



ACB RESOURCES BERHAD

(20667-M)

Laporan Tahunan

2019

Annual Report

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 44th Annual General Meeting of ACB Resources Berhad ("44th AGM") will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Tuesday, 26 November 2019 at 10.30 am for the following purposes:

AGENDA

- | | |
|--|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 and the Reports of the Directors and Auditors thereon. | Note 1 |
| 2. To approve the payment of Directors' fees amounting to RM53,000 for the financial year ended 30 June 2019 (2018: RM53,000). | Resolution 1 |
| 3. To approve the payment of Directors' benefits of up to RM14,000 for meeting allowances for the period commencing after the 44th AGM until the next annual general meeting of the Company (2018: RM14,000). | Resolution 2 |
| 4. To re-elect Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim who retires by rotation in accordance with Clause 108 of the Company's Constitution and who being eligible, has offered himself for re-election. | Resolution 3 |
| 5. To re-appoint Messrs Ong Boon Bah & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 4 |
| 6. To transact any other business for which due notice shall have been given. | |

By Order of the Board

WONG PHOOI LIN (MAICSA 7013812)
LIM KWEE PENG (MAICSA 7015250)
Secretaries

Kuala Lumpur
4 November 2019

Notes:

Proxy

- (i) *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 20 November 2019 shall be eligible to attend the Meeting.*
- (ii) *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than 2 proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
- (iii) *If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.*
- (iv) *The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*
- (v) *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- (vi) *The instrument appointing a proxy shall be deposited at the Office of the Registrar of the Company at Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.*
- (vii) *Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.*

1. Audited Financial Statements for the financial year ended 30 June 2019

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.

CORPORATE INFORMATION

Board of Directors	: Y. Bhg. Tan Sri Cheng Heng Jem (Chairman) Y. Bhg. Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun Mr Tan Siak Tee
Secretaries	: Ms Wong Phooi Lin (MAICSA 7013812) Ms Lim Kwee Peng (MAICSA 7015250)
Company No	: 20667-M
Registered Office	: Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my
Share Registrar	: Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	: Ong Boon Bah & Co. B-10-1 Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	: Bank of China (Malaysia) Berhad Malayan Banking Berhad RHB Bank Berhad

DIRECTORS' PROFILE

Tan Sri Cheng Heng Jem *Chairman*

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 76, was appointed to the Board on 21 February 1976 and has been the Chairman of the Company since 23 August 2011.

Tan Sri Cheng has more than 45 years of experience in the business operations of the Lion Group encompassing retail, branding, food and beverage, credit financing and money lending services, property development, mining, manufacturing, steel, tyre, motor, agriculture and computer industries.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. Tan Sri Cheng was also the President of Malaysia Retailers Association ("MRA") from August 2014 to May 2018 and in June 2018, he was appointed an Honorary President of MRA. He is a Trustee of ACCCIM's Socio-Economic Research Trust, the President of Malaysia Steel Association, and was appointed the Chairman of the Federation of Asia-Pacific Retailers Associations in October 2017.

Tan Sri Cheng's other directorships in public companies are as follows:

- Chairman of Lion Forest Industries Berhad, a public listed company
- Chairman and Managing Director of Parkson Holdings Berhad, a public listed company
- Chairman and Managing Director of Lion Corporation Berhad, a public company
- Chairman, a Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes

Tan Sri Cheng has a deemed interest in 634,485,255 ordinary shares in the Company. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 10 of this Annual Report.

Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim *Director*

Y. Bhg. Datuk Seri Abdul Manap bin Ibrahim, a Malaysian, male, aged 80, was appointed to the Board on 30 March 1994 and is also the Chairman of the Audit Committee of the Company.

Datuk Seri Abdul Manap joined the Malaysian Army as an Officer Cadet in 1959. He was a graduate of the Royal Military College at Sungei Besi, the British Army School of Infantry in Netheravon, England, the US Army Command and General Staff College in Fort Leavenworth (Kansas), the US Naval Post Graduate School in Monterey (California) and the fellowship at US Army War College in Carlyle Barracks (Pennsylvania). He held many important staff and command appointments at the Ministry of Defence, in the field and abroad. He retired in 1994 as Deputy Chief of the Army from the Malaysian Armed Forces after having served 34 years in the military.

Datuk Seri Abdul Manap had also served as Chief Operating Officer with SUKOM Ninety Eight Berhad, the Organizing Committee of the highly successful Kuala Lumpur 98, XVI Commonwealth Games. At present, he is a Director with a local company in the Information Communications Technology (ICT) sector.

Datuk M. Chareon Sae Tang @ Tan Whye Aun

Director

Y. Bhg. Datuk M. Chareon Sae Tang @ Tan Whye Aun, a Malaysian, male, aged 80, was appointed to the Board on 25 March 1998. He is also a member of the Audit Committee of the Company.

Datuk Tang obtained his Bachelor of Law from King's College, the University of London and is a Barrister-at-Law of the Inner Temple London. He has been in legal practice since 1968; first as a legal assistant in Messrs Shearn & Delamore, and later as a Partner at Messrs Chye, Chow Chung & Tang until 1976. Presently, he manages his own legal practice, Messrs C.S. Tang & Co.

Datuk Tang is also a Director of Tomei Consolidated Berhad, a public listed company, and Lion Corporation Berhad, a public company.

Tan Siak Tee

Director

Mr Tan Siak Tee, a Malaysian, male, aged 79, was appointed to the Board on 14 August 1998. He is also a member of the Audit Committee of the Company.

Mr Tan obtained his Bachelor of Commerce from the University of New South Wales, Australia. He is an Associate of the Institute of Chartered Accountants of Australia and the Institute of Chartered Secretaries and Administrators. He is also a member of the Malaysian Institute of Certified Public Accountants.

In 1965, Mr Tan started his career as an Auditor in Coopers & Lybrand, Sydney and was later seconded to Coopers & Lybrand, Kuala Lumpur. He has extensive experience in the banking industry. He was the Chief Internal Auditor for Malaysian operations in Overseas Chinese Banking Corporation and Chung Khiaw Bank for the period from 1969 to 1971 and 1971 to 1973 respectively. He joined Lee Wah Bank Limited in 1973 as Manager of Malaysia Central Office and was promoted to Director and Chief Executive Officer for Malaysian operation in 1975. He was a Director and Chief Executive Officer of United Overseas Bank (M) Berhad for the period from 1994 to 1997 after Lee Wah Bank Malaysian operation was incorporated in Malaysia in 1994.

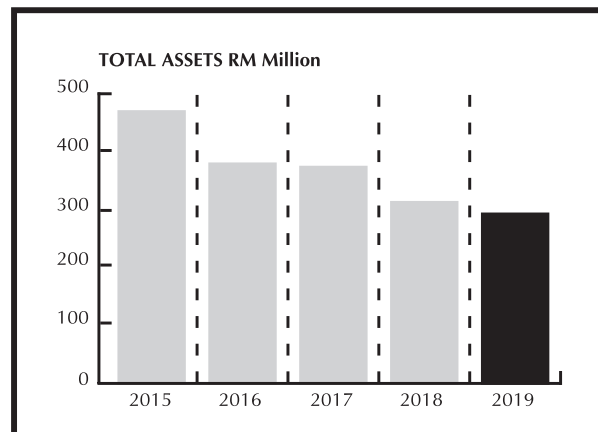
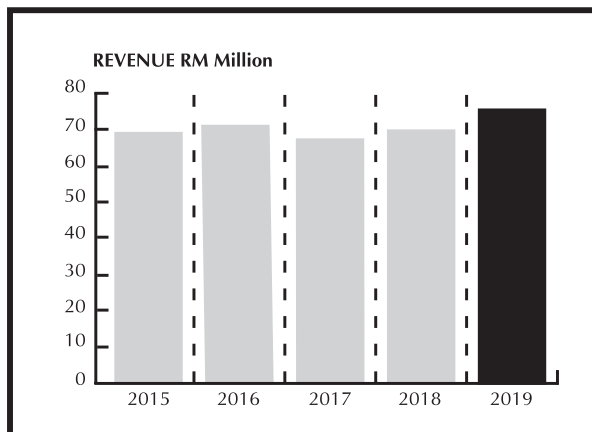
He had held directorship in the following public companies:

- Director and Adviser of Asia Commercial Finance Berhad from 1997 to 1999
- Independent non-executive Director of Bank of China (Malaysia) Berhad from 2000 to 2013
- Independent non-executive Director of Sunway City Berhad from 2001 to 2011
- Independent non-executive Director of SunREIT Capital Berhad from 2011 to 2014

5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June		2015	2016	2017	2018	2019
Revenue	(RM'000)	69,878	71,164	67,285	70,228	75,820
Profit/(Loss) before tax	(RM'000)	(211,756)	(147,573)	(99,924)	43,532	(86,658)
Profit/(Loss) after tax	(RM'000)	(215,375)	(150,474)	(102,602)	40,697	(90,833)
Net profit/(loss) attributable to owners of the Company	(RM'000)	(219,890)	(154,703)	(106,687)	37,853	(94,770)
Total assets	(RM'000)	471,035	381,625	372,951	317,658	299,565
Net assets/(liabilities)	(RM'000)	(1,203,716)	(1,391,725)	(1,526,770)	(1,505,368)	(1,602,315)
Total borrowings	(RM'000)	1,542,762	1,636,345	1,758,146	1,701,622	1,802,915

Note: The figures exclude financial results of discontinued operation



REVIEW OF OPERATIONS

GROUP FINANCIAL PERFORMANCE

For financial year 2019, revenue of the Group rose by 8% to RM75.8 million compared to that recorded in the last financial year, largely backed by higher revenue from the Group's core contributor, namely its security services business. The Group recorded an unrealised foreign exchange loss of RM23.8 million on translation of its debts denominated in US Dollar as the Ringgit Malaysia weakened against the former. In the previous year, the Group had recognised an unrealised foreign exchange gain of RM77.4 million and a gain on disposal of quoted investment of RM15.8 million.

Overall, the Group posted a loss before tax of RM86.7 million (2018: Profit before tax of RM43.5 million).

REVIEW OF OPERATIONS

Security services

Secom (Malaysia) Sdn Bhd ("Secom"), a joint-venture with Secom Co., Ltd, Japan and Koperasi Polis Diraja Malaysia Berhad, provides total integrated 24-hour security services under the SECOM brand. The services provided by Secom includes central monitoring services with emergency response, supply and installation of closed circuit televisions ("CCTV"), access control, CCTV remote monitoring, security audit, the supply of security guards for industrial and commercial premises and the supply of Automated External Defibrillator "AED". Secom provides total security solutions to satisfy customers' security needs.

For the year under review, revenue of Secom improved by 8.7% or RM5.5 million to RM68.2 million, mainly spurred by better performance from product sales and static guard fees. Operating profit of RM10.7 million was 1.7% lower than the previous financial year of RM10.8 million as a result of higher operations and administrative expenses. During the year, Secom acquired 2 units of 3-storey freehold semi-detached factory buildings two roads from the existing office for RM13.4 million. This is part of its expansion plan to cater for the growing business needs as Secom has occupied the current office for more than 15 years and is operating at maximum capacity.

Secom will continue to strengthen its response team to increase response coverage in major towns, widen its product range to cater to the expanding market needs, reduce cost and increase productivity to remain competitive amid the ever changing business dynamics.

Investment holding and others

This Division is primarily involved in manufacturing and sale of tools and dies, and investment holding. For the financial year under review, these activities collectively contributed a higher revenue of RM7.7 million (2018: RM7.5 million) and a loss of RM8.8 million against a profit of RM10.4 million recorded in the previous year. Included in last year's results was a gain on disposal of quoted investment of RM15.8 million.

