclosed in Note 33(V)(iii) to the financial statements.

(b) The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate term loan amounting to £26,276,000 (or RM137,920,000 equivalent). This interest rate swap receives floating interest equal to LIBOR + 2.35%, pays a fixed rate of interest of 4.31% and has the same maturity terms as the term loan.

31. Cash Flow Information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Note	Group 2019 RM'000	Group 2018 RM'000
Cost of property, plant and equipment purchased	10	17,034	15,006
Amount financed through hire purchase	31(b)	-	(651)
Provision for restoration costs capitalised	26	(447)	-
		16,587	14,355

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Note	Term Loans RM'000	Revolving Credits RM'000	Hire-Purchase and Lease Liabilities RM'000	Interest Rate Swap RM'000	Total RM'000
Group						
At 1 July 2018		**653,358**	**174,764**	**1,614**	**2,273**	**832,009**
Changes in financing cash flows						
Proceeds from drawdown		**5,380**	**-**	**-**	**-**	**5,380**
Repayment of borrowing principal		**(8,505)**	**(18,330)**	**(794)**	**-**	**(27,629)**
Repayment of borrowing interests		**(30,910)**	**(11,404)**	**(64)**	**-**	**(42,378)**
		(34,035)	**(29,734)**	**(858)**	**-**	**(64,627)**
Non-cash changes						
Exchange difference		**(3,989)**	**-**	**(2)**	**(2)**	**(3,993)**
Fair value changes	30(a)	**-**	**-**	**-**	**(1,080)**	**(1,080)**
Finance charges recognised in profit or loss		**30,910**	**11,404**	**64**	**-**	**42,378**
		26,921	**11,404**	**62**	**(1,082)**	**37,305**
At 30 June 2019		**646,244**	**156,434**	**818**	**1,191**	**804,687**

31. Cash Flow Information *(Cont'd)*

(b) The reconciliations of liabilities arising from financing activities are as follows:- *(Cont'd)*

	Note	Term Loans RM'000	Revolving Credits RM'000	Hire-Purchase and Lease Liabilities RM'000	Interest Rate Swap RM'000	Total RM'000
Group						
At 1 July 2017		685,818	189,794	1,870	4,869	882,351
Changes in financing cash flows						
Proceeds from drawdown		-	5,000	-	-	5,000
Repayment of borrowing principal		(7,590)	(20,030)	(816)	-	(28,436)
Repayment of borrowing interests		(29,107)	(11,715)	(324)	-	(41,146)
		(36,697)	(26,745)	(1,140)	-	(64,582)
Non-cash changes						
Exchange difference		(24,870)	-	(91)	(172)	(25,133)
Fair value changes	30(a)	-	-	-	(2,424)	(2,424)
New hire-purchase	31(a)	-	-	651	-	651
Finance charges recognised in profit or loss		29,107	11,715	324	-	41,146
		4,237	11,715	884	(2,596)	14,240
At 30 June 2018		653,358	174,764	1,614	2,273	832,009
Company						
At 1 July 2018		**-**	**15,000**	**-**	**-**	**15,000**
Changes in financing cash flows						
Repayment of borrowing principal		**-**	**(2,000)**	**-**	**-**	**(2,000)**
Repayment of borrowing interests		**-**	**(1,252)**	**-**	**-**	**(1,252)**
		-	**(3,252)**	**-**	**-**	**(3,252)**
Non-cash changes						
Finance charges recognised in profit or loss		**-**	**1,252**	**-**	**-**	**1,252**
At 30 June 2019		**-**	**13,000**	**-**	**-**	**13,000**
At 1 July 2017		-	17,000	-	-	17,000
Changes in financing cash flows						
Repayment of borrowing principal		-	(2,000)	-	-	(2,000)
Repayment of borrowing interests		-	(1,398)	-	-	(1,398)
		-	(3,398)	-	-	(3,398)
Non-cash changes						
Finance charges recognised in profit or loss		-	1,398	-	-	1,398
At 30 June 2018		-	15,000	-	-	15,000

31. Cash Flow Information *(Cont'd)*

(c) The cash and cash equivalents comprise the following:-

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Term deposits with licensed banks		**173,364**	182,869	**-**	-
Bank balances and cash		**68,165**	68,364	**131**	333
Bank overdrafts		**(18,738)**	(19,038)	**-**	-
		222,791	232,195	**131**	333
Less: Term deposits with tenure of more than 3 months		**(6,468)**	(2,200)	**-**	-
Term deposits pledged with licensed banks	22(d)	**(5,062)**	(6,236)	**-**	-
Restricted funds	22(c)	**(26,693)**	(26,693)	**-**	-
		184,568	197,066	**131**	333

32. Operating Segments Of The Group

Malayan United Industries Berhad has arrived at six reportable segments that are organised and managed separately according to the nature of products and services, which requires different business and marketing strategies. The reportable segments are summarised as follows: -

Retailing	-	Operating department and specialty stores, and through an associate, design, manufacture, sourcing, distribution & sale of garments, accessories & home furnishings.
Hotel	-	Holding of hotel properties and hotel operations.
Food	-	Manufacturing, marketing & distribution of confectionery and other food products.
Property	-	Property development and investment, sales of fresh fruit bunches.
Others	-	Investment activities and others including property investment and licensing of a trademark through an associate.

For Financial Services, the Group has discontinued recognising share of further results as the total share of the losses exceeds the Group's interest in the associate.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as impairment losses.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. Operating Segments Of The Group *(Cont'd)*

(i) Business segments

2019	*Retailing RM'000*	*Hotel RM'000*	*Food RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
REVENUE							
External revenue	84,290	179,404	71,733	57,473	-	-	392,900
Inter-segment revenue	-	-	-	72	7,894	(7,966)	-
Total revenue	84,290	179,404	71,733	57,545	7,894	(7,966)	392,900
Represented by:							
Revenue recognised at a point in time							
Sales of goods	59,519	-	71,733	-	-	-	131,252
Hotel operations	-	53,045	-	-	-	-	53,045
Property development	-	-	-	990	-	-	990
Commissions from concessionaire sales	21,854	-	-	-	-	-	21,854
Property rental income	2,917	-	-	308	72	(144)	3,153
Sales of oil palm fruits	-	-	-	2,427	-	-	2,427
Revenue recognised over time							
Hotel operations	-	126,359	-	-	-	-	126,359
Property development	-	-	-	53,820	-	-	53,820
Management fee	-	-	-	-	7,822	(7,822)	-
	84,290	179,404	71,733	57,545	7,894	(7,966)	392,900
RESULTS							
Segment results (external)	(6,588)	18,929	2,806	15,693	(14,900)	-	15,940
Interest income	414	37	895	1,547	6,381	-	9,274
(Loss)/Profit from operations before exceptional items	(6,174)	18,966	3,701	17,240	(8,519)	-	25,214
Exceptional items *(refer note 6)*	(43,295)	3	526	3,455	(2,487)	-	(41,798)
(Loss)/Profit from operations after exceptional items	(49,469)	18,969	4,227	20,695	(11,006)	-	(16,584)
Finance costs	-	(2,703)	-	(100)	(42,500)	-	(45,303)
Share of results of associates	(26,291)	-	-	-	5,497	-	(20,794)
Share of results of joint venture	-	-	(291)	-	-	-	(291)
(Loss)/Profit before taxation	(75,760)	16,266	3,936	20,595	(48,009)	-	(82,972)
Taxation	(2,351)	(1,779)	(910)	(4,737)	(236)	-	(10,013)
(Loss)/Profit after taxation	(78,111)	14,487	3,026	15,858	(48,245)	-	(92,985)

32. Operating Segments Of The Group *(Cont'd)*

(i) Business segments *(Cont'd)*

2019	*Retailing RM'000*	*Hotel RM'000*	*Food RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
ASSETS							
Segment assets	241,418	583,183	155,363	313,887	20,845	-	1,314,696
Investments in associates	115,204	-	-	-	181,136	-	296,340
Investments in joint venture	-	-	459	-	-	-	459
Unallocated corporate assets							11,448
Consolidated total assets							1,622,943
LIABILITIES							
Segment liabilities	90,536	81,140	12,691	34,266	792,858	-	1,011,491
Unallocated corporate liabilities							7,216
Consolidated total liabilities							1,018,707
OTHER SEGMENT INFORMATION							
Additions to non-current assets other than financial instruments and deferred tax assets	3,673	10,955	2,188	366	123	-	17,305
Depreciation	(3,412)	(12,748)	(2,098)	(563)	(419)	-	(19,240)
Other material non-cash items:							
- Gain on disposal of:-							
- investment property	-	-	-	3,435	-	-	3,435
- property, plant and equipment	17,288	1	197	-	5	-	17,491
- Fair value gain on interest rate swap	-	-	-	-	1,080	-	1,080
- Fair value loss on preference shares	-	-	-	-	(4,256)	-	(4,256)
- (Impairment)/Reversal of impairment loss on: -							
- associates	(58,751)	-	-	-	-	-	(58,751)
- property, plant and equipment	(1,645)	-	-	-	-	-	(1,645)
- Gain in foreign exchange (unrealised)	488	-	(290)	-	5,010	-	5,208
- Property, plant, and equipment written off	(1,347)	(70)	-	-	-	-	(1,417)
- Writeback of provision for restoration cost	1,408	-	-	-	-	-	1,408

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

32. Operating Segments Of The Group *(Cont'd)*

(i) Business segments *(Cont'd)*

2018	*Retailing RM'000*	*Hotel RM'000*	*Food RM'000*	*Property RM'000*	*Others RM'000*	*Elimination RM'000*	*Total Group RM'000*
REVENUE							
External revenue	101,831	192,698	65,334	40,318	-	-	400,181
Inter-segment revenue	-	-	-	72	6,094	(6,166)	-
Total revenue	101,831	192,698	65,334	40,390	6,094	(6,166)	400,181
Represented by:							
Revenue recognised at a point in time							
Sales of goods	70,463	-	65,334	-	-	-	135,797
Hotel operations	-	62,212	-	-	-	-	62,212
Property development	-	-	-	1,309	-	-	1,309
Commissions from concessionaire sales	28,453	-	-	-	-	-	28,453
Property rental income	2,915	-	-	303	72	(144)	3,146
Sales of oil palm fruits	-	-	-	3,290	-	-	3,290
Revenue recognised over time							
Hotel operations	-	130,486	-	-	-	-	130,486
Property development	-	-	-	35,488	-	-	35,488
Management fee	-	-	-	-	6,022	(6,022)	-
	101,831	192,698	65,334	40,390	6,094	(6,166)	400,181
RESULTS							
Segment results (external)	(13,310)	16,189	(3,212)	10,185	(12,941)	-	(3,089)
Interest income	379	150	1,162	1,230	3,374	-	6,295
(Loss)/Profit from operations before exceptional items	(12,931)	16,339	(2,050)	11,415	(9,567)	-	3,206
Exceptional items *(refer note 6)*	(4,199)	3,704	(121)	12	3,603	-	2,999
(Loss)/Profit from operations after exceptional items	(17,130)	20,043	(2,171)	11,427	(5,964)	-	6,205
Finance costs	-	(2,708)	-	(164)	(41,018)	-	(43,890)
Share of results of associates	(2,701)	-	-	-	(6,946)	-	(9,647)
(Loss)/Profit before taxation	(19,831)	17,335	(2,171)	11,263	(53,928)	-	(47,332)
Taxation	(1,538)	(1,874)	1,379	(3,559)	(262)	-	(5,854)
(Loss)/Profit after taxation	(21,369)	15,461	(792)	7,704	(54,190)	-	(53,186)

