Driving GROWTH Sustainably

ANNUAL REPORT 2019


ELBA
Looks Good. Works Even Better.
FABER
Rubine
ITALIA
EBAC
HOME
BRAUN
HÄUSTER
German Engineered for Excellence
TUSCANI
ITALY
BELLO VINO
Speed Queen
beurer
health and well-being

IN THIS REPORT

For more information
visit our website

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Bahar Bin Ahmad
Chairman, Independent Non-Executive Director

Lim Choo Hong
Chief Executive Officer/
Group Managing Director
Non-Independent Executive Director

Chua Choo Eng
Independent Non-Executive Director

Eugene Lee Cheng Hoe
Independent Non-Executive Director

Kok Sau Chun
Non-Independent Non-Executive Director

Chin Mee Foon
Chief Finance Officer/
Company Secretary
Non-Independent Executive Director

Margaret Chak Lee Hung
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Eugene Lee Cheng Hoe
Chairman, Independent Non-Executive Director

Dato' Bahar Bin Ahmad
Member, Independent Non-Executive Director

Chua Choo Eng
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Bahar Bin Ahmad
Chairman, Independent Non-Executive Director

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

Chua Choo Eng
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Chua Choo Eng
Chairman, Independent Non-Executive Director

Lim Choo Hong
Member, Chief Executive Officer/
Group Managing Director
Non-Independent Executive Director

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Chin Mee Foon
Tai Yit Chan
Tan Ai Ning

REGISTRAR

Tricor Investor and Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : (03) 2783 9299
Fax : (03) 2783 9222

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7890 4800
Fax : (03) 7890 4650

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : (03) 7721 3388
Fax : (03) 7721 3399

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Islamic Bank Berhad
OCBC Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : FIAMMA
Stock Code : 6939

DIRECTORS' PROFILE

DATO' BAHAR BIN AHMAD
Malaysian / Male

Dato' Bahar Bin Ahmad, 70, is an Independent Non-Executive Director and Chairman of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad as an Executive Director on 14 April 1997. He was re-designated as Non-Independent Non-Executive Director on 1 April 2016 and Independent Non-Executive Director on 2 April 2018. He was appointed as Chairman of the Board on 28 December 2018. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Arts (Honours) in 1973.

He currently sits on the board of Rebak Island Marina Berhad, Kenyir Splendour Berhad, Horsedale Development Berhad and several private limited companies within DRB-HICOM Berhad Group including Glenmarie Properties Sdn Bhd and Glenmarie Cove Development Sdn Bhd, which are involved in the development of residential projects, namely Glenmarie Gardens, Laman Glenmarie and Glenmarie Cove.

He started his career in the Malaysian Administrative and Diplomatic Service from April 1973 to December 1996 in various capacities at the Ministry of International Trade and Industry (MITI). He was appointed as Assistant Trade Commissioner, Malaysia Trade Office in New York, United States of America in 1977. In 1979, he was assigned as Trade Commissioner, Malaysia Trade Office, Manila, Philippines and in 1981, as Trade Commissioner, Malaysian Trade Commission, London, United Kingdom. Subsequently, he was appointed as the Principal Assistant Director in MITI in 1986. Prior to his early retirement, he was the Senior Trade Commissioner/ Minister Counselor Malaysian High Commission, London, United Kingdom, and was admitted to the Court of St James as a Diplomat from 1991 until 1996.

Dato' Bahar is the Chairman of the Nomination Committee and a member of the Audit Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad and the directorships as disclosed above, he does not hold any other directorship in public companies and listed issuers in Malaysia.

LIM CHOO HONG
Malaysian / Male

Mr. Lim Choo Hong, 62, is a Non-Independent Executive Director and the Chief Executive Officer/Group Managing Director of Fiamma Holdings Berhad. He is a founder member of the Fiamma Group and was appointed to the Board of Fiamma Holdings Berhad on 16 August 1982. He is a businessman and entrepreneur and has more than 40 years of business experience dealing in home appliances. He also has more than 20 years experience in property development. Prior to his involvement in the Fiamma Group in 1979, he was involved in the retail business in Singapore.

Mr. Lim is a member of the Remuneration Committee. He also sits on the Board of some of the subsidiary companies of Fiamma Group. He is a major shareholder of Fiamma Holdings Berhad and spouse of Madam Kok Sau Chun. He attended all the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.