FINANCIAL STATEMENTS

2019

For The Financial Year Ended 30 June 2019

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company is disclosed in Note 16 to the financial statements.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	(90,833)	(270,890)
Loss attributable to:		
Owners of the Company	(94,770)	(270,890)
Non-controlling interests	3,937	-
	(90,833)	(270,890)

RESERVES AND PROVISIONS

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

DIVIDEND

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

The Directors who served during the financial year and up to the date of this report are:

Tan Sri Cheng Heng Jem
Lt. Jen (B) Datuk Seri Abdul Manap bin Ibrahim
Datuk M. Chareon Sae Tang @ Tan Whye Aun
Tan Siak Tee

DIRECTORS OF SUBSIDIARIES

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

Chai Kian Chong	Jusup Sutrisno
Cheng Hui Ya, Serena (Appointed on 26 September 2018)	Koh Yong Heng
Choong Boon Pin	Lee Tak Suan
Chuah Say Chin	Lee Whay Keong
Dato' Kamaruddin @ Abas bin Nordin	MA. Liza Joson
Derek K.F Liew	Ooi Kim Lai
Eduardo Delos Angeles	Stephen Delos Reyes
Haji Mohamad Khalid bin Abdullah	Susumu Kiryu
Insinyur Haji Andryani AS	Tan Kim Kee
Iwan Agung Setiawan	Tan Sri Cheng Heng Jem
Jose Ivan T. Justiniano	Tan Sri Cheng Yong Kim
Jose MA. J. Fernandez	Teodoro R. Villanueva
Jose N. Rodulfa	Wang Wing Ying
Juliana Cheng San San (Appointed on 15 July 2019)	Yulianto
Cheng Theng How (Resigned on 15 July 2019)	
Dato' Zulkapli bin Ahmad (Resigned on 21 February 2019)	
Tan Day Kien (Resigned with effect from 26 September 2018)	

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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, save and except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its related corporations and certain corporations in which the Director of the Company has a substantial interest as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM50 million against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiary companies.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of ordinary shares			As at 30.6.2019
	As at 1.7.2018	Addition	Disposal	
Deemed interest				
Tan Sri Cheng Heng Jem	634,485,255	-	-	634,485,255

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

Deemed interest

Tan Sri Cheng Heng Jem

	Nominal value per share	Number of ordinary shares			As at 30.6.2019
		As at 1.7.2018	Addition	Disposal	
Kobayashi Optical Sdn Bhd	*	700,000	-	-	700,000
Lion Plantations Sdn Bhd	*	8,000,000	-	-	8,000,000
Salient Care Sdn Bhd	*	1,400,000	-	-	1,400,000
Secom (Malaysia) Sdn Bhd	*	5,100,000	-	-	5,100,000
Secom-KOP Security Systems Sdn Bhd	*	300,000	-	-	300,000
PT Amsteel Securities Indonesia	Rp1,000	9,350,000	-	-	9,350,000
PT Kebunaria	Rp1,000,000	17,000	-	-	17,000

* Shares in companies incorporated in Malaysia do not have a par value.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records had 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:

- (a) which would render the amounts written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors, except as disclosed in the financial statements:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (c) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

AUDITORS' REMUNERATION

The remuneration of the auditors for the financial year ended 30 June 2019 is disclosed in Note 8(a) to the financial statements.

AUDITORS

The auditors, Ong Boon Bah & Co, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 October 2019.

TAN SRI CHENG HENG JEM
Chairman

LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM
Director

Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Note	GROUP		COMPANY	
		30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Revenue	6	75,820	70,228	1,696	2,610
Other operating income		24,028	47,698	7,233	25,592
Changes in inventories		(3)	(38)	-	-
Raw materials and consumables used		(1,958)	(1,516)	-	-
Employee benefits expenses	7	(36,893)	(34,094)	-	-
Depreciation and amortisation expenses		(5,835)	(5,711)	-	-
Other operating expenses		(53,241)	(55,378)	(172,515)	(47,326)
Profit/(Loss) from operations	8	1,918	21,189	(163,586)	(19,124)
(Loss)/Gain on foreign exchange - unrealised		(23,773)	77,394	(35,243)	8,868
Finance costs	9	(66,034)	(58,000)	(70,686)	(62,502)
Share in results of associated companies		1,231	2,949	-	-
(Loss)/Profit before tax		(86,658)	43,532	(269,515)	(72,758)
Tax expenses	10	(4,175)	(2,835)	(1,375)	(492)
(Loss)/Profit for the financial year		(90,833)	40,697	(270,890)	(73,250)
(Loss)/Profit attributable to:					
Owners of the Company		(94,770)	37,853	(270,890)	(73,250)
Non-controlling interests		3,937	2,844	-	-
		(90,833)	40,697	(270,890)	(73,250)
(Loss)/Earnings per share	11				
Basic (sen)		(7.1)	2.8		

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial year	(90,833)	40,697	(270,890)	(73,250)
Other comprehensive (expense)/income				
<u>Items that may be reclassified</u>				
<u>subsequently to profit/(loss)</u>				
Change in translation reserve	(2,177)	(24,547)	-	-
Fair value of investments				
- transfer to profit or loss upon disposal	-	8,096	-	-
Other comprehensive expense				
for the financial year	(2,177)	(16,451)	-	-
Total comprehensive (expense)/income				
for the financial year	(93,010)	24,246	(270,890)	(73,250)
Total comprehensive (expense)/income				
for the financial year attributable to:				
Owners of the Company	(96,947)	21,402	(270,890)	(73,250)
Non-controlling interests	3,937	2,844	-	-
	(93,010)	24,246	(270,890)	(73,250)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**AS AT 30 JUNE 2019**

	Note	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	12	31,816	20,303	20,358
Investment properties	13	275	281	287
Biological assets	14	-	4,373	6,095
Associated companies	15	42,293	41,062	38,513
Investments	17	237	237	24,575
Goodwill	18	-	-	-
Deferred tax assets	27	173	-	-
		74,794	66,256	89,828
Current assets				
Contract costs	19(a)	957	1,583	624
Inventories	20	4,303	5,056	3,843
Receivables	21	125,209	153,428	183,379
Tax recoverable		5,811	6,212	6,393
Deposits, cash and bank balances	22	88,491	85,123	88,884
		224,771	251,402	283,123
TOTAL ASSETS		299,565	317,658	372,951
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	23	1,561,363	1,561,363	1,561,363
Reserves	24	335,473	337,650	354,101
Accumulated losses		(3,499,151)	(3,404,381)	(3,442,234)
		(1,602,315)	(1,505,368)	(1,526,770)
Non-controlling interests		42,730	40,753	39,869
Total equity		(1,559,585)	(1,464,615)	(1,486,901)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2019

	Note	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Non-current liabilities				
Term loan	26(a)	5,159	-	-
Finance lease liabilities	26(b)	-	-	4
Deferred liabilities		2,197	2,205	1,980
Deferred tax liabilities	27	12	184	184
		7,368	2,389	2,168
Current liabilities				
Payables	28	53,439	77,850	98,872
Contract liabilities	19(b)	517	372	392
ACB Bonds and USD Debts	25	1,796,502	1,701,622	1,758,142
Term loan	26(a)	1,254	-	-
Tax liabilities		70	40	278
		1,851,782	1,779,884	1,857,684
Total liabilities		1,859,150	1,782,273	1,859,852
TOTAL EQUITY AND LIABILITIES		299,565	317,658	372,951

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

COMPANY STATEMENTS OF FINANCIAL POSITION**AS AT 30 JUNE 2019**

	Note	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	12	112	100	88
Associated companies	15	4,000	4,000	4,000
Subsidiary companies	16	-	-	4,750
Investments	17	128	128	128
		<u>4,240</u>	<u>4,228</u>	<u>8,966</u>
Current assets				
Receivables	21	89,338	95,773	139,437
Tax recoverable		5,780	5,743	5,751
Deposits, cash and bank balances	22	18,868	13,643	10,717
		<u>113,986</u>	<u>115,159</u>	<u>155,905</u>
TOTAL ASSETS		<u>118,226</u>	<u>119,387</u>	<u>164,871</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	23	1,561,363	1,561,363	1,561,363
Accumulated losses		(4,310,600)	(4,039,710)	(3,966,460)
Total equity		<u>(2,749,237)</u>	<u>(2,478,347)</u>	<u>(2,405,097)</u>
Current liabilities				
Payables	28	1,031,918	859,796	774,974
ACB Bonds and USD Debts	25	1,835,545	1,737,938	1,794,994
		<u>2,867,463</u>	<u>2,597,734</u>	<u>2,569,968</u>
Total liabilities		<u>2,867,463</u>	<u>2,597,734</u>	<u>2,569,968</u>
TOTAL EQUITY AND LIABILITIES		<u>118,226</u>	<u>119,387</u>	<u>164,871</u>

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

STATEMENTS OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

		GROUP		COMPANY	
	Note	30.6.2019	30.6.2018	30.6.2019	30.6.2018
		RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(86,658)	43,532	(269,515)	(72,758)
Adjustment for non-cash items, interests and dividends	31(a)	118,509	(19,051)	268,513	72,025
Operating profit/(loss) before working capital changes		31,851	24,481	(1,002)	(733)
Increase in inventories		(2,722)	(1,213)	-	-
Decrease in trade and other receivables		6,376	12,834	4,651	8,778
Decrease/(Increase) in contract costs		626	(959)	-	-
(Decrease)/Increase in trade and other payables		(24,419)	(20,799)	(2,785)	13,767
Increase/(Decrease) in contract liabilities		145	(20)	-	-
Cash generated from operations		11,857	14,324	864	21,812
Tax paid		(4,089)	(2,892)	(1,412)	(484)
Net cash inflow/(outflow) from operating activities		7,768	11,432	(548)	21,328
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(14,706)	(5,089)	(12)	(12)
Proceeds from disposal of property, plant and equipment		75	269	-	-
Proceeds from disposal of quoted investment		-	48,218	-	-
Repayment from subsidiary companies		-	-	-	18,635
Changes in deposits in licensed financial institutions		(446)	595	-	-
Dividends received		77	621	35	400
Interest received		3,072	3,351	1,661	2,210
Interest paid		(109)	-	-	-
Net cash (outflow)/inflow from investing activities		(12,037)	47,965	1,684	21,233

STATEMENTS OF CASH FLOWS (continued)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	GROUP		COMPANY	
		30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to non-controlling interests		(1,960)	(1,960)	-	-
Redemption/Repayment of ACB Bonds and USD Debts		-	(42,797)	-	(42,797)
Repayment of finance lease liabilities		-	(4)	-	-
Increase in fixed deposits earmarked for ACB Bonds and USD Debts redemption		(6,325)	(1,209)	-	(1,110)
Proceeds from term loan		6,413	-	-	-
(Repayment to)/Advance from subsidiary companies		-	-	(3,596)	3,162
Net cash outflow from financing activities		(1,872)	(45,970)	(3,596)	(40,745)
Effect of exchange rate changes on cash and cash equivalents		2,738	(17,802)	-	-
Net (decrease)/increase in cash and cash equivalents		(3,403)	(4,375)	(2,460)	1,816
Cash and cash equivalents at beginning of the financial year		18,540	22,915	5,216	3,400
Cash and cash equivalents at end of the financial year	31(b)	15,137	18,540	2,756	5,216

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

GROUP	<----- Attributable to owners of the Company ----->					
		Non-distributable			Non-controlling interests	Total equity
	Share capital RM'000	Reserves RM'000 (Note 24)	Accumulated losses RM'000	Total RM'000	RM'000	RM'000
At 1 July 2017	1,561,363	354,101	(3,442,234)	(1,526,770)	39,869	(1,486,901)
Total comprehensive (expense)/income for the financial year	-	(16,451)	37,853	21,402	2,844	24,246
Dividend paid by subsidiary	-	-	-	-	(1,960)	(1,960)
At 30 June 2018	<u>1,561,363</u>	<u>337,650</u>	<u>(3,404,381)</u>	<u>(1,505,368)</u>	<u>40,753</u>	<u>(1,464,615)</u>
At 1 July 2018	1,561,363	337,650	(3,404,381)	(1,505,368)	40,753	(1,464,615)
Total comprehensive (expense)/income for the financial year	-	(2,177)	(94,770)	(96,947)	3,937	(93,010)
Dividend paid by subsidiary	-	-	-	-	(1,960)	(1,960)
At 30 June 2019	<u>1,561,363</u>	<u>335,473</u>	<u>(3,499,151)</u>	<u>(1,602,315)</u>	<u>42,730</u>	<u>(1,559,585)</u>

STATEMENTS OF CHANGES IN EQUITY (continued)**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019****COMPANY**

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2017	1,561,363	(3,966,460)	(2,405,097)
Total comprehensive expense for the financial year	-	(73,250)	(73,250)
At 30 June 2018	<u>1,561,363</u>	<u>(4,039,710)</u>	<u>(2,478,347)</u>
At 1 July 2018	1,561,363	(4,039,710)	(2,478,347)
Total comprehensive expense for the financial year	-	(270,890)	(270,890)
At 30 June 2019	<u>1,561,363</u>	<u>(4,310,600)</u>	<u>(2,749,237)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 October 2019.