32. Operating Segments Of The Group *(Cont'd)*

(i) Business segments *(Cont'd)*

2018	***Retailing*** ***RM'000***	***Hotel*** ***RM'000***	***Food*** ***RM'000***	***Property*** ***RM'000***	***Others*** ***RM'000***	***Elimination*** ***RM'000***	***Total Group*** ***RM'000***
ASSETS							
Segment assets	231,041	598,973	151,660	302,493	89,719	-	1,373,886
Investments in associates	194,809	-	-	-	208,858	-	403,667
Unallocated corporate assets							13,099
Consolidated total assets							1,790,652
LIABILITIES							
Segment liabilities	105,386	84,648	11,729	42,813	773,437	-	1,018,013
Unallocated corporate liabilities							7,673
Consolidated total liabilities							1,025,686
OTHER SEGMENT INFORMATION							
Additions to non-current assets other than financial instruments and deferred tax assets	3,823	8,767	2,027	210	296	-	15,123
Depreciation	(4,468)	(12,526)	(1,128)	(609)	(393)	-	(19,124)
Other material non-cash items:							
- Gain on disposal of properties	-	3,669	36	-	-	-	3,705
- Fair value gain on interest rate swap	-	-	-	-	2,424	-	2,424
- (Impairment)/Reversal of impairment loss on: -							
- goodwill on consolidation	(4,756)	-	-	-	-	-	(4,756)
- Gain in foreign exchange (unrealised)	-	-	30	-	22,927	-	22,957
- Loss on derecognition of winding up subsidiaries	-	-	-	-	(18,098)	-	(18,098)
- Inventories written down	(10,697)	-	(731)	-	-	-	(11,428)
- Reversal of inventories previously written down	16,769	-	246	-	-	-	17,015

32. Operating Segments Of The Group *(Cont'd)*

(ii) Geographical segments

	Revenue		Assets Employed		Capital Expenditure	
	2019	2018	**2019**	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Malaysia	**231,584**	230,348	**554,405**	477,986	**7,731**	9,638
Asia-Pacific	**15,527**	14,838	**218,418**	358,581	**52**	80
Australia	**215**	175	**5,213**	5,410	**-**	-
North America	**-**	-	**322,966**	341,066	**-**	-
United Kingdom	**145,574**	154,820	**521,941**	607,609	**9,522**	5,405
Total	**392,900**	400,181	**1,622,943**	1,790,652	**17,305**	15,123

(iii) Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

33. Financial Instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

I. Financial Risk Management Policies

(a) Market Risk

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of its normal operations, both external and intra-group where the currency denomination differs from the functional currencies of the operating entities. The currencies giving rise to this risk are primarily British Pound ("GBP"), United States Dollar ("USD") and Hong Kong Dollar ("HKD"). The policy of the Group is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income against local currency costs.

The Group is also exposed to foreign currency risk in respect of its overseas investments.

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(a) Market Risk *(Cont'd)*

(i) Foreign Currency Risk *(Cont'd)*

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

2019	***GBP RM'000***	***USD RM'000***	***HKD RM'000***
Financial assets			
Trade and other receivables	**13,380**	**193**	**1,402**
Deposits, bank balances and cash	**49,433**	**21,551**	**11,398**
	62,813	**21,744**	**12,800**
Financial liabilities			
Borrowings	**(468,526)**	**-**	**-**
Trade and other payables	**(38,179)**	**(72,101)**	**(1,120)**
	(506,705)	**(72,101)**	**(1,120)**
Net financial (liabilities)/assets	**(443,892)**	**(50,357)**	**11,680**
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	**443,917**	**71,155**	**(11,164)**
Currency Exposure	**25**	**20,798**	**516**
2018			
Financial assets			
Trade and other receivables	17,257	1,329	1,782
Deposits, bank balances and cash	49,679	20,342	9,936
	66,936	21,671	11,718
Financial liabilities			
Borrowings	(468,231)	-	-
Trade and other payables	(38,620)	(36,272)	(1,188)
	(506,851)	(36,272)	(1,188)
Net financial (liabilities)/assets	(439,915)	(14,601)	10,530
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currencies	439,940	(2,847)	(10,392)
Currency Exposure	25	(17,448)	138

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(a) Market Risk *(Cont'd)*

(i) Foreign Currency Risk *(Cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the GBP, USD and HKD against the respective functional currencies of the Group entities, with all other variables held constant:-

			Group	
			2019	*2018*
Effects on loss after taxation			***RM'000***	*RM'000*
GBP/RM	-	strengthened by 10%	**+2**	+2
	-	weakened by 10%	**-2**	-2
USD/RM	-	strengthened by 10%	**+1,581**	-1,326
	-	weakened by 10%	**-1,581**	+1,326
HKD/RM	-	strengthened by 10%	**+39**	+10
	-	weakened by 10%	**-39**	-10

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings and derivative liability with variable rate. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and term deposits are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 25 and 30 to the financial statements.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by 0.5% with all other variables held constant:

	Group	
	2019	*2018*
Effects on loss after taxation	***RM'000***	*RM'000*
- increased by 0.5% (2018: 0.5%)	**-3,125**	-3,225
- decreased by 0.5% (2018: 0.5%)	**+3,125**	+3,225

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(a) Market Risk *(Cont'd)*

(iii) Equity Price Risk

Equity price risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in market price in equity instruments. The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Sensitivity analysis for equity price risk

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	Group	
	2019	*2018*
Effects on loss after taxation	***RM'000***	*RM'000*
- increased by 5% (2018: 5%)	**+2**	+2
- decreased by 5% (2018: 5%)	**-2**	-2
Effects on other comprehensive expenses		
- increased by 5% (2018: 5%)	**+256**	+348
- decreased by 5% (2018: 5%)	**-256**	-348

(b) Credit Risk

Credit risk is the risk that a counterparty is unable to pay its debts or meet its obligations. The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

It is the policy of the Group to monitor the financial standing of these counterparties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade and other receivables, details of which are disclosed in Note 18 to the financial statements. For other financial assets (including quoted investments, deposits, bank balances and cash and derivatives), the Group minimises credit risks by dealing exclusively with high credit rating counter parties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the `Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(b) Credit Risk *(Cont'd)*

Credit risk concentration profile

Management believes that concentration of credit risk is limited due to the large number of receivables of the Group and of the Company who are dispersed over a broad spectrum of industries and businesses other than:

- amounts owing by associates of RM63,211,000 (2018: RM101,895,000), which contributes 49.8% (2018: 60%) of receivables of the Group; and
- amounts owing by subsidiaries of RM317,983,000 (2018: RM397,526,000), which represents 100% (2018: 100%) of receivables of the Company.

The exposure of credit risk for trade receivables net allowance for impairment losses, as at the end of the reporting period by geographical region was:-

	Group	
	2019	*2018*
	RM'000	*RM'000*
Malaysia	**20,772**	19,540
United Kingdom	**4,992**	5,924
United States	**193**	1,328
Hong Kong	**1,215**	1,589
Singapore	**1,622**	1,512
	28,794	29,893

Assessment of impairment losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets and debt investments at fair value through other comprehensive income are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 120 days, are deemed credit impaired.

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(b) Credit Risk *(Cont'd)*

Assessment of impairment losses (Cont'd)

Trade Receivables and Contract Assets *(Cont'd)*

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Export sales made are generally accompanied by letters of credit or advance payments and therefore, there is minimal exposure to credit risk. Furthermore, outstanding trade receivables are largely collected within the credit term.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

The information about the exposure to credit risk and loss allowances calculated under MFRS 9 for trade receivables is disclosed in Note 18(a) to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss is disclosed in Note 18(a) to the financial statements.

Deposits, Bank Balances and Cash

The Group considers these banks and financial institutions have low credit risks. At the end of the reporting period, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amounts Owing By Subsidiaries and Amounts Owing By Associates (Non-trade Balances)

The Group applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Group considers loans and advances to subsidiaries and associates have low credit risks. The Group assumes that there is a significant increase in credit risk when the subsidiary's and associate's financial position deteriorates significantly. As the Group is able to determine the timing of payments of the loans and advances when they are payable, the Group considers the loans and advances to be in default when they are payable, the Group considers the loans and advances to be in default when the subsidiaries and the associates are not able to pay when demanded. The Group considers a subsidiary's and an associate's loan or advance to be credit impaired when the subsidiary and the associate is unlikely to repay its loan or advance in full or the subsidiary and the associate are continuously loss making or having a deficit in its total equity.

The Group determines the probability of default for these loans and advances individually using internal information available.

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(b) Credit Risk *(Cont'd)*

Assessment of impairment losses (Cont'd)

Amounts Owing By Subsidiaries and Amounts Owing By Associates (Non-trade Balances) *(Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amounts owing by subsidiaries and amounts owing by associates (non-trade balances) are summarised below:-

Amounts Owing By Subsidiaries (Non-trade Balances)

2019	***Gross amount RM'000***	***12-month loss allowance RM'000***	***Lifetime loss allowance RM'000***	***Carrying amount RM'000***
Low credit risk	37,956	(1,355)	-	36,601
Credit impaired	2,938,956	-	(2,657,574)	281,382
	2,976,912	(1,355)	(2,657,574)	317,983

Amounts Owing By Associates (Non-trade Balances)

2019	***Gross amount RM'000***	***Lifetime loss allowance RM'000***	***Carrying amount RM'000***
Significant increase in credit risk	102,750	(39,539)	63,211

In the last financial year, the loss allowance on amounts owing by subsidiaries was calculated under MFRS 139. No expected credit loss is recognised on amounts owing by associates.

The movements in the loss allowances are disclosed in Note 18 to the financial statements

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises from the management of working capital of the Group. It is the risk that the Group will encounter difficulty in meeting its financial obligation when due.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(c) Liquidity Risk *(Cont'd)*

The Group seeks to achieve a balance between certainty of funding and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected borrowing needs are covered by committed facilities and also to ensure that the amount of debt maturing in any one year is within the means of the Group to repay and refinance.