DIRECTORS' PROFILE

CHIN MEE FOON

Malaysian / Female

Ms. Chin Mee Foon, 65, is a Non-Independent Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 2 April 2018. She is a fellow member of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

She is also the Chief Finance Officer and the Company Secretary of Fiamma. She joined Fiamma as an Accountant in July 1989 and was promoted to Finance and Administration Manager of the Fiamma Group in January 1992 and to the position of Chief Finance Officer in 1999. She is responsible for the overall financial management, secretarial, tax and corporate functions of the Fiamma Group. Prior to joining Fiamma, Ms. Chin was with Ernst & Young from 1984 to 1989 where she was involved in both tax compliance and advisory work. She was an Assistant Tax Manager in Ernst & Young when she left in June 1989. She also sits on the board of Engtex Group Berhad as an Independent Non-Executive Director.

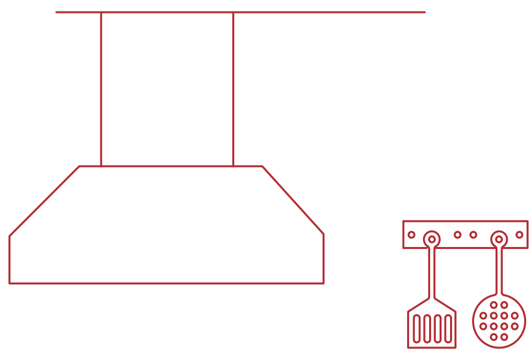
She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. She attended all the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad and the directorship as disclosed above, she does not hold any other directorship in public companies and listed issuers in Malaysia.

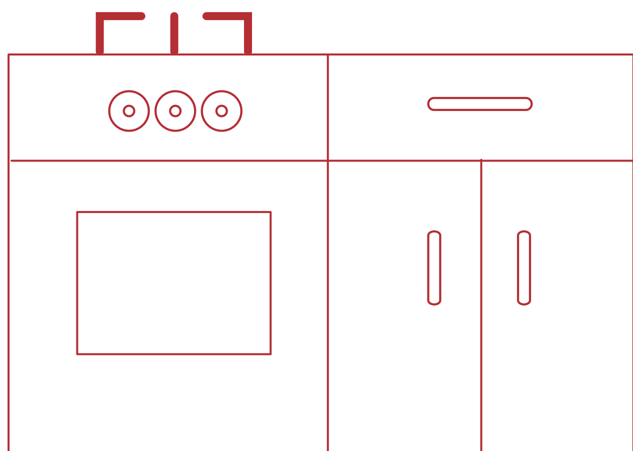
KOK SAU CHUN

Malaysian / Female

Madam Kok Sau Chun, 60, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 30 March 1992. She had held various administrative positions prior to her appointment.

Madam Kok is the spouse of Mr. Lim Choo Hong. She also sits on the Board of several subsidiary companies of Fiamma Group. She attended all the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad, she does not hold any other directorship in public companies and listed issuers in Malaysia.





DIRECTORS' PROFILE

MARGARET CHAK LEE HUNG

Malaysian / Female

Ms. Margaret Chak Lee Hung, 47, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 28 February 2008. She holds a Bachelor of Economics (majoring in Accountancy) Degree from Macquarie University, Sydney, Australia and is a member of the Institute of Singapore Chartered Accountants. She is the Group Financial Controller and Company Secretary of Casa Holdings Limited ("Casa"), a company listed on Singapore Exchange Limited, which is a major shareholder of Fiamma Holdings Berhad, and is responsible for all aspects of financial management, accounting and company secretarial functions of the Casa Group. She joined Casa in October 2005 and has more than 20 years of experience in financial management and accounting.

She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. She attended three of the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad, she does not hold any other directorship in public companies and listed issuers in Malaysia.