2. GOING CONCERN

The Group incurred a net loss attributed to the owners of the Company of RM95 million during the year ended 30 June 2019 and, as at that date, the Group and the Company have deficit in their total equity attributable to the owner of the Company of RM1,602 million and RM2,749 million and their current liabilities exceeded their current assets by RM1,627 million and RM2,753 million respectively. In addition, as disclosed in Note 25, the ACB Bonds and USD Debts of the Group and of the Company which are repayable within 12 months amounted to RM1,797 million and RM1,836 million respectively. The cash flows for the said redemption/repayment will be sourced from the proceeds of the disposal of assets/companies and cash flows from their operations.

The Directors are of the opinion that the financial statements be prepared on a going concern basis and accordingly do not include any adjustments that may be necessary if the Group and the Company are unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

In the previous financial years, the financial statements of the Group and of the Company are prepared in accordance with Financial Reporting Standards ("FRS"), International Financial Reporting Standards ("IFRSs"). These are the Group and of the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysia Financial Reporting Standards has been applied.

The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 June 2019, the comparative information presented in the financial statements for the financial year ended 30 June 2019 and in the preparation of the opening MFRS statement of financial position at 1 July 2018 (the date of transition to MFRS).

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Subsidiary companies

(i) Basis of consolidation and subsidiary companies

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiary companies). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are those entities controlled by the Company. Subsidiary companies are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of subsidiary companies acquired during the financial year are included in the consolidated financial statements from the effective date of acquisition. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. At the Group's level, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup transactions, balances and unrealised gains and losses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Subsidiary companies (cont'd)

(i) Basis of consolidation and subsidiary companies (cont'd)

Non-controlling interests in the consolidated statements of financial position consist of the non-controlling interests' share of fair values of the identifiable assets and liabilities of the acquiree as at acquisition date and the non-controlling interests' share of movements in the acquiree's equity since then.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(c) Associated companies

Associated companies are entities in which the Group has significant influence and where the Group participates in its financial and operating policies through Board representation. Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the latest audited or management financial statements of the companies concerned made up to the Group's financial year end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

Under the equity method of accounting, the Group's share of results of associated companies during the financial year is included in the consolidated financial statements. The Group's share of results of associated companies acquired or disposed of during the year, is included in the Group's profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

The Group's interest in associated companies is carried in the consolidated statements of financial position at cost plus the Group's share of post-acquisition changes in the share of the net assets of the associated companies, less impairment losses.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of net fair value of the associated company's identifiable assets, liabilities and contingent liabilities over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associated company's results in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Associated companies (cont'd)

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest that, in substance, form part of the Group's net investment in the associated company, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associated company.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

(d) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are measured at cost less accumulated depreciation and accumulated impairment losses.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Leasehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Buildings are stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Plant and machinery	2% - 33%
Tools and equipment	10% - 20%
Furniture and office equipment	5% - 25%
Motor vehicles	13% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items 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 or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Biological assets

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Oil palm is considered mature in the fifth year after planting.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

(f) Investment property

Investment property is property which is held either to earn rental income or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar property and the valuation is performed by independent professional valuers.

Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

When an item of investment property carried at fair value is transferred to property, plant and equipment following a change in its use, the property's deemed cost for subsequent accounting in accordance with MFRS 116 *Property, Plant and Equipment* shall be its fair value at the date of change in use.

(g) Contract Costs and Contract Liabilities

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These 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 profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that have been recognised had there been no impairment loss recognised previously.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Contract Costs and Contract Liabilities (cont'd)

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.

(h) Inventories

(i) Properties

Inventories comprise land held for development, properties under construction and completed properties held for sales.

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

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

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on these land. Accordingly, land held for property development are classified as non-current assets in the statement of financial position and are stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs. Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

(ii) Raw Material, Finished Goods, Work-In-Progress and Others

Raw material, finished goods, work-in-progress and others are measured at lower of cost and net realisable value.

The cost of raw materials comprises the original purchase price plus cost incurred in bringing the inventories to their present locations and conditions. The cost of finished goods and work-in-progress consists of direct materials, direct labour, other direct costs and appropriate production overheads where applicable and is determined on a weighted average basis.

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

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Impairment of non-financial assets

The carrying amounts of non-financial assets, other than biological assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(k) Financial instruments

During the financial year, the Group and of the Company adopted MFRS 9, Financial Instruments which replace FRS 139, Financial Instruments: Recognition and Measurement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instruments (cont'd)

(i) Initial recognition and measurement

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

Current financial year

A financial asset (unless it is a receivable without a significant financing component) or a financial liability is initially measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component, is initially measured at the transaction price.

No change to the accounting policy in relation to regular way purchases or sales (purchases or sales under a contract whose terms require delivery of financial assets within a time frame established by regulation or convention in the marketplace concerned).

Previous financial year

Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at FVTPL, loans and receivables, held-to-maturity ("HTM") investments and available-for-sale ("AFS") financial assets.

(ii) Financial instrument categories and subsequent measurement

Current financial year

The Group categorise financial instruments as follows:-

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Current financial year (cont'd)

(ii) Fair value through other comprehensive income

- Debt investments
Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
- Equity investments
This category comprises investment in equity that is not held for trading, and the Group irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss

All financial asset not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(l)).

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Previous financial year

The Group categorise financial instruments as follows:-

(i) FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Financial assets designated as financial assets at FVTPL are a group of financial assets which consist of certain quoted securities that is managed and its performance is evaluated at a fair value basis, in accordance with a documented risk management or investment strategy, and information about these group of financial assets is provided internally on that basis to the Group's and the Company's key management personnel.

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) HTM investments

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group has the positive intention and ability to hold the investment to maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Financial instruments (cont'd)

(iv) AFS financial assets

AFS financial assets are financial assets that are designated as AFS or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

AFS financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income will be recognised in profit or loss.

(l) Impairment of financial assets

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

Current financial year

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without resource by the Group to actions such as realising security.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(I) Impairment of financial assets (cont'd)

Current financial year (cont'd)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, while 12 months ECLs are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. The Group estimate the ECLs on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

Previous financial year

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

(i) Loans and receivables

Receivables assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

In respect of receivables carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(ii) AFS financial assets

For equity instruments classified as AFS, a significant or prolonged decline in the fair value of the securities below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are classified to profit or loss in the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Impairment of financial assets (cont'd)

(ii) AFS financial assets (cont'd)

With the exception of AFS equity instruments, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed through profit or loss to the extent that the carrying amounts of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in comprehensive income.

(iii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

(m) Cash and cash equivalents

For the purposes of statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits at call and short term highly liquid investments which have insignificant risk of changes in value, net of outstanding bank overdrafts and pledged deposits.

(n) Provisions

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Liquidated ascertained damages which have been accrued based on estimates of settlement sums to be agreed, are charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial liabilities

Current financial year

At initial recognition, all financial liabilities are subsequently measured at fair value through profit or loss or at amortised cost.

(i) Fair value through profit or loss

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

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group recognised that amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in the profit or loss.

(ii) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in the profit or loss.

Previous financial year

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and accrued expenses, amount owing to subsidiary companies, amount owing to related companies and dividend payable.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate 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 through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial liabilities (cont'd)

(ii) Other financial liabilities (cont'd)

ACB Bonds and USD Debts are stated at net present value plus accreted interest and net of amortised issuance expenses. The accretion of interest on the bonds or debts is recognised as interest expenses on the basis of their underlying cash yield to maturity.

Derecognition

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

Previous financial year

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

(p) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases - the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Leases (cont'd)

(ii) Finance leases - the Group as lessee (cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the terms of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3(d).

(iii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the relevant lease term.

(q) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(r) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign currencies (cont'd)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statements of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the comprehensive income. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in the other comprehensive income for the period.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the statement of financial position date;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Foreign currencies (cont'd)

(iii) Foreign operations (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 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 statement of financial position date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiary companies before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2019 RM	2018 RM
Foreign currencies		
1 United States Dollar	4.040	4.293
1 Singapore Dollar	2.955	3.112
1 Hong Kong Dollar	0.515	0.550
100 Philippine Peso	7.510	8.435
100 Indonesian Rupiah	0.027	0.031
1 Chinese Renminbi	0.610	0.635

(s) Revenue recognition

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 goods 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. 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.

(i) Sale of goods and services

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised when the Group's or the Company's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue recognition (cont'd)

(iii) Interest income

Interest income is recognised using the effective interest method in profit or loss.

(iv) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(t) Borrowing costs

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset until the asset is ready for its intended use. Capitalisation of finance cost is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised as an expense in profit or loss in which they are incurred.

(u) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(v) Income tax

Income tax on profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the reporting date.

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences or unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative 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 profit nor taxable profit.

Deferred tax is 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 tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from business combination that is an acquisition, in which case deferred tax is included in the resulting goodwill or negative goodwill on acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Income tax (cont'd)

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 tax authority.

(w) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expenses, assets and segment liabilities are determined before intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

As of 1 July 2018, the Group and the Company adopted the following new MFRSs and Issues Committee ("IC") Interpretation which have been issued by the Malaysian Accounting Standards Board ("MASB"):

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial
MFRS 15	Revenue from Contracts with Customers (and the related
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

The principal changes in accounting policies and their effects are set out below:

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the cash flow characteristics and business model in which financial assets are managed. The new standard contains three classifications for financial assets measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI"), and eliminates the existing MFRS 139 categories of loans and receivables, held to maturity and available for sale.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

MFRS 9 Financial Instruments (cont'd)

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss ("ECL") model. Under MFRS 9, loss allowances are measured on either 12-months ECLs or lifetime ECLs.

The Group and the Company have applied the requirements of MFRS 9 retrospectively with practical expedients and transitional exemptions as allowed by the standard, as follows:

- i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 30 June 2018 and 1 July 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139; and
- ii) The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

There was no material impact on the classification and measurement recognised in relation to these financial assets and financial liabilities from the adopting of MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue - Barter Transactions Involving Advertising Services. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The initial application of the abovementioned pronouncements does not have any material impact to the financial statements of the Group and the Company.

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and interpretations, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Annual Improvements to MFRSs 2015 - 2017 Cycle	

Effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to Reference to the Conceptual Framework in MFRS Standards	

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

Effective for financial periods beginning on or after 1 January 2021:

MFRS 17 Insurance Contracts

Deferred to a date to be determined by the MASB:

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above new MFRSs and Amendments to MFRSs when they become effective. The adoption of the above new MFRSs and Amendments to MFRSs is not expected to have a material impact on the financial statements in the period of initial application, except as described below:

MFRS 16 Leases

MFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and the related interpretations when it becomes effective for accounting period beginning on or after 1 January 2019.

MFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance lease are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any premeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows; whereas under MFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as operating and financing cash flows respectively.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117.

The Directors of the Group and the Company will adopt MFRS 16 on 1 July 2019 by applying the simplified transition approach under which comparative information is not restated.

The Directors anticipate that the application of MFRS 16 is not expected to have a material impact on the financial position and or financial performance of the Group and of the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical judgement made in applying accounting policies

Management is of the opinion that the instances of the application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimation.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Impairment of tangible assets

When there is an indication that the carrying amount of an asset may be impaired, the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, will be assessed. The assessment of recoverable amounts involves various methodologies.

Fair value of an asset is estimated by reference to net assets of the investee or based on prevailing market value determined by professional valuers.

In determining the value in use of an asset, being the future economic benefits to be expected from its continued use and ultimate disposal, the Group makes estimates and assumptions that required significant judgements and estimates. While the Group believes these estimates and assumptions to be reasonable and appropriate, changes in these estimates and assumptions of value in use could impact on the Group's financial position and results.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment except for freehold land and capital work-in-progress, is depreciated on a straight-line basis over the assets' useful lives. Management reviews the remaining useful lives of these property, plant and equipment at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives of property, plant and equipment may result in revision of future depreciation charges.