Maturity Analysis

The table below summarises the maturity profile of the financial liabilities at the end of each of the reporting period based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

2019	*Weighted average effective interest rate %*	*Carrying amount RM'000*	*Contractual undiscounted cash flow RM'000*	*On demand or within one year RM'000*	*One to five years RM'000*	*Over five years RM'000*
Group						
Non-derivative financial liabilities						
Trade and other payables	-	173,825	173,825	173,825	-	-
Borrowings	*4.0% - 8.0%*	822,234	882,678	541,715	319,189	21,773
Derivative financial liability						
Interest rate swap (net settled)	*4.3%*	1,191	1,191	1,191	-	-
		997,250	1,057,694	716,731	319,189	21,773
Company						
Non-derivative financial liabilities						
Trade and other payables	*5.8%*	496,772	496,772	496,772	-	-
Borrowings	*9.2%*	13,000	15,572	2,000	10,413	3,159
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	727,371	727,371	-	-
		509,772	1,239,715	1,226,143	10,413	3,159

33. Financial Instruments *(Cont'd)*

I. Financial Risk Management Policies *(Cont'd)*

(c) Liquidity Risk *(Cont'd)*

Maturity Analysis (Cont'd)

2018	Weighted average effective interest rate %	Carrying amount RM'000	Contractual undiscounted cash flow RM'000	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000
Group						
Non-derivative financial liabilities						
Trade and other payables	-	150,070	150,070	150,070	-	-
Borrowings	4.1% - 8.0%	848,774	963,887	146,858	565,621	251,408
Derivative financial liability						
Interest rate swap (net settled)	4.3%	2,273	2,273	-	2,273	-
		1,001,117	1,116,230	296,928	567,894	251,408
Company						
Non-derivative financial liabilities						
Trade and other payables	5.6%	475,162	475,162	475,162	-	-
Borrowings	9.0%	15,000	18,700	2,000	11,199	5,501
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	744,894	744,894	-	-
		490,162	1,238,756	1,222,056	11,199	5,501

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their value on initial recognition were not material.

II. Capital Management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains from that in the previous financial year.

The Group and the Company monitor capital using gearing ratio, which is the amount of borrowings (Note 25 to the financial statements) divided by total equity. The Group's and the Company's policy is to keep the gearing ratio within manageable levels.

Capital represents equity attributable to the owners of the Company and non-controlling interests.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total debts	**822,234**	848,774	**13,000**	15,000
Total equity	**604,236**	764,966	**497,526**	710,850
Gearing ratio	**1.36**	1.11	**0.03**	0.02

33. Financial Instruments *(Cont'd)*

III. Categories of Financial Instruments

Financial assets	*Amortised cost RM'000*	*Fair value through profit or loss RM'000*	*Fair value through other comprehensive income RM'000*	*Total RM'000*
Group				
2019				
Investment in unquoted preference shares	**-**	**143,019**	**-**	**143,019**
Other investments	**-**	**55**	**6,729**	**6,784**
Trade and other receivables	**107,636**	**-**	**-**	**107,636**
Deposits, bank balances and cash	**241,529**	**-**	**-**	**241,529**
	349,165	**143,074**	**6,729**	**498,968**

	Loan and receivables RM'000	*Fair value through profit or loss RM'000*	*Fair value through other comprehensive income RM'000*	*Total RM'000*
2018				
Other investments	-	45	10,325	10,370
Trade and other receivables	146,825	-	-	146,825
Deposits, bank balances and cash	251,233	-	-	251,233
	398,058	45	10,325	408,428

	Amortised cost RM'000
Company	
2019	
Trade and other receivables	**317,983**
Deposits, bank balances and cash	**131**
	318,114

	Loan and receivables RM'000
2018	
Trade and other receivables	397,526
Deposits, bank balances and cash	333
	397,859

33. Financial Instruments *(Cont'd)*

III. Categories of Financial Instruments *(Cont'd)*

Financial liabilities	***Fair value through profit or loss RM'000***	***Amortised cost RM'000***	***Total RM'000***
Group			
2019			
Borrowings	**-**	**822,234**	**822,234**
Trade and other payables	**-**	**173,825**	**173,825**
Interest rate swap	**1,191**	**-**	**1,191**
	1,191	**996,059**	**997,250**

	Fair value through profit or loss RM'000	***Other financial liabilities RM'000***	***Total RM'000***
2018			
Borrowings	-	848,774	848,774
Trade and other payables	-	150,070	150,070
Interest rate swap	2,273	-	2,273
	2,273	998,844	1,001,117

	Amortised cost RM'000
Company	
2019	
Borrowings	**13,000**
Trade and other payables	**496,772**
	509,772

	Other financial liabilities RM'000
2018	
Borrowings	15,000
Trade and other payables	475,162
	490,162

33. Financial Instruments *(Cont'd)*

IV. Gains or Losses Arising from Financial Instruments

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	RM'000	**RM'000**	RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net losses recognised in profit or loss	**(4,245)**	-	**-**	-
Equity Investments at Fair Value Through Other Comprehensive Income				
Net losses recognised in profit or loss and other comprehensive income	**(2,411)**	-	**-**	-
Available-for-sale Financial Assets				
Net losses recognised in profit or loss and other comprehensive income	**-**	(320)	**-**	-
Amortised Cost				
Net gains/(losses) recognised in profit or loss	**8,790**	6,686	**(98,581)**	(26,042)
Financial liabilities				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	**1,080**	2,424	**-**	-
Amortised Cost				
Net gains recognised in profit or loss	**45,303**	43,890	**11,153**	10,969

33. Financial Instruments *(Cont'd)*

V. Fair Value Information

(i) Fair values of financial instruments carried at fair value

(a) Quoted investments

The fair value of quoted investments is determined by reference to the exchange quoted market bid prices at the close of the business at the end of the reporting period.

(b) Unquoted shares

The fair value of unquoted shares is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.

(c) Unquoted preference shares

The fair value of unquoted preference shares is determined using discounted cash flow approach based on the pre-tax cash flow projections that approved by management based on the following significant unobservable inputs:-

- Discount rate of 9.35%;
- Redemption at the subscription price paid; and
- 30% of the shares will be redeemed in 2024, 30% of shares will be redeemed in 2025, 20% of shares will be redeemed in 2030 and the remaining 20% of shares will be redeemed in 2034.

A reasonable possible change of the assumptions will change the fair value as follows:-

	2019
	RM'000
Effects on loss after taxation	
Increase in discount rate by 1%	-9,161
Reduction in discount rate by 1%	+10,022
Early redemption by one year	+13,372
Delay redemption by one year	-12,229

In performing the sensitivity analysis above, it is assumed that other parameters will not change.

(d) Convertible bond

The fair value of convertible bond has been derived based on estimated conversion value measured using market price of the bond issuer's shares as at 30 June 2019.

(e) Interest rate swap

The fair value of interest rate swap is estimated based on mark-to-market ("MTM") valuation of outstanding swap deal.

33. Financial Instruments *(Cont'd)*

V. Fair Value Information *(Cont'd)*

(ii) Fair values of financial instruments not carried at fair value

(a) Financial instruments that are not carried at fair values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables, term loans and revolving credits are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(b) Hire-purchase and lease liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For hire-purchase and lease liabilities, the market rate of interest is determined by reference to similar credit agreements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. Financial Instruments *(Cont'd)*

V. Fair Value Information *(Cont'd)*

(iii) Fair value hierarchy

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair value 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*					
2019	*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*
Group										
Financial assets										
Investments at fair value through other comprehensive income										
- Quoted shares in Malaysia	5,455	-	-	5,455	-	-	-	-	5,455	5,455
- Quoted shares outside Malaysia	1,209	-	-	1,209	-	-	-	-	1,209	1,209
- Unquoted shares in Malaysia	-	-	65	65	-	-	-	-	65	65
Investments at fair value through profit or loss										
- Unquoted preference shares outside Malaysia	-	-	143,019	143,019	-	-	-	-	143,019	143,019
Financial asset at fair value through profit or loss										
- Convertible bond outside Malaysia	-	55	-	55	-	-	-	-	55	55
Financial liabilities										
Financial liability at fair value through profit or loss										
- Interest rate swap	-	1,191	-	1,191	-	-	-	-	1,191	1,191
Other financial liabilities										
- Hire-purchase and lease liabilities	-	-	-	-	-	-	881	881	881	818
- Term loans and revolving credits	-	-	-	-	-	802,678	-	802,678	802,678	802,678

During the reporting year ended 30 June 2019, there were no transfer between Level 1 and Level 2 fair value measurements.

33. Financial Instruments *(Cont'd)*

V. Fair Value Information *(Cont'd)*

(iii) Fair value hierarchy *(Cont'd)*

The following tables set out the financial instruments carried at fair value and those not carried at fair values for which fair value is disclosed, together with their fair value and carrying amounts shown in the statements of financial position. *(Cont'd)*

	Fair value of financial instruments carried at fair value				*Fair value of financial instruments not carried at fair value*					
	Level 1	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*	*Total fair value*	*Carrying amount*
30.6.2018	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Group										
Financial assets										
Available-for-sale investments										
- Quoted shares in Malaysia	6,700	-	-	6,700	-	-	-	-	6,700	6,700
- Quoted shares outside Malaysia	2,371	-	-	2,371	-	-	-	-	2,371	2,371
- Unquoted debenture in Malaysia									#	1,189
- Unquoted shares in Malaysia									#	65
Financial asset at fair value through profit or loss										
- Convertible bond outside Malaysia	-	45	-	45	-	-	-	-	45	45
Financial liabilities										
Financial liability at fair value through profit or loss										
- Interest rate swap	-	2,273	-	2,273	-	-	-	-	2,273	2,273
Other financial liabilities										
- Hire-purchase and lease liabilities	-	-	-	-	-	-	1,737	1,737	1,737	1,614
- Term loans and revolving credits	-	-	-	-	-	828,122	-	828,122	828,122	828,122

the fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares and debenture.

During the reporting period ended 30 June 2018, there were no transfer between Level 1 and Level 2 fair value measurements.

34. Capital And Other Commitments

(a) Capital commitments

Capital expenditures in respect of purchase of property, plant and equipment: -

	Group	
	2019	*2018*
	RM'000	*RM'000*
Purchase of equipment	**520**	235
Renovation	**317**	305
	837	540

(b) Operating lease commitments

Group as a lessee

Non-cancellable operating lease commitments not provided for in the financial statements: -

	Group	
	2019	*2018*
	RM'000	*RM'000*
Within 1 year	**11,966**	15,765
Between 1 year to 5 years	**33,728**	25,248
More than 5 years	**129,658**	133,234
	175,352	174,247

Group as a lessor

The Group lease out their investment properties under operating leases (as disclosed in Note 11 to the financial statements). The future minimum lease receivables under non-cancellable leases are as follows: -

	Group	
	2019	*2018*
	RM'000	*RM'000*
Within 1 year	**3,764**	3,712
Between 1 year to 5 years	**1,154**	4,344
	4,918	8,056

35. Significant Corporate Developments

(a) Significant corporate developments during the financial year

(i) On 10 August 2018, Intercontinental Properties Sdn Bhd, a wholly-owned subsidiary of MUI Properties Berhad ("MUIP"), which is in turn a partly-owned subsidiary of the Company, has at its Extraordinary General Meeting, obtained approval from the sole shareholder to commence member's voluntary winding-up pursuant to Section 439(1)(b) of Companies Act, 2016.