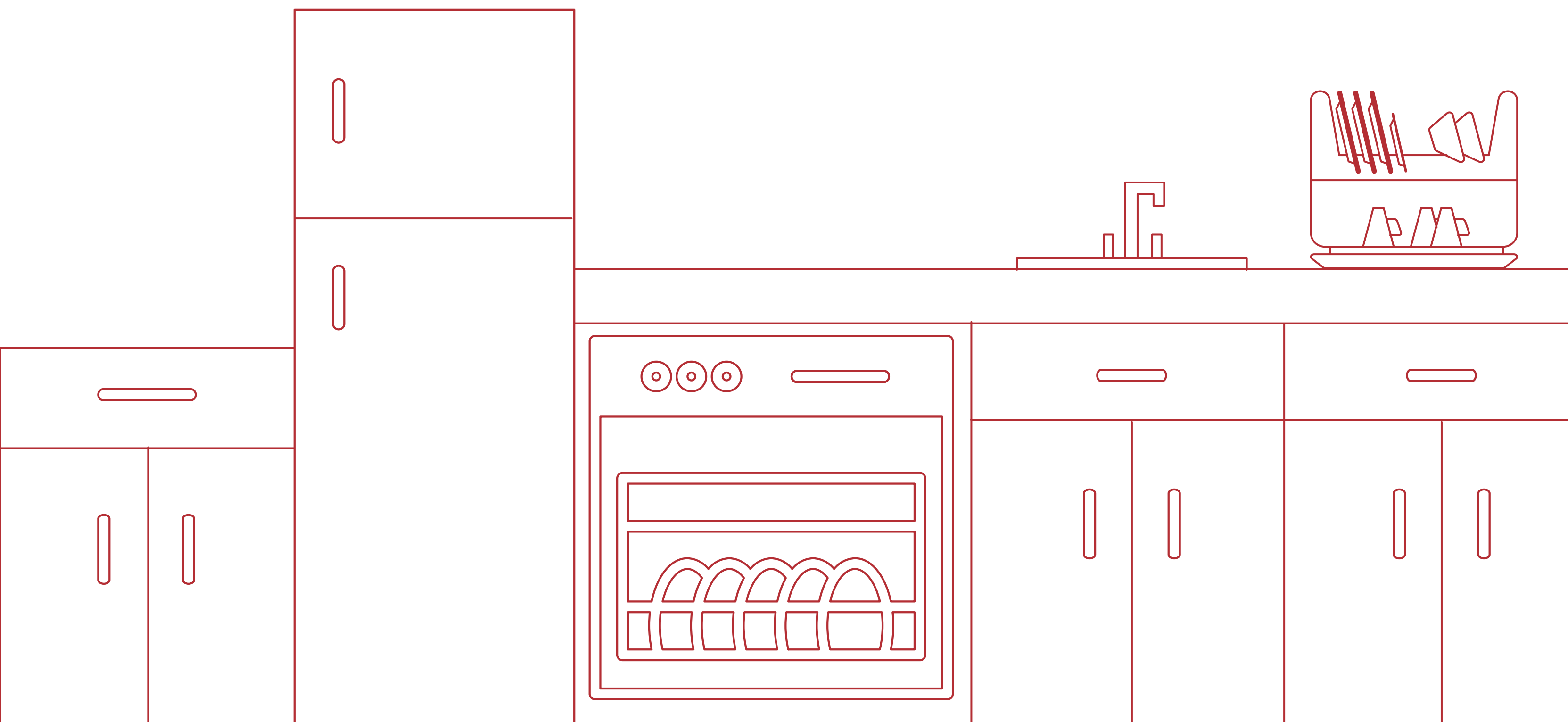
CHUA CHOO ENG

Singaporean / Male

Mr. Chua Choo Eng, 69, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 1 October 2018. He graduated from Nanyang University, Singapore with First Class Honours – Accountancy in July 1973 and is also a graduate of the Institute of Cost and Management Accountants, United Kingdom.

He was the Financial Controller of PT Antam Niterra Haltim, Indonesia from 2016 to 2017 and Assistant General Manager of Furnell International (Shenzen) Ltd from 2006 to 2015. He also served as the Chief Financial Officer in Changzhou Casa-Shinco Appliances Co., Ltd, Jiangsu, China from 2002 to 2006 and was the Managing Director of Carpet World Pte Ltd, Singapore from 1984 to 2002.

Mr. Chua is the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2019. Other than Fiamma Holdings Berhad, he does not hold any other directorship in public companies and listed issuers in Malaysia.



DIRECTORS' PROFILE

EUGENE LEE CHENG HOE

Malaysian / Male

Mr. Eugene Lee Cheng Hoe, 50, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 28 December 2018. He holds a Bachelor of Economics (majoring in Accounting) from Macquarie University, Sydney, Australia. He is a Chartered Accountant (CA) with the Malaysian Institute of Accountants, a Certified Practising Accountant (CPA) with CPA Australia and a Registered Financial Planner (RFP) with the Malaysian Financial Planning Council (MFPC).