(iii) Impairment losses

The Group makes impairment losses based on assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such differences will impact carrying value of receivables.

(iv) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 10.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(v) Deferred tax

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

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties, the Directors have concluded that investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, deferred taxes have not been recognised on changes in fair value of investment properties as no tax consequences would arise on disposal of the investment properties.

6. REVENUE

Revenue of the Group and of the Company consists of the following:

	GROUP		COMPANY	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Sales of goods	21,006	18,737	-	-
Rendering of service	53,076	49,060	-	-
Dividend income	77	221	35	400
Interest income	1,661	2,210	1,661	2,210
	75,820	70,228	1,696	2,610

Timing of revenue recognition:

	GROUP		COMPANY	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
At a point in time	23,888	22,244	1,696	2,610
Over time	51,932	47,984	-	-
	75,820	70,228	1,696	2,610

7. EMPLOYEE BENEFITS EXPENSES

	GROUP	
	30.6.2019 RM'000	30.6.2018 RM'000
Salaries, bonuses and allowances	34,348	31,682
Defined contribution plans	2,545	2,412
	36,893	34,094

8. PROFIT/(LOSS) FROM OPERATIONS

(a) Profit/(Loss) from operations is arrived at:

	GROUP		COMPANY	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
After charging:				
Depreciation of property, plant and equipment	4,872	4,789	-	-
Directors' remuneration (Note 8(b))	60	63	60	63
Auditors' remuneration	291	292	58	58
Amortisation of:				
- biological assets	957	916	-	-
- investment properties	6	6	-	-
Impairment losses on:				
- biological assets	3,611	-	-	-
- property, plant and equipment	1,692	-	-	-
- property development costs	147	-	-	-
- investment in subsidiary companies	-	-	-	4,740
Rental of land and buildings	916	835	-	-
Net impairment losses on receivables:				
- subsidiary companies	-	-	162,494	9,309
- others	22,447	12,860	1,786	1,830
Property, plant and equipment written off	12	-	-	-
Deficit on striking off of investment in a subsidiary company and others	-	5,127	-	5,122
And crediting:				
Bad debt recovered	135	80	-	-
Interest income	2,015	2,011	-	-
Rental income	268	-	-	-
Gain on disposal of property, plant and equipment	58	180	-	-
Gain on foreign exchange				
- realised	35	70	-	17
Gain on disposal of quoted investment	-	15,784	-	-

8. PROFIT/(LOSS) FROM OPERATIONS (cont'd)

(b) Directors' remuneration

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Fees	53	53	53	53
Other emoluments	7	10	7	10
Total	60	63	60	63

The number of Directors and their range of remuneration are as follows:

Range of remuneration	Number of Directors	
	30.6.2019	30.6.2018
RM20,000 and below	4	4

9. FINANCE COSTS

Finance costs from operations is as follows:

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Interest expenses on:				
- ACB Bonds and USD Debts	65,925	58,000	22,398	19,791
- ACB Debts	-	-	48,288	42,711
- Term Loan	109	-	-	-
Total	66,034	58,000	70,686	62,502

10. TAX EXPENSES

	GROUP		COMPANY	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Income tax:				
- current year	3,383	2,896	433	492
- prior years	1,137	(61)	942	-
Deferred tax (Note 27):				
- current year	(58)	-	-	-
- prior years	(287)	-	-	-
Total tax expenses	4,175	2,835	1,375	492

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

	GROUP		COMPANY	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
(Loss)/Profit before tax	(86,658)	43,532	(269,515)	(72,758)
Tax calculated at Malaysian statutory tax rate of 24% (2018: 24%)	(20,798)	10,447	(64,684)	(17,462)
Income not subject to tax	(6,759)	(10,920)	(1,736)	(8,270)
Expenses not deductible for tax purposes	30,882	3,369	66,853	26,224
Under/(Over)provision in prior years:				
- income tax	1,137	(61)	942	-
- deferred tax	(287)	-	-	-
Total	4,175	2,835	1,375	492

11. (LOSS)/EARNINGS PER SHARE

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	30.6.2019	30.6.2018
(Loss)/Profit for the financial year attributable to owners of the Company (RM'000)	(94,770)	37,853
Weighted average number of ordinary shares in issue ('000)	1,331,175	1,331,175
Basic (loss)/earnings per share (sen)	(7.1)	2.8

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2019							
GROUP							
COST							
At 1 July 2018	5,222	2,405	2,055	67,646	9,842	4,192	91,362
Additions	8,800	-	4,600	141	560	605	14,706
Disposals	-	-	-	-	(86)	(449)	(535)
Transfer from inventories	-	-	-	3,328	-	-	3,328
Exchange difference	-	72	3	7	1	-	83
Written off	-	-	-	(68)	(310)	(7)	(385)
At 30 June 2019	14,022	2,477	6,658	71,054	10,007	4,341	108,559
LESS: ACCUMULATED DEPRECIATION							
At 1 July 2018	-	8	762	58,645	9,027	2,617	71,059
Charge for the financial year	-	1	64	3,643	554	610	4,872
Disposals	-	-	-	-	(85)	(433)	(518)
Exchange difference	-	-	3	7	1	-	11
Written off	-	-	-	(65)	(301)	(7)	(373)
At 30 June 2019	-	9	829	62,230	9,196	2,787	75,051
LESS: ACCUMULATED IMPAIRMENT LOSS							
At 1 July 2018	-	-	-	-	-	-	-
Addition	-	1,692	-	-	-	-	1,692
At 30 June 2019	-	1,692	-	-	-	-	1,692
CARRYING AMOUNTS							
At 30 June 2019	14,022	776	5,829	8,824	811	1,554	31,816

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

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, machinery, tools and equipment RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Total RM'000
2018							
GROUP							
COST							
At 1 July 2017	5,222	2,651	2,066	63,551	9,692	4,894	88,076
Additions	-	-	-	4,143	259	687	5,089
Disposals	-	-	-	(25)	(87)	(1,264)	(1,376)
Exchange difference	-	(246)	(11)	(23)	(13)	(125)	(418)
Written off	-	-	-	-	(9)	-	(9)
At 30 June 2018	5,222	2,405	2,055	67,646	9,842	4,192	91,362
LESS: ACCUMULATED DEPRECIATION							
At 1 July 2017	-	9	706	55,143	8,537	3,323	67,718
Charge for the financial year	-	-	62	3,530	597	600	4,789
Disposals	-	(1)	-	(21)	(86)	(1,181)	(1,289)
Exchange difference	-	-	(6)	(7)	(12)	(125)	(150)
Written off	-	-	-	-	(9)	-	(9)
At 30 June 2018	-	8	762	58,645	9,027	2,617	71,059
CARRYING AMOUNTS							
At 30 June 2018	5,222	2,397	1,293	9,001	815	1,575	20,303
At 30 June 2017	5,222	2,642	1,360	8,408	1,155	1,571	20,358

At 30 June 2019, certain additions of freehold land and buildings with an aggregate carrying amount of RM13 million (2018:Nil) are subject to a registered charge to secure term loan facilities granted to a subsidiary company as disclosed in Note 26.

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

	Office equipment RM'000	Total RM'000
2019		
COMPANY		
COST		
At 1 July 2018	115	115
Addition	12	12
At 30 June 2019	<u>127</u>	<u>127</u>
LESS: ACCUMULATED DEPRECIATION		
At 1 July 2018/30 June 2019	<u>15</u>	<u>15</u>
CARRYING AMOUNT		
At 30 June 2019	<u>112</u>	<u>112</u>
2018		
COMPANY		
COST		
At 1 July 2017	103	103
Addition	12	12
At 30 June 2018	<u>115</u>	<u>115</u>
LESS: ACCUMULATED DEPRECIATION		
At 1 July 2017/30 June 2018	<u>15</u>	<u>15</u>
CARRYING AMOUNT		
At 30 June 2018	<u>100</u>	<u>100</u>
At 30 June 2017	<u>88</u>	<u>88</u>

13. INVESTMENT PROPERTIES

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
At 1 July	281	287	293
Amortisation for the financial year	(6)	(6)	(6)
At 30 June	<u>275</u>	<u>281</u>	<u>287</u>
Analysed as:			
Leasehold land and building	<u>275</u>	<u>281</u>	<u>287</u>

The rental income earned by the Group for the financial year ended 30 June 2019 from its investment properties amounted to RMNil (30.6.2018: RMNil, 1.7.2017: RMNil). Direct operating expenses arising from investment properties that generate rental income are RM2,327 (30.6.2018: RM2,359, 1.7.2017: RM2,660).

Investment properties are representing investment properties held under lease terms.

The fair value of the investment properties was determined by the Directors based on valuations by independent valuers, who hold recognised qualifications and have relevant experience, by reference to market evidence of transaction prices of similar properties or comparable available market data.

14. BIOLOGICAL ASSETS

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
COST			
At 1 July	18,321	21,113	20,160
Exchange fluctuation	817	(2,792)	953
At 30 June	<u>19,138</u>	<u>18,321</u>	<u>21,113</u>
LESS: ACCUMULATED AMORTISATION			
At 1 July	13,948	15,018	13,332
Charge for the financial year	957	916	1,056
Exchange fluctuation	622	(1,986)	630
At 30 June	<u>15,527</u>	<u>13,948</u>	<u>15,018</u>
LESS: ACCUMULATED IMPAIRMENT LOSS			
At 1 July	-	-	-
Addition	3,611	-	-
At 30 June	<u>3,611</u>	<u>-</u>	<u>-</u>
CARRYING AMOUNT			
At 30 June	<u>-</u>	<u>4,373</u>	<u>6,095</u>

15. ASSOCIATED COMPANIES

	GROUP		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares - at cost	9,381	15,501	15,501
Share in post acquisition reserves	32,912	25,561	23,012
Total	42,293	41,062	38,513

	COMPANY		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares - at cost	4,000	4,000	4,000

The Group's unrecognised share of loss of associated companies for the financial year are as follows:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
At 1 July 2017/30 June 2018/30 June 2019	(41,038)	(41,038)	(41,038)

Certain unquoted shares of the Group and of the Company amounting to RM9.4 million (30.6.2018: RM15.5 million, 1.7.2017: RM15.5 million) and RM4.0 million (30.6.2018: RM4.0 million, 1.7.2017: RM4.0 million) at cost respectively were pledged as securities for the bonds issued by the Company pursuant to the Group Wide Restructuring Scheme ("GWRS").

The associated companies are:

Name of Company	Country of Incorporation	Holding in Equity		Accounting Year End	Principal Activities
		2019 %	2018 %		
Bonuskad Loyalty Sdn Bhd * ("Bonuskad")	Malaysia	33.33	33.33	31 December	# Providing marketing services by means of "BonusLink Loyalty Programme"
Renor Pte Ltd (under liquidation)*	Singapore	42.50	42.50	30 June	# Investment holding
Lion Jianmin Pte Ltd *	Singapore	30	30	30 June	# Investment holding
Steel Industries (Sabah) Sdn Bhd *	Malaysia	20	20	31 December	Manufacturing and trading of steel bars

Holding in equity by subsidiary companies.

* Financial statements of associated companies not audited by Ong Boon Bah & Co.