(ii) On 22 August 2018, Laura Ashley (Asia) Pte Ltd, a wholly-owned subsidiary of Laura Ashley Holdings plc, which is in turn an associate of the Group, has entered into a conditional agreement to sell its commercial property in Singapore located at No.29, New Industrial Road, to SB (29NIR) Investment Pte Ltd for a cash consideration of SGD$54.5 million (equivalent to RM165.1 million) to be paid on completion. The sale was completed during the financial year.

35. Significant Corporate Developments *(Cont'd)*

(a) Significant corporate developments during the financial year *(Cont'd)*

(iii) On 17 September 2018, Laura Ashley Holdings plc, an associate of the Group, terminated its Master License Agreement with Aeon Holdings which grants Laura Ashley Japan Co., Ltd the right to own and operate retail stores as well as the right to license the Laura Ashley Brand in approved territories.

(iv) On 20 September 2018, Megafort Sdn Bhd, a wholly-owned subsidiary of Pan Malaysia Corporation Berhad ("PMC"), which is in turn a partly-owned subsidiary of the Company, has entered into a joint venture and shareholders agreement with Baker & Cook Pte Ltd for the purpose of forming a Joint Venture Company to carry on the franchise business of retail food and beverage outlet in Malaysia.

On 24 September 2018, a joint venture company under the name of Baker & Cook (Malaysia) Sdn Bhd ("B&C Malaysia") has been incorporated. The principal activity of B&C Malaysia is to establish and operate the franchise business of retail food and beverage outlets operated and conducted under the trade names of "Baker & Cook" and "Plank Sourdough Pizza" subject to the terms and conditions of the Joint Venture and Shareholders Agreement dated 20 September 2018.

The current paid-up share capital of B&C Malaysia is RM1.5 million, comprising 100,000 ordinary shares.

The Shareholders and their respective shareholding in B&C Malaysia are as follows:-

a) Megafort Sdn Bhd - 50%; and
b) Baker & Cook Pte Ltd - 50%.

(v) On 25 September 2018, MUI (U.K.) Limited, a company incorporated in United Kingdom and a wholly-owned dormant subsidiary of Davson Limited, which is in turn a wholly-owned subsidiary of the Company, was dissolved by way of striking off under United Kingdom Companies Act 2006.

(vi) On 22 October 2018, Uniwell Nominees (Tempatan) Sdn Bhd, a wholly-owned subsidiary of PMC, which is in turn a partly-owned subsidiary of the Company, was placed under members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016.

(vii) On 5 November 2018, the following companies which were incorporated in Singapore and indirect wholly-owned subsidiaries of PMC, which is in turn a partly-owned subsidiary of the Company, have been struck off from the Register following an earlier application by both companies to the Companies Registry in Singapore to strike off the name from the Register: -

a) Tiffany Hampers & Gifts Pte Ltd
b) Specialist Food Retailers Pte Ltd

(viii) On 5 November 2018, C.S. Investments Private Limited ("C.S. Investments"), a company incorporated in Singapore and a wholly-owned subsidiary of MUIP, which is in turn a partly-owned subsidiary of the Company, has been struck off from the Register following an earlier application by C.S. Investments to the Companies Registry in Singapore for striking the name off the Register.

(ix) On 18 December 2018, Laura Ashley Holdings plc, an associate of the Group, had disposed the Laura Ashley Hotel, The Manor in Elstree ("The Manor") to Elstree Mill Limited for a cash consideration of £6 million (equivalent to RM31.5 million). Contracts are exchanged and completed on 31 January 2019.

(x) On 29 January 2019, the following direct and indirect wholly-owned subsidiaries of Pan Malaysia Holding Berhad ("PMH"), which is in turn a partly-owned subsidiary of the Company, have been dissolved pursuant to Section 439(1)(b) of the Companies Act 2016: -

	Company name	Date of dissolution
a)	Pengkalen Equities Sdn Bhd	26 December 2018
b)	Pengkalen Properties Sdn Bhd	26 December 2018
c)	Destiny Aims Sdn Bhd	26 December 2018
d)	Kayangan Makmur Sdn Bhd	1 January 2019

35. Significant Corporate Developments *(Cont'd)*

(a) Significant corporate developments during the financial year *(Cont'd)*

(xi) On 22 April 2019, Millionmart Sdn Bhd, a wholly-owned subsidiary of Metrojaya Berhad, which is in turn a 98.21%-owned subsidiary of the Company, had entered into a share sale agreement with Jomuda Sdn Bhd, a wholly-owned subsidiary of PMC for disposal of its 11,200,000 ordinary shares representing 1.51% of the total issued and paid-up share capital of MUIP for a total cash consideration of RM2,240,000. PMC is a 66.51%-owned subsidiary of the Company.

(xii) On 21 June 2019, Superex Sdn Bhd, a wholly-owned subsidiary of MUIP, which is in turn a partly-owned subsidiary of the Company, has at its Extraordinary General Meeting obtained approval from the sole shareholder to commence member's voluntary winding-up pursuant to Section 439(1)(b) of Companies Act, 2016.

(xiii) On 21 June 2019, Plumbline Sdn Bhd, a wholly-owned subsidiary of PMC, which is in turn a partly-owned subsidiary of the Company, has at its Extraordinary General Meeting obtained approval from the sole shareholder to commence member's voluntary winding-up pursuant to Section 439(1)(b) of Companies Act, 2016.

36. Material Litigation

On 28 February 2019, MJ Department Stores Sdn Bhd (hereinafter referred to as the Plaintiff), a wholly-owned subsidiary of Metrojaya Berhad which is in turn an indirect 98.21%-owned subsidiary of the Company, had taken legal proceedings against UDA Holdings Berhad (hereinafter referred to as the Defendant) vide a Writ of Summons filed at the High Court of Kuala Lumpur ("the High Court").

The Plaintiff was the anchor and largest tenant in BB Plaza for some 33 years. Since 1981 until January 2015, the Plaintiff has operated a Metrojaya Department Store at BB Plaza. The last formal Tenancy Agreement entered into by the Plaintiff with the Defendant for the premises at BB Plaza was on 6 May 2010.

Pursuant to the Tenancy Agreement, the Plaintiff had the option to renew for 5 terms of 3 years each. However, the Defendant had prematurely terminated the Plaintiff's tenancy at BB Plaza with effect from 19 January 2015. The Plaintiff's total claim amounts to RM24,221,098, of which RM16,159,204 is for loss of profit. The rate of interest on the total claim by the Plaintiff shall be at such rate and for such period as the High Court may award as it deems fit.

On 28 March 2019, the Plaintiff received a Statement of Defence dated 26 March 2019 that was filed by the Defendant in the High Court.

On 30 May 2019, the High Court has instructed both parties to exchange and file in their respective Bundle of Documents on or before 28 June 2019. The Court has further fixed a three (3) day trial from 17 September 2019 to 19 September 2019.

The Company is unable to ascertain its financial impact at this juncture as it will depend on the outcome of the legal proceedings between the Plaintiff and the Defendant. The Company does not foresee any adverse financial impact in connection with the litigation.

37. Related Party Disclosures

(a) Identities of related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries and the following:-

(i) A corporate shareholder of the Company in which a director of the Company has financial interests;
(ii) Associates and joint venture of the Group as disclosed in Note 39 to the financial statements; and
(iii) Key management personnel (including Directors).

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: -

	Group		*Company*	
	2019	*2018*	***2019***	*2018*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Corporate Shareholder: -				
Interest income	**484**	637	**-**	-
Associates: -				
Management fees paid	**12**	12	**-**	-
Purchase of inventories	**316**	1,121	**-**	-
Subsidiaries: -				
Dividend income	**-**	-	**177**	5,980
Interest income	**-**	-	**1,252**	1,398
Interest expense	**-**	-	**9,901**	9,571
Repayments	**-**	-	**27,625**	9,988

(c) Material balances with related parties at the end of the reporting period are disclosed in Notes 18 and 29 to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(d) Compensation of key management personnel

	Group		*Company*	
	2019	*2018*	***2019***	*2018*
	RM'000	*RM'000*	***RM'000***	*RM'000*
Short term employee benefits	**7,426**	7,457	**471**	625
Defined contribution plan	**502**	757	**47**	105
	7,928	8,214	**518**	730

38. Transition To The MFRS Framework And Prior Year Adjustment

As stated in Note 3.1 to the financial statements, these are the first set of financial statements of the Group and of the Company prepared in accordance with MFRSs. The accounting policies in Note 4 to the financial statements have been applied to all financial information covered under this set of financial statements.

In preparing the opening MFRS statements of financial position at 1 July 2017 (date of transition), the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. The financial impacts on the transition are as below:-

Reconciliation Of Profit Or Loss And Other Comprehensive Income

		2018		
Group	***Note***	***FRSs RM'000***	***Transition Effects RM'000***	***MFRSs RM'000***
Revenue	38(b)	405,662	(5,481)	400,181
Cost of sales		(245,231)	-	(245,231)
Gross profit		160,431	(5,481)	154,950
Other income		13,166	-	13,166
Distribution costs	38(b)	(14,949)	5,487	(9,462)
Administrative expenses	38(b)	(85,747)	1,231	(84,516)
Other expenses	38(b)	(67,465)	(3,467)	(70,932)
Profit from operations before exceptional items		5,436	(2,230)	3,206
Exceptional items	38(b)	2,975	24	2,999
Profit from operations after exceptional items		8,411	(2,206)	6,205
Finance costs		(43,890)	-	(43,890)
Share of results of associates		(9,647)	-	(9,647)
Loss before taxation		(45,126)	(2,206)	(47,332)
Taxation	38(c)	(6,543)	689	(5,854)
Loss after taxation		(51,669)	(1,517)	(53,186)

Company

There are no material differences between the statement of profit or loss and other comprehensive income presented under FRSs and MFRSs.