He has extensive corporate and financial advisory and strategy consulting experience. He is currently a Principal at Atreus Consulting Sdn Bhd. He was formerly Senior Manager, Corporate Affairs at Hong Leong Group, Director/Executive Vice President at BinaFikir Sdn Bhd (a subsidiary of Maybank Investment Bank Berhad), General Manager, Corporate Planning & Development at MISC Berhad (a subsidiary of PETRONAS), Associate Director, Corporate Finance at AmInvestment Bank Berhad and Audit Semi-Senior at Coopers & Lybrand (now PricewaterhouseCoopers). He was also an Independent Non-Executive Director and Audit Committee Chairman of Ideal Jacobs (Malaysia) Corporation Berhad from March 2013 to October 2015. On 28 May 2019, he was appointed as an Independent Non-Executive Director of Southern Cable Group Berhad, an unlisted public company.

Mr. Lee is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the board meetings held during the financial year ended 2019 since his appointment to the Board on 28 December 2018. Other than Fiamma Holdings Berhad and the directorship as disclosed above, he does not hold any other directorship in public companies and listed issuers in Malaysia.

Other Information

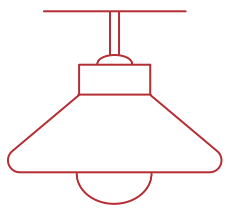
a. **Conflict of Interest**

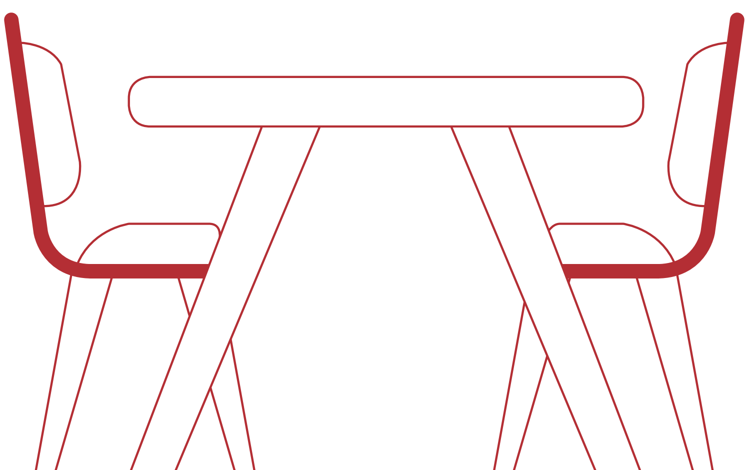
The Company has entered into recurrent related party transactions with parties in which the Directors of the Company, namely Lim Choo Hong, Kok Sau Chun and Margaret Chak Lee Hung, have direct and/or indirect interest.

Save for the above-mentioned disclosure, none of the other directors have any conflict of interest with the Company.

b. **Conviction of Offences**

None of the Directors have any conviction for offences within the past 5 years other than traffic offences, if any, and no public sanction or penalty have been imposed on them by relevant regulatory bodies during the financial year.





KEY SENIOR MANAGEMENT PROFILE

CHING WOOI KONG
Malaysian / Male

Mr. Ching Wooi Kong, 60, is the Managing Director of Fiamma Trading Sdn Bhd ("FTSB"). He sits on the Board of some of the subsidiary companies of Fiamma Group. He has more than 30 years of working experience in the home appliances and sanitary ware industry. He is responsible for business, product development and all aspects of strategic planning for Rubine and Haustern brands of home appliances. Mr. Ching joined Fiamma Group on 2 January 1990 as Project Executive. He also served as Assistant Project Manager and Project Manager. He became the General Manager of FTSB on 1 January 1995 and assumed his current position of Managing Director in April 2007.