15. ASSOCIATED COMPANIES (cont'd)

Summarised financial information in respect of the Group's material associated company - Bonuskad is set out below:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Assets and liabilities			
Current assets	209,084	213,401	217,959
Non-current assets	4,830	698	1,204
Current liabilities	(108,095)	(114,352)	(126,751)
Net assets	<u>105,819</u>	<u>99,747</u>	<u>92,412</u>
Results			
Revenue	74,503	72,321	73,801
Net profit for the financial year	6,072	5,904	8,945
Group's share of net profit for the financial year	<u>2,024</u>	<u>1,968</u>	<u>2,981</u>

Reconciliation for the summarised financial information to the carrying amount of the equity interest in Bonuskad recognised in the financial statements:

	30.6.2019 %	30.6.2018 %	1.7.2017 %
Group's equity interest in Bonuskad	<u>33.33</u>	<u>33.33</u>	<u>33.33</u>
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Net assets of Bonuskad	<u>105,819</u>	<u>99,747</u>	<u>92,412</u>
Group's share of net assets	35,269	33,246	30,801
Other adjustment to equity	(4,418)	(4,418)	(3,941)
Carrying amount of the Group's equity interest in Bonuskad	<u>30,851</u>	<u>28,828</u>	<u>26,860</u>

16. SUBSIDIARY COMPANIES

	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Unquoted shares in Malaysia - at cost	477,377	477,377	477,387
Impairment losses	(477,377)	(477,377)	(472,637)
	-	-	4,750
Unquoted shares outside Malaysia - at cost	2,236	2,236	2,236
Impairment losses	(2,236)	(2,236)	(2,236)
	-	-	-
Total	-	-	4,750

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2019 %	2018 %	
Amalgamated Rolling Mill Sdn Bhd	Malaysia	100	100	Trading in steel products and other related services
ACB Harta Holdings Sdn Bhd	Malaysia	100	100	Investment holding and property development
Ambang Jaya Sdn Bhd	Malaysia	100	100	Investment holding
Amsteel Capital Holdings Sdn Bhd	Malaysia	100	100	Investment holding and provision of management services to its related companies
Amsteel Harta (L) Limited *	Malaysia	100	100	Treasury business
Amsteel Harta (M) Sdn Bhd	Malaysia	100	100	Managing of debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS
Angkasa Marketing (Singapore) Pte Ltd *	Singapore	100	100	Investment holding
Lion Plantations Sdn Bhd	Malaysia	70	70	Investment holding
Lion Tooling Sdn Bhd	Malaysia	100	100	Manufacturing and sale of tools and dies
Mastrama Sdn Bhd	Malaysia	100	100	Investment holding
Timuriang Sdn Bhd	Malaysia	100	100	Investment holding

16. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2019 %	2018 %	
Subsidiary companies of ACB Harta Holdings Sdn Bhd				
Chembong Malay Rubber Company (1920) Limited *	United Kingdom	100	100	Ceased operation
Henrietta Rubber Estate Limited *	United Kingdom	100	100	Ceased operation
Lion Commodities And Futures Trading Sdn Bhd	Malaysia	100	100	Ceased operation
Segamat Land Sdn Bhd (formerly known as Segamat Land Berhad)	Malaysia	100	100	Ceased operation
P T Kebunaria *	Indonesia	85	85	Ceased operation
Anika Developments Sdn Bhd	Malaysia	100	100	Dormant
Westlake Landscape Sdn Bhd	Malaysia	100	100	Landscaping business
Secom (Malaysia) Sdn Bhd * ("Secom")	Malaysia	51	51	Provision of electronic surveillance of premises and other security related services and sale of security equipment
Masbeef Sdn Bhd	Malaysia	100	100	Ceased operation
Subsidiary company of Secom				
Secom-KOP Security Systems Sdn Bhd *	Malaysia	60	60	Provision of electronic surveillance of premises and other security related services and sale of security equipment
Subsidiary companies of Ambang Jaya Sdn Bhd				
Budmouth Limited * (Dissolved on 2.11.2018)	Hong Kong	-	100	Ceased operation
Cibber Limited *	Hong Kong	100	100	Ceased operation
Konming Investment Limited * (Dissolved on 21.9.2018)	Hong Kong	-	100	Ceased operation
Romiti Limited *	Hong Kong	100	100	Ceased operation

16. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2019 %	2018 %	
Subsidiary companies of Angkasa Marketing (Singapore) Pte Ltd				
Angkasa Logistic Pte Ltd * (Dissolved on 5.11.2018)	Singapore	-	100	Dormant
Subsidiary companies of Amsteel Capital Holdings Sdn Bhd				
Amcap Consultants Limited *	Hong Kong	100	100	Ceased operation
Amsteel Holdings (H.K.) Limited *	Hong Kong	100	100	Investment holding
Amsteel Holdings Philippines, Inc. *	Philippines	100	100	Investment holding
Datavest Sdn Bhd	Malaysia	100	100	Investment holding
P T Amsteel Securities Indonesia * ^	Indonesia	85	85	Ceased operation
Subsidiary company of Amsteel Holdings (H.K.) Limited				
Amsteel Finance (H.K.) Limited *	Hong Kong	100	100	Ceased operation
Subsidiary company of Amsteel Holdings Philippines, Inc.				
Amsteel Securities Philippines, Inc. *	Philippines	100	100	Ceased operation
Subsidiary company of Datavest Sdn Bhd				
Amsteel Equity Capital Sdn Bhd *	Malaysia	100	100	Ceased operation
Subsidiary companies of Amsteel Securities Philippines, Inc.				
AMS Securities (S) Pte Ltd * (Dissolved on 19.2.2019)	Singapore	-	100	Ceased operation
Amsteel Strategic Investors Alliance, Inc. *	Philippines	100	100	Ceased operation

16. SUBSIDIARY COMPANIES (cont'd)

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		2019 %	2018 %	
Subsidiary companies of Amsteel Equity Capital Sdn Bhd				
Amsteel Research (M) Sdn Bhd *	Malaysia	100	100	Dormant
Amsteel Equity Realty (M) Sdn Bhd *	Malaysia	100	100	Property investment and management
Subsidiary company of Mastrama Sdn Bhd				
Salient Care Sdn Bhd	Malaysia	70	70	Dormant
Subsidiary companies of Timuriang Sdn Bhd				
Kobayashi Optical (S) Pte Ltd * (Dissolved on 8.10.2018)	Singapore	-	100	Dormant
Kobayashi Optical Sdn Bhd	Malaysia	70	70	Ceased operation
Parkson Retail Consulting And Management Sdn Bhd	Malaysia	100	100	Investment holding
Sukhothai Food Sdn Bhd	Malaysia	100	100	Investment holding
WGD Retail Consultancy Sdn Bhd	Malaysia	100	100	Ceased operation
Natvest Parkson Sdn Bhd	Malaysia	100	100	Investment holding
Umatrac Enterprises Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary company of Sukhothai Food Sdn Bhd				
Masoni Investment Pte Ltd *	Singapore	52.6 47.4 ^a	52.6 47.4 ^a	Investment holding
Subsidiary company of Umatrac Enterprises Sdn Bhd				
Hiap Joo Chong Realty Sdn Bhd	Malaysia	100	100	Investment holding

* Financial statements of subsidiary companies as at 30 June 2019 not audited by Ong Boon Bah & Co.

[^] Consolidated based on management accounts.

^a Held by Parkson Retail Consulting And Management Sdn Bhd.

16. SUBSIDIARY COMPANIES (cont'd)

Non-controlling interests in subsidiary companies

Secom, the subsidiary company with non-controlling interests which the Group regards as material to the Group is set out below. The non-controlling interests of the other companies are not material to the Group.

The equity interest held by non-controlling interests is as follows:

	30.6.2019	30.6.2018	1.7.2017
Name of Company	%	%	%
Secom	49	49	49

The Group's subsidiary companies that have non-controlling interests are as follows:

	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Accumulated non-controlling interests:			
Secom	42,093	40,124	37,917
Other individually immaterial subsidiary companies	637	629	1,952
	<u>42,730</u>	<u>40,753</u>	<u>39,869</u>
Profit allocated to non-controlling interests:			
Secom	3,929	4,167	4,080
Other individually immaterial subsidiary companies	8	(1,323)	5
	<u>3,937</u>	<u>2,844</u>	<u>4,085</u>

16. SUBSIDIARY COMPANIES (cont'd)

Non-controlling interests in subsidiary companies (cont'd)

Summarised financial information in respect of each of the Group's subsidiary companies that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	30.6.2019	Secom 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Summarised Statement of Profit or Loss			
Revenue	68,165	62,689	61,195
Profit for the year	8,022	8,505	8,327
Dividends paid to non-controlling interests	1,960	1,960	1,469
Summarised Statement of Financial Position			
Non-current assets	25,574	12,058	11,479
Current assets	77,822	80,195	75,413
Non-current liabilities	(7,338)	(2,359)	(2,131)
Current liabilities	(9,970)	(7,828)	(7,200)
Non-controlling interests	(183)	(181)	(179)
Net assets	85,905	81,885	77,382
Summarised Statement of Cash Flows			
Operating activities	10,596	6,448	11,965
Investing activities	(14,629)	30	(9,028)
Financing activities	2,413	(4,000)	(3,000)
Net (decrease)/increase in cash and cash equivalents	(1,620)	2,478	(63)

17. INVESTMENTS

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Non-current			
Fair value through other comprehensive income			
Unquoted shares and investments	237	-	-
Available-for-sale financial assets			
Shares quoted outside Malaysia at fair value	-	-	24,338
Unquoted shares and investments at amortised cost	-	237	237
Total	237	237	24,575

	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Non-current			
Fair value through other comprehensive income			
Unquoted shares and investments	128	-	-
Available-for-sale financial assets			
Unquoted shares and investments at amortised cost	-	128	128
Total	128	128	128

18. GOODWILL

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Cost:			
At 1 July	49,183	49,183	49,183
Impairment losses	(49,183)	(49,183)	(49,183)
At 30 June	-	-	-

19. CONTRACT COSTS/LIABILITIES

(a) Contract costs

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Costs to fulfil a contract	957	1,583	624

(b) Contract liabilities

Contract liabilities	517	372	392
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The contract liabilities of a subsidiary company, primarily relate to the central management services fee income receivable from customers who are billed in advance either on a monthly or quarterly basis for service contract, which revenue is recognised over time during the contract period.

20. INVENTORIES

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Current			
Property development at costs	147	147	147
Less: Impairment losses	(147)	-	-
	<u>-</u>	<u>147</u>	<u>147</u>
Other inventories			
At cost:			
Raw materials	52	54	58
Finished goods	3,425	3,323	2,854
General and consumable	83	81	99
Work-in-progress	1,852	2,560	1,680
	<u>5,412</u>	<u>6,018</u>	<u>4,691</u>
Less: Allowance for slow-moving and obsolete inventories	(1,109)	(1,109)	(995)
	<u>4,303</u>	<u>4,909</u>	<u>3,696</u>
Total	<u><u>4,303</u></u>	<u><u>5,056</u></u>	<u><u>3,843</u></u>

21. RECEIVABLES

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade receivables	56,320	55,965	55,784
Impairment losses	(42,926)	(42,926)	(34,761)
	<u>13,394</u>	<u>13,039</u>	<u>21,023</u>
Other receivables, deposits and prepayments	436,732	442,859	460,131
Impairment losses	(324,917)	(302,470)	(297,775)
	<u>111,815</u>	<u>140,389</u>	<u>162,356</u>
Amounts due from associated companies	65,650	65,650	65,650
Impairment losses	(65,650)	(65,650)	(65,650)
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>125,209</u></u>	<u><u>153,428</u></u>	<u><u>183,379</u></u>

21. RECEIVABLES (cont'd)

	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Other receivables, deposits and prepayments	243,357	248,007	261,897
Impairment losses	(154,022)	(152,236)	(150,406)
	89,335	95,771	111,491
Amounts due from subsidiary companies	1,939,501	1,777,006	1,795,641
Impairment losses	(1,939,498)	(1,777,004)	(1,767,695)
	3	2	27,946
Amounts due from associated companies	65,650	65,650	65,650
Impairment losses	(65,650)	(65,650)	(65,650)
	-	-	-
Total	89,338	95,773	139,437

The Group's normal trade credit term ranges from 21 days to 90 days (30.6.2018: 21 days to 90 days, 1.7.2017: 21 days to 90 days). Other credit terms are assessed and approved on a case-to-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single customer or to groups of customers.

The amounts due from subsidiary companies which arose mainly from inter-company advances are unsecured and repayable on demand. The amount due from certain subsidiary companies bears an effective interest rate of 1% (30.6.2018: 1%, 1.7.2017: 1%) per annum.

The amounts due from associated companies which arose mainly from inter-company advances are unsecured, interest free (30.6.2018: interest free, 1.7.2017: interest free) and repayable on demand.

21. RECEIVABLES (cont'd)

Included in other receivables of the Group and the Company is an amount of RM82 million (30.6.2018: RM87 million, 1.7.2017: RM96 million) which represents deferred cash payments from disposal and redemption of LCB Bonds and LCB redeemable convertible secured loan stocks ("RCSLS"). Included in the Group's other receivables is an amount of RM32 million (30.6.2018: RM32 million, 1.7.2017: RM34 million) which represents consideration for the disposal of a subsidiary company.