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation Of Financial Position

Group	Note	30.6.2018 FRSs RM'000	30.6.2018 Transition Effects RM'000	30.6.2018 Prior Year Adjustment RM'000	30.6.2018 MFRSs RM'000	1.7.2018 MFRS 9 RM'000	1.7.2018 MFRSs RM'000	1.7.2017 FRSs RM'000	1.7.2017 Transition Effects RM'000	1.7.2017 Prior Year Adjustment RM'000	1.7.2017 MFRSs RM'000
ASSETS											
NON-CURRENT ASSETS											
Property, plant and equipment		619,908	-	6,673	626,581	-	626,581	674,511	-	7,043	681,554
Investment properties	38(c)	99,598	(2,212)	-	97,386	-	97,386	99,079	-	-	99,079
Associates		403,667	-	-	403,667	(34,888)	368,779	441,372	-	-	441,372
Other investments		10,325	-	-	10,325	-	10,325	10,647	-	-	10,647
Inventories	38(b)	-	35,263	-	35,263	-	35,263	-	35,263	-	35,263
Land held for property development	38(b)	35,263	(35,263)	-	-	-	-	35,263	(35,263)	-	-
Goodwill on consolidation		25,179	-	-	25,179	-	25,179	29,935	-	-	29,935
Deferred tax assets		867	-	-	867	-	867	1,052	-	-	1,052
		1,194,807	(2,212)	6,673	1,199,268	(34,888)	1,164,380	1,291,859	-	7,043	1,298,902
CURRENT ASSETS											
Property development costs	38(b)	106,315	(106,315)	-	-	-	-	94,698	(94,698)	-	-
Inventories	38(b)	45,038	106,315	-	151,353	-	151,353	48,206	94,698	-	142,904
Trade and other receivables	38(b)/(d)	176,002	(7,572)	-	168,430	(39,825)	128,605	187,150	(4,509)	-	182,641
Contract assets	38(b)	-	7,572	-	7,572	-	7,572	-	4,509	-	4,509
Right to recover returned goods	38(b)	-	519	-	519	-	519	-	528	-	528
Other investments		45	-	-	45	-	45	49	-	-	49
Current tax assets		12,232	-	-	12,232	-	12,232	17,039	-	-	17,039
Deposits, bank balances and cash		251,233	-	-	251,233	(196)	251,037	276,662	-	-	276,662
		590,865	519	-	591,384	(40,021)	551,363	623,804	528	-	624,332
TOTAL ASSETS		1,785,672	(1,693)	6,673	1,790,652	(74,909)	1,715,743	1,915,663	528	7,043	1,923,234

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation Of Financial Position *(Cont'd)*

		30.6.2018				1.7.2018		1.7.2017			
Group	Note	*FRSs RM'000*	*Transition Effects RM'000*	*Prior Year Adjustment RM'000*	*MFRSs RM'000*	*MFRS 9 RM'000*	*MFRSs RM'000*	*FRSs RM'000*	*Transition Effects RM'000*	*Prior Year Adjustment RM'000*	*MFRSs RM'000*
EQUITY AND LIABILITIES											
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY											
Share capital		3,152,866	-	-	3,152,866	-	3,152,866	3,152,866	-	-	3,152,866
Reserves	38(a)	223,322	(266,018)	(199)	(42,895)	-	(42,895)	254,457	(267,334)	171	(12,706)
Accumulated losses	38(a)-(e)	(2,843,860)	264,918	6,872	(2,572,070)	(68,182)	(2,640,252)	(2,789,099)	267,104	6,872	(2,515,123)
		532,328	(1,100)	6,673	537,901	(68,182)	469,719	618,224	(230)	7,043	625,037
NON-CONTROLLING INTERESTS	38(b)-(d)	227,834	(769)	-	227,065	(6,727)	220,338	228,108	(122)	-	227,986
TOTAL EQUITY		760,162	(1,869)	6,673	764,966	(74,909)	690,057	846,332	(352)	7,043	853,023
NON-CURRENT LIABILITIES											
Borrowings		728,787	-	-	728,787	-	728,787	775,629	-	-	775,629
Provision for restoration cost		4,123	-	-	4,123	-	4,123	4,626	-	-	4,626
Employee benefits		1,741	-	-	1,741	-	1,741	1,735	-	-	1,735
Deferred tax liabilities	38(c)	6,118	(689)	-	5,429	-	5,429	7,213	-	-	7,213
Derivative liability		2,273	-	-	2,273	-	2,273	4,869	-	-	4,869
		743,042	(689)	-	742,353	-	742,353	794,072	-	-	794,072

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation Of Financial Position *(Cont'd)*

		30.6.2018				1.7.2018		1.7.2017			
Group	Note	FRSs RM'000	Transition Effects RM'000	Prior Year Adjustment RM'000	MFRSs RM'000	MFRS 9 RM'000	MFRSs RM'000	FRSs RM'000	Transition Effects RM'000	Prior Year Adjustment RM'000	MFRSs RM'000
EQUITY AND LIABILITIES *(Cont'd)*											
CURRENT LIABILITIES											
Trade and other payables	38(b)	160,395	(9,440)	-	150,955	-	150,955	141,179	(7,288)	-	133,891
Contract liabilities	38(b)	-	9,440	-	9,440	-	9,440	-	7,288	-	7,288
Refund liability	38(b)	-	865	-	865	-	865	-	880	-	880
Borrowings		119,987	-	-	119,987	-	119,987	130,392	-	-	130,392
Employee benefits		531	-	-	531	-	531	464	-	-	464
Current tax liabilities		1,555	-	-	1,555	-	1,555	3,224	-	-	3,224
		282,468	865	-	283,333	-	283,333	275,259	880	-	276,139
TOTAL LIABILITIES		1,025,510	176	-	1,025,686	-	1,025,686	1,069,331	880	-	1,070,211
TOTAL EQUITY AND LIABILITIES		1,785,672	(1,693)	6,673	1,790,652	(74,909)	1,715,743	1,915,663	528	7,043	1,923,234

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation Of Financial Position *(Cont'd)*

		30.6.2018			1.7.2018		1.7.2017		
Company	*Note*	*FRSs RM'000*	*Transition Effects RM'000*	*MFRSs RM'000*	*MFRS 9 RM'000*	*MFRSs RM'000*	*FRSs RM'000*	*Transition Effects RM'000*	*MFRSs RM'000*
ASSETS									
NON-CURRENT ASSET									
Subsidiaries		802,306	-	802,306	-	802,306	734,818	-	734,818
CURRENT ASSETS									
Trade and other receivables	38(d)	397,531	-	397,531	(20,235)	377,296	490,717	-	490,717
Current tax assets		842	-	842	-	842	842	-	842
Deposits, bank balances and cash		333	-	333	-	333	185	-	185
		398,706	-	398,706	(20,235)	378,471	491,744	-	491,744
TOTAL ASSETS		1,201,012	-	1,201,012	(20,235)	1,180,777	1,226,562	-	1,226,562

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation Of Financial Position *(Cont'd)*

Company	Note	30.6.2018 FRSs RM'000	30.6.2018 Transition Effects RM'000	30.6.2018 MFRSs RM'000	1.7.2018 MFRS 9 RM'000	1.7.2018 MFRSs RM'000	1.7.2017 FRSs RM'000	1.7.2017 Transition Effects RM'000	1.7.2017 MFRSs RM'000
EQUITY AND LIABILITIES									
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY									
Share capital		3,152,866	-	3,152,866	-	3,152,866	3,152,866	-	3,152,866
Reserves	38(a)	26,264	(26,264)	-	-	-	26,264	(26,264)	(26,264)
Accumulated losses		(2,468,280)	26,264	(2,442,016)	(20,235)	(2,462,251)	(2,429,542)	26,264	(2,377,014)
TOTAL EQUITY		710,850	-	710,850	(20,235)	690,615	749,588	-	749,588
NON-CURRENT LIABILITY									
Borrowings		13,000	-	13,000	-	13,000	15,000	-	15,000
CURRENT LIABILITIES									
Trade and other payables		475,162	-	475,162	-	475,162	459,974	-	459,974
Borrowings		2,000	-	2,000	-	2,000	2,000	-	2,000
		477,162	-	477,162	-	477,162	461,974	-	461,974
TOTAL LIABILITIES		490,162	-	490,162	-	490,162	476,974	-	476,974
TOTAL EQUITY AND LIABILITIES		1,201,012	-	1,201,012	(20,235)	1,180,777	1,226,562	-	1,226,562

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Reconciliation of Cash Flows

There are no material differences between the statements of cash flows under FRSs and MFRSs.

Note to reconciliation

(a) Exemption for cumulative reserves

The Group has elected to reset the revaluation reserve, exchange translation reserve, capital reserve, available-for-sale reserve and general reserve. The revaluation reserve, exchange translation reserve, capital reserve, available-for-sale reserve and general reserve of RM19.304 million, RM210.201 million, RM9.845 million, RM2.727 million and RM25.257 million as at 1 July 2017 respectively were reclassified to accumulated losses.

(b) Revenue Recognition

Under FRSs, revenue was recognised under FRS 118 Revenue. Upon transition to MFRSs, the Group adopted MFRS 15 Revenue from Contracts with Customers' ("MFRS 15"), requiring the Group to review the measurement and timing of when revenue shall be recognised. The new accounting policy on the revenue recognition has been applied retrospectively of which the changes are summarised below:-

i. Land held for property development and property development costs were reclassified as inventories (non-current and current).

ii. The Group capitalised expenses incurred in securing contracts with customers and expensed by reference to the progress towards complete satisfaction of the performance obligations.

iii. The Group has reduced the revenue recognised previously on sales of goods by the amount of expected goods returns and recorded it under refund liabilities. Consequently, the Group has recognised a related asset for the right to recover the returned goods in current assets.

iv. The Group has reclassified sales incentive and other sales related expenses currently treated as selling and distribution expenses as a deduction against revenue.

v. Accrued billings in respect of property development previously presented as trade and other receivables were reclassified as contract assets. Progress billings in respect of property development and customer loyalty programme previously presented as trade and other payables were reclassified as contract liabilities.

(c) Investment Properties

Under FRS, the Group measures one of its investment properties at fair value. Upon transition to MFRSs, the Group re-measured the said investment property using cost model as well as deferred tax on the investment property.

(d) Classification and Measurement of Financial Assets and Financial Liabilities

Under FRSs, financial assets and financial liabilities were accounted for under FRS 139 Financial Instrument: Recognition and Measurement. Upon transition to MFRSs, the Group adopted MFRS 9 'Financial Instrument' ("MFRS 9"), requiring the Group to review the classification and measurement of its financial instruments at the date of transition.

38. Transition To The MFRS Framework And Prior Year Adjustment *(Cont'd)*

Note to reconciliation *(Cont'd)*

(d) Classification and Measurement of Financial Assets and Financial Liabilities *(Cont'd)*

The Group elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of the initial application of MFRS 9. Hence, the Group applied FRS 139 and FRS 7 "Financial Instruments: Disclosures" for the comparative information. The adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 were recognised in accumulated losses as at 1 July 2018, as summarised below:-

i. The Group intends to hold the investments in unquoted shares for long term strategic purposes. These investments were classified as available-for-sale financial assets in prior periods. As permitted by MFRS 9, the Group designated such investments as fair value through other comprehensive income, to be measured at fair value at each reporting date.

ii. Investment in unquoted preference share in an associate, in substance, form part of the net investment in the associate of the Group was measured at cost less impairment. The Group designated this investment as fair value through profit or loss as their cash flows do not represent solely payments of principal and interest.

iii. The Group changed its impairment loss methodology from the 'incurred loss' approach to the 'expected credit loss' approach upon the adoption of MFRS 9. Under this new approach, the Group accounted for the expected credit losses of its financial assets measured at amortised cost and contract assets to reflect their changes in credit risk since initial recognition. As permitted by MFRS 9, the Group used a simplified approach to measure the loss allowance of its trade receivables and contract assets.