Mr. Ching is also the Managing Director of Kingston Medical Supplies Pte Ltd and Kinsmedic Sdn Bhd, the medical division that is involved in the distribution of healthcare and medical equipment and is responsible for business, product development and strategic planning of the medical division. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

CHEW LENG HUAT
Malaysian / Male

Mr. Chew Leng Huat, 56 is the Managing Director of Fimaco Sdn Bhd ("FCSB"). He has more than 30 years of working experience in the home appliances industry. He is responsible for business, product development and all aspects of strategic planning for Faber and Tuscani homegrown brands of home appliances. His brand portfolios also include the agency brands of Braun (Germany), Oral B (Germany) and Speed Queen (USA). Mr. Chew joined Fiamma Group on 1 September 1989 as Sales Representative. He also served as Area Sales Manager, National Sales Manager and Sales & Marketing Manager. He became General Manager of FCSB on 1 October 1999 and assumed his current position of Managing Director on 15 May 2008. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

LING KEAN HONG
Malaysian / Male

Mr. Ling Kean Hong, 52, is the Managing Director of Fiamma Sdn. Bhd. ("FSB"). He has more than 25 years of working experience in the home appliances industry. He is responsible for business, product development and all aspects of strategic planning for ELBA brand of home appliances. Mr. Ling joined Fiamma Group on 1 April 1994 as Sales Representative. He also served as Area Sales Manager, Regional Sales Manager and Sales & Marketing Manager. He became General Manager of FSB on 1 April 2007 and assumed his current position of Managing Director in April 2012. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

CHONG SZE CHUN
Malaysian / Female

Ms. Chong Sze Chun, 52, is the Managing Director of Ebac Home Sdn Bhd ("EHSB"). She has more than 30 years experience in the home kitchen cabinets and home furnishing industry. She is responsible for the development and strategic planning of the project business of EHSB. Ms. Chong joined EHSB in November 2013 as General Manager and was promoted to Managing Director in April 2018. Prior to this, she was the Head of Project for Aino Kitchen Sdn Bhd from December 2008 to October 2013, where she was involved in building the project business. She also served Fiamma Group as Sales Manager between March 1995 and November 2008 where she was overall in charge of retail sales and project sales of the kitchen and home furnishing business. She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

KEY SENIOR MANAGEMENT PROFILE

CHUAH TIAN PONG
Malaysian / Male

Mr. Chuah Tian Pong, 47, is the General Manager in charge of the Property Division of Fiamma Group and is involved in property developments undertaken by the group in the Klang Valley, Kota Tinggi, Batu Pahat and Johor Bahru in Johor. He is a graduate in Architecture and obtained his BSc (Hons) Architecture in 1997 and Post Graduate Diploma in Architecture in 1999 from Robert Gordon University, Aberdeen, Scotland. He joined Fiamma Group in January 2017. He has more than 19 years of working experience and his forte is in planning, design and value engineering. He served as the Project Architect in Arkitek Teknikarya from June 2000 to March 2007. He also served as the Project Manager in Crest Builder Holdings Berhad from November 2007 to June 2009 and was appointed as the Head of Property Development from February 2009 to August 2012. Prior to joining Fiamma Group, he was the Head of Property Development in Mutiara Johan Project Management Sdn Bhd, a subsidiary of Mutiara Johan Group of Companies from September 2012 to December 2016. Mr. Chuah oversees the marketing, sales and project functions of the Property Division. He does not have any family relationship with any director and / or major shareholder of Fiamma Holdings Berhad.

LIM CHOON WENG
Malaysian / Male

Mr. Lim Choon Weng, 48, is the General Manager of Exact Quality Sdn Bhd ("EQSB"). He has more than 22 years of management experience in home appliances, information technology and telecommunication industry. He is responsible for the after sales service of the products of Fiamma Group. He joined Fiamma Group in November 2013. He graduated with a Bachelor Degree in Electrical Engineering in 1996 and Master of Business Administration Degree in 2003, both from University of Malaya. Prior to this, he also served in Canon Maketing (M) Sdn Bhd, Redtone Technology Sdn Bhd and Binariang Berhad (Maxis). He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

OOI CHOON PEEN
Malaysian / Male

Mr. Ooi Choon Peen, 47, is the General Manager of Fiamma Logistics Sdn Bhd ("FLSB"). He is a graduate of the Chartered Institute of Management Accountants (CIMA) and has 20 years of experience in the logistics and supply chain industry. He joined Fiamma Group in November 2016 and is responsible for the overall business logistics and supply chain needs of Fiamma Group. Prior to joining FLSB, he had been with several established multi-national third-party logistics providers namely Keppel Logistics (M) Sdn Bhd, LF Logistics Services (M) Sdn Bhd and CEVA Logistics (M) Sdn Bhd. His focus has been on areas of financial and commercial risk, business development, quality assurance and operational/contract management. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