Included in the Group's trade receivables balance are debtors which are past due at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered fully recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables as of 30 June 2019:

	GROUP		
	30.6.2019	30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Neither past due nor impaired	5,840	6,602	6,929
1 - 30 days past due but not impaired	2,301	3,197	2,637
31 - 60 days past due but not impaired	2,552	965	484
61 - 90 days past due but not impaired	232	267	53
More than 90 days past due but not impaired	2,469	2,008	10,920
	13,394	13,039	21,023
Past due and impaired	42,926	42,926	34,761
Total trade receivables	56,320	55,965	55,784

Movement in the impairment losses of trade receivables as of 30 June 2019 is as follows:

	GROUP	
	30.6.2019	30.6.2018
	RM'000	RM'000
At 1 July	42,926	34,761
Impairment losses recognised during the year	-	8,665
Impairment losses no longer required	-	(500)
At 30 June	42,926	42,926

Movement in the impairment losses of other receivables as of 30 June 2019 is as follows:

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
At 1 July	302,470	297,775	152,236	150,406
Impairment losses recognised during the year	22,447	17,251	1,786	6,942
Impairment losses no longer required	-	(12,556)	-	(5,112)
At 30 June	324,917	302,470	154,022	152,236

In determining the recoverability of a trade receivable, the Group and the Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

21. RECEIVABLES (cont'd)

The currency exposure profile of receivables is as follows:

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Ringgit Malaysia	80,606	108,943	136,567
Hong Kong Dollar	43,948	44,199	46,403
Philippine Peso	269	251	283
United States Dollar	6	21	86
Indonesian Rupiah	13	14	24
Singapore Dollar	367	-	16
	125,209	153,428	183,379

	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Ringgit Malaysia	89,338	95,773	120,075
Hong Kong Dollar	-	-	17,606
Indonesian Rupiah	-	-	1,756
	89,338	95,773	139,437

22. DEPOSITS, CASH AND BANK BALANCES

	30.6.2019	GROUP 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Deposits with licensed financial institutions	78,482	73,020	71,356
Cash and bank balances	10,009	12,103	17,528
	88,491	85,123	88,884

	30.6.2019	COMPANY 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Deposits with licensed financial institutions	17,602	12,970	9,930
Cash and bank balances	1,266	673	787
	18,868	13,643	10,717

Certain deposits included in deposits with licensed financial institutions are:

	30.6.2019	GROUP 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Earmarked for bond redemption under the GWRS	15,095	8,770	7,561

	30.6.2019	COMPANY 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Earmarked for bond redemption under the GWRS	14,677	8,427	7,317

The currency exposure profile of deposits, cash and bank balances is as follows:

	30.6.2019	GROUP 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Ringgit Malaysia	86,941	83,263	85,604
Others	1,550	1,860	3,280
	88,491	85,123	88,884

The average interest rate of deposits of the Group and of the Company at the end of the financial year are 3.22% (30.6.2018: 3.22%, 1.7.2017: 3.60%) per annum and 3.00% (30.6.2018: 3.00%, 1.7.2017: 2.90%) per annum respectively.

The average maturity of deposits of the Group and of the Company at the end of the financial year are 170 days (30.6.2018: 170 days, 1.7.2017: 170 days) and 7 days (30.6.2018: 7 days, 1.7.2017: 7 days) respectively.

23. SHARE CAPITAL

	GROUP AND COMPANY			
	30.6.2019		30.6.2018	
	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000
Issued share capital:				
Ordinary shares:				
At beginning and end of financial year	1,331,175	1,561,363	1,331,175	1,561,363

24. RESERVES

	<-----Non-distributable----->			
	Translation reserve RM’000	Capital reserve RM’000	Fair value reserve RM’000	Total RM’000
GROUP				
At 1 July 2017	(107,244)	469,441	(8,096)	354,101
Total comprehensive (expense)/income for the financial year	(24,547)	-	8,096	(16,451)
At 30 June 2018	(131,791)	469,441	-	337,650
Total comprehensive expense for the financial year	(2,177)	-	-	(2,177)
At 30 June 2019	(133,968)	469,441	-	335,473

Included in capital reserve was profits recognised by a subsidiary company set up to manage the Ringgit Malaysia debts novated from the Company and certain of its subsidiary companies pursuant to the GWRS amounting to RM437.9 million.

25. ACB BONDS AND USD DEBTS - SECURED

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Current			
- ACB Bonds	565,822	543,424	538,821
- ACB Consolidated and Rescheduled Debts	1,230,680	1,158,198	1,219,321
	1,796,502	1,701,622	1,758,142
	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Current			
- ACB Bonds	565,822	543,424	538,821
- ACB Debts	1,269,723	1,194,514	1,256,173
	1,835,545	1,737,938	1,794,994

The currency exposure profile of ACB Bonds and USD Debts is as follows:

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Ringgit Malaysia	565,822	543,424	538,821
United States Dollar	1,230,680	1,158,198	1,219,321
	1,796,502	1,701,622	1,758,142
	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Ringgit Malaysia	565,822	543,424	538,821
United States Dollar	1,269,723	1,194,514	1,256,173
	1,835,545	1,737,938	1,794,994

The Company had on 27 February 2009, implemented the corporate and debt restructuring scheme ("ACB Scheme") which is to address its debts obligations to repay the ACB Bonds and USD Debts issued by the Company and its subsidiary company pursuant to the GWRS.

The implementation of the ACB Scheme led to consequential changes to the principal terms and conditions of the ACB Bonds and USD Debts.

25. ACB BONDS AND USD DEBTS - SECURED (cont'd)

The principal terms and conditions of the ACB Bonds and USD Debts are as follows:

- (i) The tranches of RM denominated bonds ("ACB Bonds") issued by the Company are as follows:

ACB Bonds	Nominal Value RM'000	Net Present Value RM'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	40,058	34,740	31 December 2011	7.00%
Class A(2)	32,907	29,133	31 December 2011	6.00%
Class B(a)	265,537	232,460	31 December 2014	4.00%
Class B(b)	*	*	31 December 2014	7.00%
Class C #	340,049	303,475	31 December 2011	4.75%

- (ii) The tranches of USD Debts ("ACB Debts") issued by the Company to a subsidiary company are as follows:

ACB Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	142,059	123,186	31 December 2011	6.75%
Class A(2)	1,620	1,443	31 December 2011	5.50%
Class B	134,253	118,949	31 December 2014	3.50%
Class C #	198,849	179,761	31 December 2011	4.25%

- (iii) The tranches of USD Debts ("ACB Consolidated and Rescheduled Debts") issued by a subsidiary company are as follows:

USD Debts	Nominal Value USD'000	Net Present Value USD'000	Maturity Date	Cash Yield to Maturity (per annum)
Class A(1)	125,285	109,778	31 December 2011	6.50%
Class A(2)	1,441	1,313	31 December 2011	5.25%
Class B	126,016	113,065	31 December 2014	3.25%
Class C #	194,328	176,698	31 December 2011	4.00%

* Less than RM1,000.

There is no change to the yield to maturity and maturity date of the Class C ACB Bonds and USD Debts in view that Class C ACB Bonds and USD Debts are not restructured.

25. ACB BONDS AND USD DEBTS - SECURED (cont'd)

Securities and covenants for the ACB Bonds and USD Debts

The Security Trustee holds the following securities for the benefit of the holders of ACB Bonds and USD Debts ("Securities"):

- (a) Class B LCB Bonds received by the Company pursuant to the GWRS; and
- (b) The Redemption Account held by the Company where it will capture the "Dedicated Cash Flows" pursuant to the GWRS and the ACB Scheme. Dedicated Cash Flows mean cash flows from the following sources:
 - net surplus proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is existing security, if applicable and assets under the Agreement;
 - net proceeds from the disposal of any assets in the Divestment Programme of the Group over which there is no existing security;
 - any Back-End Amount and Loyalty Payment received by the Company as a holder of LCB Bonds;
 - net proceeds of the redemption of LCB Bonds and LCB RCSLS (not fully tendered and/or exchanged for) received by the Company;
 - net proceeds from the disposal of LCB RCSLS received by the Company pursuant to the put and call option agreement with Tan Sri Cheng Heng Jem;
 - net proceeds from the disposal of any residual assets (other than the assets in the Divestment Programme) of the Group;
 - net proceeds from the adjusted assets and liabilities pursuant to ACB internal reorganisation under the ACB Scheme; and
 - net proceeds from such other securities as may be provided by the Group.

Classes A(1) and A(2) ACB Bonds and USD Debts and Class B ACB Bonds and USD Debts rank *pari passu* among each other over the Securities under items (a) and (b) above held by the Security Trustee.

Class C ACB Bonds and USD Debts rank *pari passu* amongst each other over the Securities under items (a) and (b) above held by the Security Trustee.

The Classes A(1), A(2) and B ACB Bonds and USD Debts will rank in priority over Class C ACB Bonds and USD Debts over the Securities under items (a) and (b) above held by the Security Trustee.

25. ACB BONDS AND USD DEBTS - SECURED (cont'd)

In addition, the following are the securities provided in respect of the USD Debts ("SPV Securities"):

- (a) assignment of all the rights attaching to the ACB Debts including the rights to receive payments from the Company and rights to other entitlements;
- (b) a debenture over the assets (namely ACB Debts) of a subsidiary company;
- (c) a charge over a subsidiary company's Redemption Account which will capture the proceeds from the repayment of the ACB Debts by the Company; and
- (d) corporate guarantee by the Company to the Facility Agent for the benefit of the holders of the USD Debts.

Monies captured in the Redemption Account can only be utilised towards the repayment of USD Debts and cannot be utilised by the subsidiary company for any other purposes.

The Classes A(1), A(2) and B USD Debts will rank *pari passu* among each other in respect of the SPV Securities listed under items (a) to (d) and rank ahead of the Class C USD Debts in respect of the SPV Securities. Meanwhile, the Class C USD Debts will rank *pari passu* among each other in respect of the SPV Securities.

Classes A(1), A(2), B and C ACB Bonds and USD Debts shall rank *pari passu* with all other unsecured and unsubordinated creditors of the Group in respect of the Group's assets which are not part of the Securities.

The main covenants of the ACB Bonds and USD Debts are as follows:

(a) Permitted indebtedness

At any time, any indebtedness for borrowed moneys incurred or assumed by the Group and any scheme companies in respect of which the aggregate principal amount committed or provided by the lenders together with the aggregate amount of all indebtedness of the Group and any scheme companies at the time of incurrence does not exceed the following limits:

- (i) where the total redemption amounts of the ACB Bonds redeemed, or cancelled pursuant to an early redemption or purchase, and the total repayment amounts of the USD Debts repaid and in the case of an early repayment or purchased, the total repayment amounts in respect of the USD Debts repaid or purchased, up to the relevant time when the indebtedness is incurred or proposed to be incurred (which amount shall exclude amounts paid in respect of the Class B(b) Bonds) and the up-front cash payment made on 31 January 2003 (collectively, the "Repaid Amount") is less than 50% of the aggregate outstanding nominal value of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 20% of that Repaid Amount;
- (ii) where the total Repaid Amount is equal to or exceeding 50% but less than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 35% of that Repaid Amount; and
- (iii) where the total Repaid Amount is equal to or more than 75% of the aggregate outstanding nominal values of all ACB Bonds and the outstanding repayment amounts of all the USD Debts (other than the Class B(b) Bonds) as at the issue date of the ACB Bonds, the limit shall be 50% of that Repaid Amount.

25. ACB BONDS AND USD DEBTS - SECURED (cont'd)

(b) Disposal of Divestment Assets

The disposal of Divestment Assets shall require prior consent from the Security Trustee where:

- (i) the disposal price of such Divestment Assets is at a discount rate of 20% or more of the market value of the said Divestment Assets; and/or
- (ii) the disposal price of such Divestment Assets is equal to or more than RM5.0 million; and/or
- (iii) the sale of such Divestment Assets is to a related party.

(c) Disposal of assets/shares (other than Divestment Assets and those assets acquired by the Group after 14 March 2003 which are funded from monies other than the Dedicated Cash flow)

The disposal of assets/shares shall require prior consent from the Security Trustee where:

- (i) the disposal price is more than RM25.0 million or 20% or more than the audited consolidated net tangible assets of the Company, whichever is lower; and
- (ii) the disposal price is at a discount rate of 20% or more of the market value of the said assets/shares.