(e) Prior year adjustment

The Group has restated the property, plant and equipment and accumulated losses at 30 June 2018 and 1 July 2017 due to the prior year adjustment by overseas subsidiaries on the inappropriate accounting treatment of depreciation of the property, plant and equipment. An adjustment is applied retrospectively in the consolidated financial statements.

39. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD

At 30 June 2019

		Subsidiary	*Equity Interest (Nominal)*			*Principal Activities*	*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*		
			%	%	%		
*	1.	Acquiline Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	2.	Alameda Enterprises Limited	**100**	100	100	Investment holding	British Virgin Islands
*	3.	Ample Line Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	4.	Ascada Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	5.	Carulli Holdings Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	6.	Continental Capitals Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	7.	Corus Hospitality Sdn Bhd *(formerly known as Ming Court Beach Hotel (P.D.) Sdn Bhd)*	**100**	100	100	Inactive	Malaysia
*	8.	Corus Hotels Limited	**100**	100	100	Investment holding & hotel operations	United Kingdom
*	9.	Corus Hotels Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	10.	Creative Vest (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	11.	Davson Limited	**100**	100	100	Dormant	Hong Kong
*	12.	Farrago Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	13.	Fuchsia Enterprises Limited	**100**	100	100	Investment holding	British Virgin Islands
*	14.	Libertyray (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	15.	London Vista Hotel Limited	**100**	100	100	Investment holding	United Kingdom
*	16.	Loyal Design Sdn Bhd	**100**	100	100	Investment holding	Malaysia
+	17.	Malayan United Management Sdn Bhd	**100**	100	100	Management services	Malaysia
*	18.	Malayan United Security Services Sdn Bhd	**100**	100	100	Security services	Malaysia
*	19.	Marco Polo Trading Sdn Bhd	**100**	100	100	Investment holding	Malaysia
+	20.	Metrojaya Berhad	**98.21**	98.21	98.21	Investment holding	Malaysia
+	21.	Ming Court Hotel (KL) Sdn Bhd	**100**	100	100	Hotel operations	Malaysia
*	22.	Ming Court Hotels International Sdn Bhd	**100**	100	100	Inactive	Malaysia
*	23.	MUI Asia Limited	**100**	100	100	Investment holding	Hong Kong
*	24.	MUI Capital Sdn Bhd	**100**	100	100	Investment holding & money lending	Malaysia
*	25.	MUI China Limited	**100**	100	100	Investment holding	Hong Kong
*	26.	MUI Enterprises Limited	**100**	100	100	Investment holding	Hong Kong
*	27.	MUI Enterprises Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	28.	MUI Media Ltd	**100**	100	100	Investment holding	British Virgin Islands
*	29.	MUI Philippines, Inc	**100**	100	100	Investment holding	Philippines
+	30.	MUI Properties Berhad	**74.32**	74.32	74.32	Investment holding	Malaysia
*	31.	MUI Singapore Private Limited	**100**	100	100	Investment holding	Singapore
*	32.	Natloyal (M) Sdn Bhd	**100**	100	100	Property investment	Malaysia
*	33.	Novimax (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	34.	Oriental Omega Sdn Bhd	**100**	100	100	Investment holding	Malaysia
+	35.	Pan Malaysia Corporation Berhad	**66.51**	66.51	66.51	Investment holding	Malaysia
+	36.	Pan Malaysia Holdings Berhad	**69.19**	69.19	69.19	Investment holding	Malaysia

39. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD *(Cont'd)*

At 30 June 2019

		Subsidiary	***Equity Interest (Nominal)*** ***30.6.2019*** %	*30.6.2018* %	*1.7.2017* %	***Principal Activities***	***Country of Incorporation***
*	37.	Regal Classic Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	38.	Tarrega Holdings Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	39.	Two Holdings Sdn Bhd	**100**	100	100	Property investment	Malaysia
*	40.	United Review (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	41.	Universal Growth Limited	**100**	100	100	Investment holding	British Virgin Islands

Subsidiaries of Malayan United Industries Berhad which are placed under members' voluntary winding up and are not consolidated

		Subsidiary	***Equity Interest (Nominal)*** ***30.6.2019*** %	*30.6.2018* %	*1.7.2017* %	***Country of Incorporation***
Φ	1.	MUI Continental Berhad	**52.21**	52.21	52.21	Malaysia
α	2.	MUI (U.K.) Limited	**-**	100	100	United Kingdom

39. SUBSIDIARIES AND ASSOCIATES OF MALAYAN UNITED INDUSTRIES BERHAD *(Cont'd)*

At 30 June 2019

		Associate	*Equity Interest (Nominal)* 30.6.2019 %	30.6.2018 %	1.7.2017 %	*Principal Activities*	*Country of Incorporation*
*	1.	Asia Pacific Media Corporation	**50**	50	50	Inactive	U.S.A.
*	2.	Asian Capital Equities, Inc	**20**	20	20	Inactive	Philippines
*	3.	Farrago Holdings, Inc	**40**	40	40	Investment holding	Philippines
*	4.	Laura Ashley Holdings plc	**35.17**	35.17	35.17	Design, sourcing, distribution & sale of clothing, accessories & home furnishings	United Kingdom
*	5.	Mansara International Limited	**35**	35	35	Investment holding	British Virgin Islands
Ω *	6.	Pan Malaysia Capital Berhad	**46.19**	46.19	46.19	Investment holding	Malaysia
*	7.	Regent Corporation	**49**	49	49	Investment holding	U.S.A.
*	8.	Zhaodaola Limited	**26.25**	26.25	26.25	Inactive	Bermuda

Subsidiaries of Regent Corporation
(The list comprises major subsidiaries only)

		Subsidiary	*Equity Interest (Nominal)* 30.6.2019 %	30.6.2018 %	1.7.2017 %	*Principal Activities*	*Country of Incorporation*
*	1.	Laura Ashley (North America), Inc	**100**	100	100	Licensing and sub-licensing trademarks and copyright designs	U.S.A.
*	2.	Regent Carolina Corporation	**100**	100	100	Resort operation & property investment	U.S.A.
*	3.	Regent Park Corporation	**100**	100	100	Property investment	U.S.A.

Subsidiaries of Pan Malaysia Capital Berhad
(The list comprises major subsidiaries only)

		Subsidiary	*Equity Interest (Nominal)* 30.6.2019 %	30.6.2018 %	1.7.2017 %	*Principal Activities*	*Country of Incorporation*
*	1.	PCB Asset Management Sdn Bhd	**100**	100	100	Research & fund management services	Malaysia
*	2.	PM Securities Sdn Bhd	**100**	100	100	Stock & sharebroking & corporate advisory services	Malaysia
*	3.	Pan Malaysia Equities Sdn Bhd	**100**	100	100	Property & investment holding	Malaysia

39. SUBSIDIARIES OF MUI PROPERTIES BERHAD

At 30 June 2019

		Subsidiary	*Equity Interest (Nominal)*			*Principal Activities*	*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*		
			%	%	%		
*	1.	Appreplex (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	2.	Bahtera Muhibbah Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	3.	Cesuco Trading Limited	**100**	100	100	Investment holding	Hong Kong
*	4.	CSB Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	5.	CSB Holdings Sdn Bhd	**100**	100	100	Property investment	Malaysia
*	6.	Dirnavy Pty Limited	**100**	100	100	Inactive	Australia
*	7.	Elegantplex (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	8.	Heritage Challenger (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	9.	Indanas Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	10.	Integrated Mark (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	11.	Lambaian Maju Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	12.	Lunula Pty Limited	**100**	100	100	Property investment	Australia
*	13.	Malayan United Realty Sdn Bhd	**100**	100	100	Property investment & investment holding	Malaysia
*	14.	Mecomas Pty Limited	**100**	100	100	Inactive	Australia
*	15.	Ming Court Hotel (Vancouver) Ltd	**100**	100	100	Investment holding	Canada
*	16.	MUI Australia Pty Ltd	**100**	100	100	Investment holding	Australia
*	17.	MUI Carolina Corporation	**100**	100	100	Property investment & development	U.S.A.
*	18.	MUI Investments (Canada) Ltd	**100**	100	100	Investment holding	Canada
*	19.	MUI Plaza Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	20.	MUI Property Services Sdn Bhd	**100**	100	100	Property services	Malaysia
*	21.	Peristal Enterprise Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	22.	Portico Sdn Bhd	**100**	100	100	Property development	Malaysia
*	23.	Prescada Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	24.	Unique Octagon Sdn Bhd	**100**	100	100	Investment holding	Malaysia
+	25.	West Synergy Sdn Bhd	**60**	60	60	Property investment & development	Malaysia

Subsidiaries of MUI Properties Berhad which are under liquidation and are not consolidated

		Subsidiary	*Equity Interest (Nominal)*			*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*	
			%	%	%	
λ	1.	C.S. Investments Private Limited	**-**	100	100	Singapore
~	2.	Intercontinental Properties Sdn Bhd	**100**	100	100	Malaysia
∞	3.	Lembaran Makmur Sdn Bhd	**100**	100	100	Malaysia
■	4.	Superex Sdn Bhd	**100**	100	100	Malaysia

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. SUBSIDIARIES AND JOINT VENTURE OF PAN MALAYSIA CORPORATION BERHAD

At 30 June 2019

		Subsidiary	Equity Interest (Nominal) 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal Activities	Country of Incorporation
*	1.	Baiduri Pertama Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	2.	GCIH Trademarks Limited	**100**	100	100	Licensing of trademarks	Hong Kong
*	3.	Gelombang Sinar Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	4.	Jomuda Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	5.	Megafort Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	6.	Megawise Sdn Bhd	**100**	100	100	Money lending licence	Malaysia
*	7.	Network Foods International Ltd	**100**	100	100	Investment holding	Singapore
*	8.	Pan Malaysia Management Sdn Bhd	**100**	100	100	Inactive	Malaysia
*	9.	Pan Malaysia-Singapore Holdings (Pte) Ltd	**100**	100	100	Investment holding	Singapore
■ *	10.	Plumbline Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	11.	PMRI Investments (Singapore) Pte Ltd	**100**	100	100	Investment holding	Singapore
*	12.	Taraf Sanjung (M) Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	13.	Tunas Juara Sdn Bhd	**100**	100	100	Investment holding	Malaysia

		Joint Venture	Equity Interest (Nominal) 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal Activities	Country of Incorporation
*	1.	Baker & Cook (M) Sdn Bhd	**50**	-	-	Operating food and beverage outlet	Malaysia

Subsidiaries of Network Foods International Ltd

		Subsidiary	Equity Interest (Nominal) 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal Activities	Country of Incorporation
*	1.	Danau Gelombang Sdn Bhd	**100**	100	100	Inactive	Malaysia
*	2.	Network Foods Distribution Pte Ltd	**100**	100	100	Warehousing and distribution of chilled products, confectionery products and snack foods	Singapore
*	3.	Network Foods (Hong Kong) Limited	**100**	100	100	Distribution of chocolates and other food and beverage products	Hong Kong
+	4.	Network Foods Industries Sdn Bhd	**100**	100	100	Manufacturing and trading of consumer chocolate products	Malaysia
+	5.	Network Foods (Malaysia) Sdn Bhd	**100**	100	100	Marketing and distribution of chocolates, confectionery and beverage products	Malaysia
*	6.	Quintrinox Pte Ltd	**100**	100	100	Investment holding	Singapore
*	7.	Tiffany Enterprise Sdn Bhd	**100**	100	100	Dormant	Malaysia