Other Information

a. **Directorship**
None of the Key Senior Management hold any directorship in any public companies and listed issuers in Malaysia.

b. **Conflict of Interest**
The Company has entered into related party transactions with parties in which Mr. Ching Wooi Kong has direct and/or indirect interest. Save for this, there is no other conflict of interest with the Company.

c. **Conviction of Offences**
None of the Key Senior Management has any conviction for offences within the past 5 years other than traffic offences, if any, and no public sanction or penalty have been imposed on them by relevant regulatory bodies during the financial year.

CORPORATE STRUCTURE
as at 31 December 2019

FIAMMA HOLDINGS BERHAD

- 100% Fiamma Sdn Bhd
  - 100% Fiamma Logistics Sdn Bhd
  - 100% Exact Quality Sdn Bhd
- 100% Fimaco Sdn Bhd
- 70% Fiamma Trading Sdn Bhd
  - 100% Haustern Sdn Bhd
  - 100% Beaulogy Sdn Bhd*
- 100% Ebac Home Sdn Bhd
- 100% Ebac Home Pte Ltd
- 70% Kingston Medical Supplies (Pte) Ltd
  - 100% Kinsmedic Sdn Bhd
- 100% FHB Management Sdn Bhd
- 100% Fiamma Development Sdn Bhd
  - 60% Pinang Sutera Sdn Bhd
- 100% Affluent Crafts Sdn Bhd
- 100% Active Edge Sdn Bhd
- 100% Oaksvilla Sdn Bhd
- 100% Uniphoenix Jaya Sdn Bhd
- 100% Fiamma Land Sdn Bhd
- 100% Fiamma Properties Sdn Bhd
- 100% Enex Sdn Bhd

*In the process of striking off

FINANCIAL HIGHLIGHTS

PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY
RM'000

2019	27,718
2018	32,247
2017	22,508
2016	23,217
2015	56,538

BASIC EARNINGS PER SHARE
(sen)

2019	5.63
2018	6.39
2017	4.43
2016	4.57
2015	13.75*

NET ASSETS PER SHARE
(RM)

2019	0.99
2018	0.95
2017	0.88
2016	0.82
2015	0.90*

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000
RESULTS					
Revenue	333,488	283,813	315,607	338,626	337,412
Operating profit before depreciation, finance cost, foreign exchange gain/losses and tax	82,870	43,911	43,596	58,476	54,194
Profit before taxation	75,415	34,134	33,864	46,235	41,830
Profit for the financial year attributable to owners of the Company	56,538	23,217	22,508	32,247	27,718
EQUITY AND ASSETS					
Share capital	144,725	264,951	265,028	265,028	265,030
Total equity attributable to owners of the Company	369,988	429,775	445,910	478,565	489,501
Total assets	654,346	700,659	726,254	797,327	808,072
Cash and bank balances and deposits with financial institutions	92,210	87,638	78,938	102,645	83,325
FINANCIAL STATISTICS					
Basic earnings per share (sen)	13.75*	4.57	4.43	6.39	5.63
Gross dividend per share (sen)	2.50*	1.50	1.75	2.25	2.00#
Dividend pay-out	12,660	7,756	8,862	11,326	9,853#
Net assets per share (RM)	0.90*	0.82	0.88	0.95	0.99

* Adjusted for 2:1 share split and 1:2 bonus issue
# Proposed final dividend

Note
FY2018 figures have been restated due to First-time Adoption of Malaysian Financial Reporting Standards

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF FIAMMA HOLDINGS BERHAD

Fiamma Holdings Berhad was founded in 1979 and listed on the Bursa Malaysia Securities Berhad in 1997. The Group's business is categorised into three segments: -

- Trading and Services
- Property Development
- Investment Holding and Property Investment

Trading and Services Segment is involved in the distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products. Its in-house brands include Elba, Faber, Rubine, Tuscani, Haustern and Ebac. It also holds distribution rights for international brands, namely Braun and Beurer.

Property Development Segment is involved in the development of residential and commercial properties in the Central and Southern Regions of Malaysia. Some of the signature projects are: -

- Menara Centara at Jalan Tuanku Abdul Rahman, Kuala Lumpur;
- East Parc @ Menjalara, Kuala Lumpur;
- Taman Kota Jaya, Kota Tinggi, Johor.