(d) Capital expenditure

Prior written consent from the Security Trustee/Facility Agent before the Group (other than the excluded companies) incurs any capital expenditure:

- (i) for any new investment which is not within the core business(es) of the Group as set out in the Trust Deed; and
- (ii) exceeding 25% of the consolidated net tangible assets of the Company.

As reported in the previous financial statements:

- (a) in consideration of the holders of ACB Bonds and USD Debts granting the indulgence and approval to vary the redemption date and the repayment date of ACB Bonds and USD Debts, additional securities were charged in favour of the Security Trustee on shares in certain subsidiary companies of the Company with an adjusted net tangible assets of RM5 million or more, provided such shares are not encumbered; and
- (b) commencing 1 January 2005, interest payable as penalty for late redemption/repayment of any redemption amount/repayment amount shall be calculated on a simple interest basis instead of on a compound basis.

During the previous financial years, the deferment of the Class B ACB Bonds and USD Debts, Class C ACB Bonds and USD Debts were not passed.

The Class A ACB Bonds and USD Debts were fully redeemed by the Company and its subsidiary company.

26. TERM LOAN AND FINANCE LEASE LIABILITIES

(a) Term loan

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Secured			
Non-current	5,159	-	-
Current	1,254	-	-
	<u>6,413</u>	<u>-</u>	<u>-</u>

The term loan of a subsidiary company is secured by a registered charged over its certain freehold land buildings as disclosed in Note 12. The facility bears interest at 4.47% per annum.

The non-current portion of the term loan are repayable as follows:-

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Financial years ending 30 June:			
2021	1,309	-	-
2022 and thereafter	3,850	-	-
	<u>5,159</u>	<u>-</u>	<u>-</u>

(b) Finance lease liabilities

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Minimum lease payments:			
- later than one year and not later than five years	-	-	5
	<u>-</u>	<u>-</u>	<u>5</u>
Less: Future finance charges	-	-	(1)
	<u>-</u>	<u>-</u>	<u>4</u>
Present value of finance lease liabilities	<u>-</u>	<u>-</u>	<u>4</u>

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Present value of finance lease liabilities :			
- later than one year and not later than five years	-	-	4
	<u>-</u>	<u>-</u>	<u>4</u>

The finance lease liabilities bore interest at 3.45% per annum in 2017.

26. TERM LOAN AND FINANCE LEASE LIABILITIES (cont'd)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows have been, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flow from/(used in) financing activities.

	1.7.2018 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	30.6.2019 RM'000
Group					
ACB Bonds and USD Debts	1,701,622	-	66,034	28,846	1,796,502
Term loan	-	6,413	-	-	6,413
Company					
ACB Bonds and USD Debts	1,737,938	-	70,686	26,921	1,835,545
	1.7.2017 RM'000	Financing cash flows RM'000	Interest RM'000	Translation adjustment RM'000	30.6.2018 RM'000
Group					
ACB Bonds and USD Debts	1,758,142	(42,797)	58,000	(71,723)	1,701,622
Finance lease liabilities	4	(4)	-	-	-
Company					
ACB Bonds and USD Debts	1,794,994	(42,797)	62,502	(76,761)	1,737,938

27. DEFERRED TAX ASSETS/(LIABILITIES)

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
At 1 July	(184)	(184)	(184)
Transfer from/(to) profit or loss (Note 10):			
Property, plant and equipment	232	-	-
Deductible temporary differences	113	-	-
	345	-	-
At 30 June	161	(184)	(184)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statements of financial position:

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Deferred tax assets	173	-	-
Deferred tax liabilities	(12)	(184)	(184)
	161	(184)	(184)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
Deferred tax assets			
Deductible temporary differences	1,252	1,139	1,139
Offsetting	(1,079)	(1,139)	(1,139)
Deferred tax assets (after offsetting)	173	-	-
Deferred tax liabilities			
Property, plant and equipment	1,079	1,310	1,310
Deductible temporary differences	12	13	13
	1,091	1,323	1,323
Offsetting	(1,079)	(1,139)	(1,139)
Deferred tax liabilities (after offsetting)	12	184	184

Deferred tax assets

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

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000	1.7.2017 RM'000
- unabsorbed capital allowances	1,304	6,231	6,231
- unutilised tax losses	128,315	152,756	140,853
	129,619	158,987	147,084

27. DEFERRED TAX ASSETS/LIABILITIES (cont'd)

As announced in the Annual Budget 2019, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unused tax losses will be disregarded. The unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

The unutilised tax losses and unabsorbed capital allowances carried forward are subject to agreement by the tax authority.

28. PAYABLES

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Trade payables	4,636	4,344	3,245
Other payables	48,803	73,506	95,627
	53,439	77,850	98,872

	30.6.2019 RM'000	COMPANY 30.6.2018 RM'000	1.7.2017 RM'000
Other payables	19,791	18,737	4,971
Amounts due to subsidiary companies	1,012,127	841,059	770,003
	1,031,918	859,796	774,974

The normal trade credit term granted to the Group ranges from 30 days to 120 days (30.6.2018: 30 days to 120 days, 1.7.2017: 30 days to 120 days).

The amounts due to subsidiary companies which arose mainly from inter-company advances are unsecured, interest free (30.6.2018: interest free, 1.7.2017: interest free) and repayable on demand.

The currency exposure profile of payables is as follows:

	30.6.2019 RM'000	GROUP 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Ringgit Malaysia	46,435	71,126	91,020
United States Dollar	551	443	319
Others	6,453	6,281	7,533
	53,439	77,850	98,872

28. PAYABLES (cont'd)

	30.6.2019	COMPANY 30.6.2018	1.7.2017
	RM'000	RM'000	RM'000
Ringgit Malaysia	689,719	525,821	510,503
United States Dollar	341,142	332,918	264,471
Others	1,057	1,057	-
	1,031,918	859,796	774,974

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities in which a Director or a substantial shareholder of the Company or its subsidiary companies and/or persons connected with such Director or substantial shareholder has an interest, excluding those parties disclosed as related companies in the financial statements.

(a) Sales of goods and services

	GROUP 30.6.2019	30.6.2018
	RM'000	RM'000
Sales of goods and services to:		
- Amsteel Mills Sdn Bhd	2,842	1,866
- Antara Steel Mills Sdn Bhd	587	494
- Parkson Corporation Sdn Bhd	1,076	1,075

Amsteel Mills Sdn Bhd and Antara Steel Mills Sdn Bhd are subsidiary companies of Lion Industries Corporation Berhad, a substantial shareholder of the Company.

Parkson Corporation Sdn Bhd is a wholly-owned subsidiary of Parkson Retail Asia Limited wherein a Director and substantial shareholder of the Company is also a Director and substantial shareholder.

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(b) Purchases of goods

	GROUP	
	30.6.2019	30.6.2018
	RM'000	RM'000
Purchases of goods from:		
- Secom Co., Ltd.	870	1,168
- Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd.	744	967

Secom Co., Ltd. is a substantial shareholder of Secom (Malaysia) Sdn Bhd, a subsidiary company of the Company.

Shanghai Nohmi Secom Fire Protection Equipment Co., Ltd. is a subsidiary company of Secom Co., Ltd.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no more favourable to the related parties than those arranged with independent third parties.

30. SEGMENT INFORMATION

(a) Business Segments

The Group is organised into two major business segments as follows:

- | | |
|------------------------------------|--|
| (i) Security services | - provision of security services and sale of security related equipment; and |
| (ii) Investment holding and others | - investment holding, manufacturing and sale of tools and dies, cultivation of oil palm, and others. |

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are no more favourable to the related parties than those arranged with unrelated parties.

30. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

30 June 2019

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	68,165	7,655	-	75,820
Results				
Segment results	10,650	(8,732)	-	1,918
Loss on foreign exchange - unrealised				(23,773)
Finance costs				(66,034)
Share in results of associated companies	-	1,231	-	1,231
Loss before tax				(86,658)
Tax expenses				(4,175)
Loss for the financial year				(90,833)
Assets				
Segment assets	103,050	148,238	-	251,288
Investment in associated companies	-	42,293	-	42,293
Unallocated assets				5,984
Consolidated total assets				299,565
Liabilities				
Segment liabilities	17,280	1,841,788	-	1,859,068
Unallocated liabilities				82
Consolidated total liabilities				1,859,150
Other information				
Capital expenditure	14,670	36	-	14,706
Depreciation	4,625	247	-	4,872
Amortisation	-	963	-	963
Other non-cash expenses	-	27,909	-	27,909

30. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

30 June 2018

	Security services RM'000	Investment holding and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External sales	62,689	7,539	-	70,228
Results				
Segment results	10,830	10,359	-	21,189
Gain on foreign exchange - unrealised				77,394
Finance costs				(58,000)
Share in results of associated companies	-	2,949	-	2,949
Profit before tax				43,532
Tax expenses				(2,835)
Profit for the financial year				40,697
Assets				
Segment assets	92,033	178,351	-	270,384
Investment in associated companies	-	41,062	-	41,062
Unallocated assets				6,212
Consolidated total assets				317,658
Liabilities				
Segment liabilities	10,016	1,772,033	-	1,782,049
Unallocated liabilities				224
Consolidated total liabilities				1,782,273
Other information				
Capital expenditure	5,058	31	-	5,089
Depreciation	4,389	400	-	4,789
Amortisation	-	922	-	922
Other non-cash expenses	-	17,987	-	17,987

30. SEGMENT INFORMATION (cont'd)

(b) Geographical Segments

The Group operates in the following main geographical areas:

Malaysia - mainly in the provision of security services and sale of security related equipment, manufacturing and sale of tools and dies, and investment holding; and

Other countries - cultivation of oil palm, investment holding and others.

	Revenue		Total assets		Capital expenditure	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	75,820	70,228	254,957	272,068	14,706	5,089
Other countries	-	-	44,608	45,590	-	-
	75,820	70,228	299,565	317,658	14,706	5,089

31. STATEMENTS OF CASH FLOWS

(a) Adjustment for non-cash items, interests and dividends:

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,872	4,789	-	-
Impairment loss on:				
- biological assets	3,611	-	-	-
- property, plant and equipment	1,692	-	-	-
- property development costs	147	-	-	-
- investment in subsidiary companies	-	-	-	4,740
Amortisation of:				
- biological assets	957	916	-	-
- investment properties	6	6	-	-
Net impairment losses on receivables:				
- subsidiary companies	-	-	162,494	9,309
- others	22,447	12,860	1,786	1,830
Interest expenses	66,034	58,000	70,686	62,502
Property, plant and equipment written off	12	-	-	-
Share in results of associated companies	(1,231)	(2,949)	-	-
Interest income	(3,676)	(4,221)	(1,661)	(2,210)
Gain on disposal of quoted investment	-	(15,784)	-	-
Gain on disposal of property, plant and equipment	(58)	(180)	-	-
Dividend income	(77)	(221)	(35)	(400)
Loss/(Gain) on foreign exchange				
- unrealised	23,773	(77,394)	35,243	(8,868)
Deficit on striking off of investment in a subsidiary company and others	-	5,127	-	5,122
	118,509	(19,051)	268,513	72,025

(b) Cash and cash equivalents at end of the financial year:

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	10,009	12,103	1,266	673
Deposits with licensed financial institutions	78,482	73,020	17,602	12,970
	88,491	85,123	18,868	13,643
Less: Fixed deposits earmarked for bond redemption	(15,095)	(8,770)	(14,677)	(8,427)
Less: Investment in principal guaranteed deposits	(17,319)	(10,913)	(1,435)	-
Less: Time deposits with original maturity of more than three months	(40,940)	(46,900)	-	-
	15,137	18,540	2,756	5,216

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT**Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors for observation in the day-to-day operations for the controlling and management of the risks associated with the financing, investing and operating activities of the Group.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

Capital Risk Management

The objective of the Group's and of the Company's capital management is to safeguard the Group's and the Company's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance.

The capital structure of the Group and of the Company consists of net debts (borrowings offset by cash and cash equivalents) and equity of the Group and of the Company (comprising issued capital, reserves and non-controlling interests).