39. SUBSIDIARIES OF PAN MALAYSIA CORPORATION BERHAD *(Cont'd)*

At 30 June 2019

Subsidiaries of Pan Malaysia Corporation Berhad which are under liquidation and are not consolidated

		Subsidiary	*Equity Interest (Nominal)*			*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*	
			%	%	%	
∞	1.	Jaguh Padu Sdn Bhd	**100**	100	100	Malaysia
∞	2.	Panorama Scope Sdn Bhd	**100**	100	100	Malaysia
λ	3.	Specialist Food Retailers Pte Ltd	**-**	100	100	Singapore
λ	4.	Tiffany Hampers & Gifts Pte Ltd	**-**	100	100	Singapore
∞	5.	United Pace Sdn Bhd	**100**	100	100	Malaysia
z	6.	Uniwell Nominees (Tempatan) Sdn Bhd	**100**	100	100	Malaysia

39. SUBSIDIARIES OF PAN MALAYSIA HOLDINGS BERHAD

At 30 June 2019

	Subsidiary	**Equity Interest (Nominal)** *30.6.2019* %	*30.6.2018* %	*1.7.2017* %	*Principal Activities*	*Country of Incorporation*
*	1. Golden Carps Pte Ltd	**100**	100	100	Inactive	Singapore
*	2. Grandvestment Company Limited	**100**	100	100	Dormant	Hong Kong
+	3. Pengkalen Holiday Resort Sdn Bhd	**100**	100	100	Operating a hotel	Malaysia

Subsidiaries of Pan Malaysia Holdings Berhad which are under liquidation and are not consolidated

	Subsidiary	*Equity Interest (Nominal)* *30.6.2019* %	*30.6.2018* %	*1.7.2017* %	*Country of Incorporation*
	1. Asia Entertainment Network Sdn Bhd	**60**	60	60	Malaysia
	2. Office Business Systems (Malacca) Sdn Bhd	**41.67**	41.67	41.67	Malaysia
	3. Office Business Systems (Penang) Sdn Bhd	**64.10**	64.10	64.10	Malaysia
	4. Office Business Systems Sdn Bhd	**64.10**	64.10	64.10	Malaysia
	5. Pengkalen Building Materials Sdn Bhd	**100**	100	100	Malaysia
	6. Pengkalen Electronics Industries Sdn Bhd	**100**	67	67	Malaysia
	7. Sensor Equipment Sdn Bhd	**64.10**	64.10	64.10	Malaysia
	8. Technitone (M) Sdn Bhd	**64.10**	64.10	64.10	Malaysia
ψ	9. Destiny Aims Sdn Bhd	**-**	100	100	Malaysia
π	10. Kayangan Makmur Sdn Bhd	**-**	100	100	Malaysia
ψ	11. Pengkalen Equities Sdn Bhd	**-**	100	100	Malaysia
ψ	12. Pengkalen Properties Sdn Bhd	**-**	100	100	Malaysia
ε	13. Pan Malaysia Travel & Tours Sdn Bhd	**100**	100	100	Malaysia
¢	14. Twin Phoenix Sdn Bhd	**100**	100	100	Malaysia
¢	15. Pengkalen Foodservices Sdn Bhd	**100**	100	100	Malaysia

39. SUBSIDIARIES OF METROJAYA BERHAD

At 30 June 2019

		Subsidiary	*Equity Interest (Nominal)* ***30.6.2019*** %	*30.6.2018* %	*1.7.2017* %	*Principal Activities*	*Country of Incorporation*
♦ *	1.	Dixon Enterprise Limited	**100**	100	100	Dormant	Hong Kong
*	2.	East India Company Clothing (Malaysia) Sdn Bhd	**100**	100	100	Dormant	Malaysia
♦ *	3.	East India Company (Hong Kong) Pte Limited	**100**	100	100	Dormant	Hong Kong
θ *	4.	East India Company (Singapore) Pte Ltd	**100**	100	100	Dormant	Singapore
+	5.	EIC Clothing Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia
+	6.	Laura Ashley (SEA) Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia
+	7.	Living Quarters Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia
*	8.	Metro Multiples Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	9.	Metrojaya Department Stores Sdn Bhd	**100**	100	100	Dormant	Malaysia
θ *	10.	Metrojaya Reject Shop Pte Ltd	**100**	100	100	Dormant	Singapore
*	11.	Millionmart Sdn Bhd	**100**	100	100	Investment holding	Malaysia
*	12.	MJ Cape Cod Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia
+	13.	MJ Department Stores Sdn Bhd	**100**	100	100	Operating of department stores	Malaysia
*	14.	MJ Properties Sdn Bhd	**100**	100	100	Property investment and investment holding	Malaysia
*	15.	MJ Reject Shop Sdn Bhd	**100**	100	100	Dormant	Malaysia
+	16.	MJ Reject Shop (2002) Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia
*	17.	MJ Somerset Bay Sdn Bhd	**100**	100	100	Operating of specialty stores	Malaysia

39. SUBSIDIARIES OF CORUS HOTELS LIMITED

At 30 June 2019

		Subsidiary	*Equity Interest (Nominal)*			*Principal Activities*	*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*		
			%	%	%		
*	1.	Belsfield LLP	**61.11**	61.11	61.11	Hotel operations	United Kingdom
*	2.	County Hotels Group Limited	**100**	100	100	Investment holding & hotel operations	United Kingdom
*	3.	County Hotels Limited	**61.11**	61.11	61.11	Hotel operations	United Kingdom
*	4.	Delaquest Limited	**100**	100	100	Investment holding & hotel operations	United Kingdom
*	5.	Dionball Limited	**100**	100	100	Investment holding & hotel operations	United Kingdom
*	6.	Echostand Limited	**100**	100	100	Dormant	United Kingdom
*	7.	Flamepro Limited	**100**	100	100	Hotel operations	United Kingdom
Δ *	8.	No. 1 Cigar Club Limited	**36.80**	36.80	36.80	Dormant	United Kingdom
*	9.	Patrolmake Limited	**100**	100	100	Investment holding & hotel operations	United Kingdom
*	10.	Plaza On Hyde Park Limited	**100**	100	100	Hotel operations	United Kingdom
*	11.	Rose & Crown VCT Limited	**100**	100	100	Dormant	United Kingdom
*	12.	Shandwick Leisure Limited	**100**	100	100	Dormant	United Kingdom
*	13.	Styletune Limited	**100**	100	100	Dormant	United Kingdom
*	14.	The Imperial Crown Hotel Limited	**100**	100	100	Hotel operations	United Kingdom
*	15.	The Restaurant Partnership plc	**62.50**	62.50	62.50	Restaurant operations	United Kingdom

Subsidiaries of Corus Hotels Limited which are under liquidation and are not consolidated

		Subsidiary	*Equity Interest (Nominal)*			*Country of Incorporation*
			30.6.2019	*30.6.2018*	*1.7.2017*	
			%	%	%	
§	1.	TRP Belgium S. A. NV	**-**	62.50	62.50	Belgium

+	*Subsidiaries audited by Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia).*
*	*Subsidiaries and associates not audited by Crowe Malaysia PLT.*
Δ	*The Restaurant Partnership plc held 58.81% equity interest in No. 1 Cigar Club Limited.*
■	*Placed under members' voluntary winding up on 21 June 2019.*
Ω	*Associate where its financial statements contained an unqualified modified auditor's report due to the appropriateness of the going concern assumption in the preparation of its financial statements.*
Φ	*Placed under members' voluntary winding up on 3 July 2017.*
∞	*Placed under members' voluntary winding up on 23 March 2018.*
π	*Placed under members' voluntary winding up on 1 August 2017 and was dissolved on 1 January 2019.*
ψ	*Placed under members' voluntary winding up on 14 September 2017 and was dissolved on 26 December 2018.*
ε	*Placed under members' voluntary winding up on 14 September 2017.*
λ	*Applied for striking off on 27 July 2018 and was dissolved on 5 November 2018.*
~	*Placed under members' voluntary winding up on 10 August 2018.*
¢	*Placed under members' voluntary winding up on 23 May 2018.*
α	*Dissolved on 25 September 2018.*
z	*Placed under members' voluntary winding up on 22 October 2018.*
§	*Dissolved on 26 February 2019.*
θ	*Applied for striking off on 9 September 2019.*
♦	*Applied for striking off on 4 June 2019.*

PROPERTIES OWNED BY THE MUI GROUP

At 30 June 2019

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Carrying Amount RM'000*
MALAYSIA			
Federal Territory of Kuala Lumpur			
1 lot of freehold land with a 13-storey hotel, known as Corus hotel Kuala Lumpur, Jalan Ampang, Kuala Lumpur (Date of last valuation: December 1982)	6,010	34	53,885
1 lot of freehold land at Section 43, Jalan Mayang, Kuala Lumpur, held for development.	1,478	-	36,099
1 lot of freehold land with 2 units of double-storey buildings at 189, Jalan Ampang, Kuala Lumpur (Date of acquisition: August 1991)	3,540	26	7,424
1 lot of freehold land with a 10 units, four storey residential apartment building at 191, Jalan Ampang, Kuala Lumpur (Date of acquisition: July 2007)	3,056	24	24,266
State of Selangor Darul Ehsan			
6 lots of freehold land at Seksyen 3, Pekan Batu Tiga, Mukim Damansara, Selangor Darul Ehsan (Date of last revaluation: December 1982)	771	-	165
Balance of freehold land held for residential development known as Vila Sri Ukay at Mukim of Hulu Kelang, Selangor Darul Ehsan (Date of acquisition: April 1995)	2,182	-	430
1 lot of leasehold industrial land with a factory and office building at Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2071) (Date of acquisition: September 1996)	10,800	48	11,733
1 lot of leasehold industrial land with factory and office building at Lot 614, Tapak Perusahaan Shah Alam, Persiaran Raja Muda, Shah Alam, Selangor Darul Ehsan (Lease expires in 2068) (Date of acquisition: July 2009)	24,295	51	14,754