Investment Holding and Property Investment Segment is mainly involved in the letting of investment properties, namely commercial spaces in Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both in Kuala Lumpur, Malaysia.

FINANCIAL REVIEW

The Group recorded a lower revenue of RM337.41 million in FY2019, which constituted a decrease of RM1.21 million or 0.4% against the revenue of RM338.63 million in the previous financial year (FY2018). Consequently, the Group recorded a lower profit before taxation ("PBT") of RM41.83 million in FY2019 compared with RM46.24 million in FY2018.

The drop in operating performance of the Group in FY2019 was mainly due to lower contribution from Trading and Services Segment. This was, however, offset by higher contribution from Property Development Segment due to higher percentage of completion for its various ongoing developments in Johor and East Parc @ Menjalara project in Kuala Lumpur.

	FY2019	FY2018	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Trading & Services	271,730	285,182	(13,452)	-4.7%
Property Development	60,019	47,920	12,099	25.2%
Investment Holding and Property Investment	5,663	5,524	139	2.5%
	337,412	338,626	(1,214)	-0.4%
Profit before taxation				
Trading & Services	36,093	41,024	(4,931)	-12.0%
Property Development	4,383	3,321	1,062	32.0%
Investment Holding and Property Investment	1,354	1,890	(536)	-28.4%
	41,830	46,235	(4,405)	-9.5%

FY2019 FINANCIAL PERFORMANCE

Trading and Services Segment

Trading and Services Segment remains the key contributor to the Group's top and bottom lines and contributed 80.5% of the Group's revenue and 86.3% of the Group's PBT in FY2019. The segment revenue of RM271.73 million in FY2019 was lower than FY2018's revenue of RM285.18 million. Hence, PBT in FY2019 had gone down to RM36.09 million from RM41.02 million in FY2018, which represented a drop of 12.0%. The decrease in revenue and PBT was mainly due to lower sales performance in FY2019.

Property Development Segment

In FY2019, 17.8% of the Group's revenue and 10.5% of the Group's PBT were contributed by the Property Development Segment. This segment recorded a higher revenue of RM60.02 million in FY2019 compared with RM47.92 million in FY2018 and PBT had increased to RM4.38 million in FY2019 from RM3.32 million in FY2018. The Property Development Segment saw higher revenue and PBT in FY2019 due to higher percentage of work progress for its various ongoing developments in Johor and East Parc @ Menjalara project in Kuala Lumpur.

Investment Holding and Property Investment Segment

The remaining of the Group's revenue and bottom line were contributed by the Investment Holding and Property Investment Segment. The segment recorded revenue of RM5.66 million and PBT of RM1.35 million in FY2019 compared with RM5.52 million and RM1.89 million, respectively, in FY2018. The revenue was derived from letting of investment properties at Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both in Kuala Lumpur.

PROSPECTS & STRATEGIES

Growth in the Malaysian economy moderated to 4.4% in the third quarter of 2019 (2Q 2019: 4.9%), primarily attributed to lower growth in key sectors and a decline in the mining and construction activities. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 0.9% (2Q 2019: 1.0%).

Domestic demand growth moderated to 3.5% (2Q 2019: 4.6%), with private sector expenditure remaining the key contributor to growth. Private consumption grew by 7.0% (2Q 2019: 7.8%), as household spending normalised towards its long-term trend. This partly reflected strong base effects from the tax holiday spending last year. Nevertheless, spending remained supported by continued income and employment growth, as well as selected Government measures.

Core inflation, excluding the impact of consumption tax policy changes, was steady at 1.5% (2Q 2019: 1.6%).

The global economy is expanding at a more moderate pace, with the slowdown becoming more synchronised across both the advanced and emerging economies. Going forward, geopolitical tensions, policy uncertainty and unresolved trade disputes could exacerbate financial market volatility and further weigh on the global growth outlook.