Gearing Ratio

The gearing ratio at end of the reporting period is as follows:

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Debt (i)	1,802,915	1,701,622	1,835,545	1,737,938
Deposits, cash and bank balances	(88,491)	(85,123)	(18,868)	(13,643)
Net debt	1,714,424	1,616,499	1,816,677	1,724,295
Equity (ii)	(1,559,585)	(1,464,615)	(2,749,237)	(2,478,347)
Debt to equity ratio	NM	NM	NM	NM

(i) Debt is defined as long term and short term borrowings as disclosed in Notes 25 and 26 respectively.

(ii) Equity includes issued capital, reserves and non-controlling interests.

NM = Not meaningful

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (cont'd)**Categories of financial instruments**

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
Financial assets				
Fair value through other comprehensive income:				
Unquoted shares and other investments	237	237	128	128
Amortised cost:				
Receivables	125,209	153,428	89,338	95,773
Deposits, cash and bank balances	88,491	85,123	18,868	13,643
Financial liabilities at amortised cost				
Payables	53,439	77,850	1,031,918	859,796
Term loan	6,413	-	-	-
ACB Bonds and USD Debts	1,796,502	1,701,622	1,835,545	1,737,938
Deferred liabilities	2,197	2,205	-	-

Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the foreign currency of United States Dollar ("USD").

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates. A positive number below indicates a gain in profit or loss where the Ringgit Malaysia strengthens 10% against the USD. For a 10% weakening of the Ringgit Malaysia against the USD, there would be a comparable impact on profit or loss, the balances below would be negative.

	GROUP		COMPANY	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	RM'000	RM'000	RM'000	RM'000
USD	123,068	115,820	127,017	119,483

The Group's and the Company's sensitivity to foreign currency is mainly attributable to the exposure of outstanding USD payables of the Group and of the Company at the end of the reporting period.

In management's opinion, the sensitivity analysis does not represent the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

Market risk

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

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (cont'd)**Interest rate risk**

The Group's and the Company's exposures to interest rate on borrowings in ACB Bonds and USD Debts, term loan and finance lease liabilities are limited because the interest rate is fixed upon inception. The interest rates for the ACB Bonds and USD Debts, term loan and finance lease liabilities are disclosed in Notes 25 and 26 respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's loss net of tax and equity arising from the effect of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from receivables and the Company's exposure to credit risk arises primarily from advances to subsidiaries. For other financial assets (investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Receivables*Risk management objectives, policies and processes for managing the risk*

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks of the Group are minimised and monitored via strictly limiting association to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

Concentration of credit risk

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

The Group has applied the simplified approach to measure the loss allowance at lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix, where applicable, estimated based on historical credit loss experience based on the past due status of the receivables, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Liquidity and cash flow risks

The Group actively manages its debt maturity profile, operating cash flows and the availability of the funding so as to ensure that all financing, repayment and funding needs are met. As part of the overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (cont'd)

Liquidity and cash flow risks (cont'd)

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

	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000	Contractual interest %
GROUP					
30.6.2019					
Financial liabilities					
Trade payables	4,636	-	-	4,636	-
Other payables	48,803	-	-	48,803	-
ACB Bonds and USD Debts	1,796,502	-	-	1,796,502	3.25 - 7.00
Deferred liabilities	-	-	2,197	2,197	-
Term loan	1,512	1,512	4,095	7,119	4.47
	1,851,453	1,512	6,292	1,859,257	

30.6.2018

Financial liabilities					
Trade payables	4,344	-	-	4,344	-
Other payables	73,506	-	-	73,506	-
ACB Bonds and USD Debts	1,701,622	-	-	1,701,622	3.25 - 7.00
Deferred liabilities	-	-	2,205	2,205	-
	1,779,472	-	2,205	1,781,677	

COMPANY

30.6.2019

Financial liabilities					
Other payables	19,791	-	-	19,791	-
Amount due to subsidiary companies	1,012,127	-	-	1,012,127	-
ACB Bonds and USD Debts	1,835,545	-	-	1,835,545	3.50 - 7.00
	2,867,463	-	-	2,867,463	

30.6.2018

Financial liabilities					
Other payables	18,737	-	-	18,737	-
Amount due to subsidiary companies	841,059	-	-	841,059	-
ACB Bonds and USD Debts	1,737,938	-	-	1,737,938	3.50 - 7.00
	2,597,734	-	-	2,597,734	

32. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (cont'd)

Fair value of financial instruments

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

- (i) Cash and cash equivalents, trade and other receivables/payables

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

- (ii) Unquoted shares and investments

It is not practical to estimate the fair value of the Group's unquoted shares and investments due to lack of market information and the inability to estimate fair value without incurring excessive costs. However, the Group does not expect the carrying amounts to be significantly different from recoverable amounts.

- (iii) ACB Bonds and USD Debts, term loan and financial lease liabilities

The carrying amount of short term borrowings approximates fair value because of the short maturity period. The fair value of long term borrowings is estimated based on the current rates available for borrowings with the same maturity profile.

Fair value of term loan is estimated based on discounted cash flows using a rate based on the current market rate of borrowing, which approximates the original rate of borrowing.

33. EXPLANATION OF TRANSITION TO MFRS

As stated in Note 2, this is the first financial statements of the Group and of the Company prepared in accordance with MFRS.

In preparing the opening statement of financial position at 1 July 2017, the Group has adjusted certain amounts reported previously in the consolidated financial statement prepared in accordance with previous FRS. An explanation of how the transition from previous FRS to MFRS has affected the Group's statement of financial position is set out below:

(a) MFRS 15 Revenue from Contracts with Customers

The Group assessed expenses incurred by the Group in securing contracts with customers will now be capitalised as costs to obtain the contract. The cost to obtain contract will be amortised to profit or loss by reference to the progress towards completing the performance obligation under the contract.

(b) Land Held for Property Development and Property Development Costs

All of the Group's land held for property development and property development costs previously measured under FRS 201 are measured under MFRS 102 as inventories.

The financial impacts to the statement of financial position of the Group arising from the transition to the MFRS Framework are disclosed below:

	As at 30.6.2018 under FRS RM'000	Effect of Transition to MFRSs RM'000	Restated as at 30.6.2018 under MFRS RM'000
Current Assets			
Property development costs	147	(147)	-
Inventories	4,909	147	5,056
Receivables	155,011	(1,583)	153,428
Contract costs	-	1,583	1,583
Current Liabilities			
Payables	78,222	(372)	77,850
Contract liabilities	-	372	372
	As at 1.7.2017 under FRS RM'000	Effect of Transition to MFRSs RM'000	Restated as at 1.7.2017 under MFRS RM'000
Current Assets			
Property development costs	147	(147)	-
Inventories	3,696	147	3,843
Receivables	184,003	(624)	183,379
Contract costs	-	624	624
Current Liabilities			
Payables	99,264	(392)	98,872
Contract liabilities	-	392	392

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, TAN SRI CHENG HENG JEM and LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM, being two of the Directors of ACB RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 13 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 7 October 2019.

TAN SRI CHENG HENG JEM
Chairman

LT. JEN (B) DATUK SERI ABDUL MANAP BIN IBRAHIM
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, TAN SRI CHENG HENG JEM, the Director primarily responsible for the financial management of ACB RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 13 to 89 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed TAN SRI CHENG HENG JEM at Kuala Lumpur in the Federal Territory on 7 October 2019.

TAN SRI CHENG HENG JEM

Before me

W530
TAN SEOK KETT
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACB RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ACB RESOURCES BERHAD which comprise the statements of financial position as at 30 June 2019, and the statements of profit or loss, statements of 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 and other explanatory information, as set out on pages 13 to 89.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Group incurred a net loss of RM95 million during the year ended 30 June 2019 and, as of that date, the Group and the Company have deficit in their total equity attributable to the owner of the Company of RM1,602 million and RM2,749 million and their current liabilities exceeded their current assets by RM1,627 million and RM2,753 million respectively. As stated in Note 2, these events or conditions, along with other matters are set forth in Note 2, indicate that a material uncertainty exists that may cast a significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company do 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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 Directors.
- Conclude on the appropriateness of 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 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.

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 16 to the financial statements.

Other Matters

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.

ONG BOON BAH & CO
AF: 0320
Chartered Accountants

Kuala Lumpur
7 October 2019

WONG SOO THIAM
01315/12/2020 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 10 October 2019

Total Number of Issued Shares	:	1,331,174,812
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Distribution of Shareholdings as at 10 October 2019

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,528	8.65	104,581	0.01
100 to 1,000	14,898	51	7,579,009	0.57
1,001 to 10,000	8,904	30.48	33,629,392	2.53
10,001 to 100,000	2,413	8.26	82,860,524	6.22
100,001 to less than 5% of issued shares	464	1.59	331,907,847	24.93
5% and above of issued shares	5	0.02	875,093,459	65.74
	<u>29,212</u>	<u>100.00</u>	<u>1,331,174,812</u>	<u>100.00</u>

Substantial Shareholders as at 10 October 2019

Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Sri Cheng Heng Jem	—	—	634,485,255	47.66
2. Lim Fook Kee	265,834,962	19.97	—	—
3. Lion Corporation Berhad	82,900,000	6.23	551,585,255	41.44
4. Lion Rubber Works Sdn Bhd	245,535,746	18.45	—	—
5. Century Container Industries Sdn Bhd	180,822,751	13.58	—	—
6. Bright Steel Sdn Bhd	—	—	180,822,751	13.58
7. Total Triumph Investments Limited	—	—	180,822,751	13.58
8. PMB Jaya Sdn Bhd	100,000,000	7.51	—	—
9. PMB Building System Sdn Bhd	—	—	100,000,000	7.51
10. Lion Construction & Engineering Sdn Bhd	—	—	100,000,000	7.51
11. Lion Industries Corporation Berhad	—	—	634,485,255	47.66
12. LLB Steel Industries Sdn Bhd	—	—	634,485,255	47.66
13. Steelcorp Sdn Bhd	—	—	634,485,255	47.66
14. Amsteel Mills Sdn Bhd	—	—	634,485,255	47.66
15. Lion Diversified Holdings Berhad	—	—	634,485,255	47.66

Thirty Largest Registered Shareholders as at 10 October 2019

Registered Shareholders	No. of Shares	% of Shares
1. Lim Fook Kee	265,834,962	19.97
2. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Rubber Works Sdn Bhd	245,535,746	18.45
3. Century Container Industries Sdn Bhd	180,822,751	13.58
4. PMB Jaya Sdn Bhd	100,000,000	7.51
5. Lion Corporation Berhad	82,900,000	6.23
6. HLB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Berhad	45,877,176	3.45
7. Affin Hwang Nominees (Asing) Sdn Bhd Wide Fidelity Limited for Limpahjaya Sdn Bhd	14,995,653	1.13
8. Kumpulan Perangsang Selangor Berhad	14,738,956	1.11
9. Lim Seng Chee	14,137,800	1.06
10. Tee Yeow	10,000,000	0.75
11. Ng Teng Song	9,254,800	0.70
12. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Clearstream Banking S.A.	8,847,644	0.66
13. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	8,518,132	0.64
14. Tee Yeow	8,050,720	0.60
15. RHB Merchant Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Limpahjaya Sdn Bhd (LCB-B3)	5,804,320	0.44
16. Heng Nam Import & Export (M) Sdn Bhd	5,299,000	0.40
17. Projek Lebuhraya Utara-Selatan Berhad	5,052,784	0.38
18. Lim Gim Leong	3,931,600	0.30
19. Jacob LDC	3,871,801	0.29
20. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	3,523,902	0.26
21. HSBC Nominees (Asing) Sdn Bhd Exempt AN for the Hongkong and Shanghai Banking Corporation Limited (PB-HKDIV-ACCL)	3,148,200	0.24
22. Patricia Tan Siew Ling	3,094,600	0.23
23. Lau Wai Fong	3,000,000	0.23
24. Mrs Kuo-Ting Yer Ping	3,000,000	0.23
25. Ong Lew King	2,950,000	0.22
26. Maybank Nominees (Tempatan) Sdn Bhd Remedial Management for Malayan Banking Berhad (260488)	2,694,699	0.20
27. Limpahjaya Sdn Bhd	2,586,685	0.19
28. Toh Lay Beng	2,538,061	0.19
29. Wi Mui Ngo @ Wong Mooi Ngoh	2,400,000	0.18
30. Ta Chong Bank Ltd	2,323,081	0.17

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