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Carrying Amount RM'000*
State of Pulau Pinang			
3 units of leasehold shoplots at 2B 1.02, 1.03 & 2.02, Komtar, Georgetown (Lease expires in 2080) (Date of acquisition: August 2007)	553	33	1,745
Freehold retail space comprising basement and ground floor of Kompleks Bukit Jambul, Jalan Rumbia, Penang (Date of acquisition: August 2007)	13,549	22	19,094
1 lot of leasehold land with an office and warehouse at no. 101-G, Lintang Kampong Jawa, Lot 4, Kawasan MIEL, Bayan Baru, Pulau Pinang (Lease expires in 2041) (Date of acquisition: September 1996)	976	37	1,020
1 unit of residential suite at Lot No. B-31-3, Southbay Plaza, Pulau Pinang (Date of acquisition: February 2013)	159	3	1,599
State of Johor Darul Takzim			
1 lot of freehold land with a warehouse at no. 35, Jalan Mashyur 3, Taman Perindustrian Cemerlang, Ulu Tiram, Johor Bahru, Johor Darul Takzim (Date of acquisition: September 1996)	446	25	417
State of Negeri Sembilan Darul Khusus			
Balance of freehold land held for township development known as Bandar Springhill at Mukim of Jimah, District of Port Dickson, Negeri Sembilan Darul Khusus (Date of acquisition: January 1995)	4,330,136	-	163,320
4 lots of leasehold land with a hotel known as Corus Paradise resort Port Dickson at Lots 286, 288, 289 and 848, Batu 3 1/2, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus (Lease expires in 2059/2087) (Date of acquisition: September 1996)	55,760	24	22,766
4 lots of freehold land held for future development at Jalan Tuanku Munawir, Seremban, Negeri Sembilan Darul Khusus (Date of acquisition: November 2005)	19,534	-	30,147

PROPERTIES OWNED BY THE MUI GROUP (Cont'd)

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Carrying Amount RM'000*
State of Pahang Darul Makmur			
4 units of apartments at Block E Equatorial Hill Resort Cameron Highlands, Pahang Darul Makmur (Date of acquisition: May 2009)	583	19	1,034
AUSTRALIA			
1 lot of freehold land with an existing hotel building at no. 20, Kirby Court, West Hobart, Tasmania (Date of acquisition: October 1996)	24,970	41	4,462
UNITED STATES OF AMERICA			
11 units of condominium, at a freehold condominium complex located within the Regent Park Complex in Fort Mill, South Carolina (Date of acquisition: March 1993)	994	24	2,466
HONG KONG			
1 unit of leasehold warehouse at Block 1, Unit C, 23rd Floor, Kingsford Industrial Building, nos. 26-32 Kwai Hei Street, Kwai Chung, New Territories (Lease expires in 2047) (Date of acquisition: September 1996)	771	40	10,150
SINGAPORE			
1 unit of leasehold residential apartment at no. 152, Prince Charles Crescent, Singapore (Lease expires in 2096) (Date of acquisition: July 1999)	194	18	3,653
UNITED KINGDOM			
1 lot of freehold land with a 66-room hotel known as The Chace Hotel at London Road, Toll Bar End, Coventry CV3 4EQ (Date of acquisition: November 2001)	13,240	167	12,445
1 lot of leasehold land with a 124-room hotel known as The St James' Hotel at St James Square, Grimsby DN31 1EP (Leases expires in 2071) (Date of acquisition: November 2001)	3,709	67	777

Location, Description and Usage	*Approximate Land Area Sq. Metres*	*Approximate Age of Building Years*	*Carrying Amount RM'000*
1 lot of freehold land with a 111-room hotel known as Corus hotel Solihull at Stratford Road, Shirley, Solihull B90 4EB (Date of acquisition: November 2001)	16,400	67	44,978
1 lot of freehold land with a 50-room hotel known as The Hillcrest Hotel at Cronton Lane, Widness, Cheshire WA8 9AR (Date of acquisition: November 2001)	2,003	67	9,186
1 lot of freehold land with a 64-room hotel known as Laura Ashley Hotel The Belsfield at Kendal Road, Bowness-on-Windermere, Cumbria LA23 3EL (Date of acquisition: November 2001)	28,050	174	34,989
1 lot of freehold land with a 82-room hotel known as Burnham Beeches Hotel at Grove Road, Burnham, Buckinghamshire SL1 8DP (Date of acquisition: November 2001)	31,830	292	62,866
1 lot of freehold land, a former site of a hotel building which was demolished, at 1 Ferrymuir Gait, South Queensferry, Edinburgh, West Lothian EH30 9SF (Date of acquisition: November 2001)	40,940	-	21,862
1 lot of freehold land with a 388-room hotel known as Corus Hotel Hyde Park at Lancaster Gate, London W2 3LG (Date of acquisition: February 2001)	2,010	147	251,661

ANALYSIS OF SHAREHOLDINGS

As At 4 October 2019

Class of Share : Ordinary share
Voting Rights : 1 vote per ordinary share

Substantial Shareholders
as per Register of Substantial Shareholders

Name	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
1. KKP Holdings Sdn Bhd	-	-	1,395,355,289	47.58
2. Soo Lay Holdings Sdn Bhd	-	-	1,395,355,289	47.58
3. Tan Sri Dato' Khoo Kay Peng	-	-	1,395,355,289	47.58
4. Cherubim Investment (HK) Limited	297,848,487	10.16	81,239,433	2.77
5. Norcross Limited	300,154,836	10.24	81,239,433	2.77
6. Bonham Industries Limited	411,764,706	14.04	-	-
7. Noble Faith Foundation, Inc	417,051,200	14.22	-	-
8. KKP Enterprises Sdn Bhd	304,347,827	10.38	-	-

Distribution Of Shareholders

Holdings	No. of Holders	%	No. of Shares	%
Less than 100 shares	2,657	7.43	75,104	0.00
100 - 1,000 shares	5,826	16.30	4,617,673	0.16
1,001 - 10,000 shares	19,270	53.90	87,196,609	2.97
10,001 - 100,000 shares	6,859	19.18	220,444,928	7.52
100,001 to less than 5% of issued shares	1,137	3.18	1,175,893,280	40.10
5% and above of issued shares	5	0.01	1,444,333,598	49.25
Total	**35,754**	**100.00**	**2,932,561,192**	**100.00**

Thirty (30) Largest Registered Shareholders

	Name	No. of Shares	%
1.	Noble Faith Foundation Inc	413,430,700	14.10
2.	ABB Nominee (Asing) Sdn Bhd - Securities Account For Bonham Industries Limited	408,333,333	13.92
3.	Cherubim Investment (HK) Limited	297,848,487	10.16
4.	KKP Enterprises Sdn Bhd	166,826,341	5.69
5.	RHB Nominees (Asing) Sdn Bhd OSK Capital Sdn Bhd For Norcross Limited	157,894,737	5.38
6.	Norcross Limited	142,260,099	4.85
7.	ABB Nominee (Tempatan) Sdn Bhd - Securities Account for KKP Enterprises Sdn Bhd	137,521,486	4.69
8.	Pan Malaysian Industries Berhad	81,239,433	2.77
9.	Plenary Investments Pte Ltd	67,038,800	2.29
10.	UOB Kay Hian Nominees (Asing) Sdn Bhd - For UOB Kay Hian Pte Ltd	53,891,686	1.84
11.	PM Nominees (Asing) Sdn Bhd for Kwa Kim Li	32,559,688	1.11
12.	HSBC Nominees (Asing) Sdn Bhd For Credit Suisse	31,258,304	1.06

Thirty (30) Largest Registered Shareholders (Cont'd)

	Name	*No. of Shares*	*%*
13.	Siva Kumar a/l M. Jeyapalan	26,928,000	0.92
14.	CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB Bank For Siva Kumar a/l M Jeyapalan	22,491,800	0.77
15.	Lim Siang Hee	20,863,400	0.71
16.	Ho Kat Sin	12,500,000	0.43
17.	Hii Yu Guan	10,000,000	0.34
18.	Norudin Bin Abd. Majid	9,700,000	0.33
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Securities Account for Fong Siling (CEB)	9,510,000	0.32
20.	Lee Yu Yong @ Lee Yuen Ying	9,280,049	0.32
21.	Citigroup Nominees (Asing) Sdn Bhd For OCBC Securities Private Limited	8,690,953	0.30
22.	Public Nominees (Tempatan) Sdn Bhd Securities Account for Yu Chong Choo	8,219,800	0.28
23.	Maybank Nominees (Tempatan) Sdn Bhd Tan Yoke Chun	7,364,200	0.25
24.	Tye Sok Cin	5,995,000	0.20
25.	Chua Ah Moi @ Chua Sai Peng	5,789,600	0.20
26.	Cheah Wei Teik	5,200,000	0.18
27.	CGS-CIMB Nominees (Asing) Sdn Bhd For CGS-CIMB Securities (Singapore) Pte Ltd	4,968,719	0.17
28.	CIMSEC Nominees (Tempatan) Sdn Bhd For Siva Kumar a/l M. Jeyapalan	4,723,900	0.16
29.	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd For Glen Holdings (Pte) Ltd	4,674,000	0.16
30.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd For UOB Kay Hian Pte Ltd	4,212,796	0.14
	Total	2,171,215,311	74.04

This page is intentionally left blank.

Malayan United Industries Berhad
3809-W
Incorporated in Malaysia

FORM OF PROXY

IMPORTANT!
Please take note that all the fields underlined in this proxy form are mandatory and must be completed in full and accurately. The Company reserves the right to invalidate and/or reject any proxy form which is not complete or accurately filled in.

No. of Shares Held: ____________________

I/We ____ NRIC No./ Company No. ____________________

of ____ Tel. No. ____________________

being a member of MALAYAN UNITED INDUSTRIES BERHAD hereby appoint ____________________

____ NRIC No. ____________________

of ____ (percentage of shareholding represented: __________ %)

and/or failing him/her, ____ NRIC No. ____________________

of ____ (percentage of shareholding represented: __________ %)

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Forty-Eighth Annual General Meeting of the Company to be held at Rembau Room, Corus Paradise resort Port Dickson, 3.5km, Jalan Pantai, 71000 Port Dickson, Negeri Sembilan Darul Khusus on Wednesday, 11 December 2019 at 3.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

Resolutions	For	Against
1. To approve Directors' Fees of RM309,548.		
2. To approve Directors' Benefits (other than Directors' Fees) of up to RM62,000.		
3. To re-elect Dr Wong Hong Meng as Director of the Company.		
4. To re-appoint Messrs Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.		
5. Proposed authority for Dato' Dr Tan Kee Kwong to continue in office as Independent Non-Executive Director.		
6. Proposed authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
7. Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		
8. Proposed renewal of authority for the purchase of own shares by Malayan United Industries Berhad.		
9. Proposed adoption of new Constitution.		

(Please indicate with (X) how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____
Signature

Seal

Signed this ________ day of ____________2019

Notes:

1. *Only a member whose name appears on the Record of Depositors as at 29 November 2019 shall be entitled to attend and vote at the meeting. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.*
2. *A member entitled to attend and vote shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meetings. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint one (1) proxy only in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991.*
3. *Where a Member and/or an exempt authorised nominee appoint two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy in the instrument appointing the proxies.*
4. *The Form of Proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.*
5. *The Form of Proxy must be deposited at the registered office of the Company at Unit 3, 191, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
6. *Pursuant to the Bursa Securities Main Market Listing Requirements, all the resolutions set out in this Notice will be put to vote by way of poll.*

Stamp

The Company Secretary
Malayan United Industries Berhad
Unit 3,
191, Jalan Ampang,
50450 Kuala Lumpur
Malaysia

A member of The MUI Group

Strong | Efficient | Trustworthy