Growth of the Malaysian economy is expected to be within projections in 2019 and the pace sustained going into 2020. Growth is expected to remain anchored by firm private sector expenditure. This projection remains subject to downside risks, mainly stemming from uncertainties in global economic and financial conditions as well as weakness in commodity related sectors.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2019, Bank Negara Malaysia)

Trading and Services Segment

The Group will continue to build on its supply chain system and core competencies to remain a market leader for its products. It will also continue to expand its product portfolios, broaden the product range, invest in brand building and promotional activities to remain competitive, to strengthen and expand its distribution network in Malaysia for its various brands of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products and source for new products and business opportunities that are in synergy with the Group's products and activities.

Property Development Segment

Several property-related measures unveiled by the government in 2020 Budget will serve as a boon to the property market. For instance: -

- Rent-To-Own (RTO) financing scheme for first-time homebuyers for properties priced up to RM500,000
- Lower foreign home ownership threshold for strata properties in urban areas from RM1 million to RM600,000 in 2020
- Extension of BSN's Youth Housing Scheme from 1 January 2020 to 31 December 2021
- Shift of the real property gains tax (RPGT) base year from 2000 to 2013

With the above, it is projected that property market in Malaysia will remain resilient.

For the Property Development Segment, the current inventory of the completed projects together with the following ongoing developments will contribute to the revenue and earnings for the financial year 2020 and the coming financial years: -

- Service apartments (East Parc @ Menjalara) in Kuala Lumpur
- Landed residential properties in Batu Pahat, Johor
- Landed residential properties in Kota Tinggi, Johor
- Medium cost landed residential properties in Kota Tinggi, Johor

The Group also owns two parcels of prime land, i.e. 1.4-acre land in Jalan Yap Kwan Seng and 2.6 acres land in Jalan Sungai Besi, as well as some land in Johor. The Group proposed to develop these parcels of land into residential properties. However, the Group remains cautious on the property market and is adopting a realistic approach by launching projects only when there is a firm demand.

These proposed new developments are expected to contribute to the Group's future income stream once they are launched and sold.

In view of the prevailing soft property market, the Group takes full cognisance of the challenges ahead but remains positive as it continues to focus on sales initiatives relating to its current inventory of completed projects and ongoing developments.

Investment Holding and Property Investment Segment

Both the investment properties of the Group are situated in strategic locations with excellent connectivity. Currently, Wisma Fiamma is 93% occupied and the investment properties in Menara Centara are 83% occupied. This segment will continue to strengthen the Group's annual revenue and profit base with recurring income stream contribution.

STATEMENTS OF FINANCIAL POSITION

The Group's total assets increased from RM797.33 million in FY2018 to RM808.07 million in FY2019 mainly due to the ongoing development projects in Johor and East Parc @ Menjalara project.

The Group's total liabilities reduced from RM296.00 million in FY2018 to RM294.07 million in FY2019, mainly due to the lower outstanding contract payments for a property project in Johor.

The Group's net gearing ratio as at 30 September 2019 was higher at 0.22 (FY2018: 0.16) times. The increase in net gearing ratio was due to higher borrowings and lower cash and bank balances due to the ongoing development projects.

During FY2019, the Company repurchased 12,267,200 of its own shares from the open market at an average price of RM0.483 per share including transaction cost and the total consideration paid was RM5,922,500. At 30 September 2019, the Company held 17,391,200 of its own shares.

On 17 July 2019, the Company cancelled 20,000,000 treasury shares with carrying amount of RM10,469,104 at an average price of RM0.523 per ordinary share.

STATEMENTS OF CASH FLOW

Operating Activities

Net cash used in operating activities was RM0.49 million in FY2019 against net cash generated of RM45.52 million in FY2018, a decrease of RM46 million. This was mainly due to working capital utilised for ongoing property development projects.

Investing Activities

Net cash generated from investing activities was RM1.58 million in FY2019 against net cash used of RM0.11 million in FY2018, mainly due to higher interest received and lower expenditure incurred for property, plant and equipment.

Financing Activities

Net cash used in financing activities was RM32.31 million in FY2019 against RM12.61 million in FY2018. Higher cash used in FY2019 was mainly attributable to net repayment of borrowings in FY2019 as opposed to net proceeds in FY2018, higher dividend payout to owners of the Company, higher purchase of treasury shares and higher interest paid on borrowings.

RISK MANAGEMENT

Trading and Services Segment

The global economy is experiencing a broad-based slowdown and risks are tilted to the downside resulting from unresolved trade tensions, policy uncertainties and weakening business confidence.

MANAGEMENT DISCUSSION AND ANALYSIS

Growth of the Malaysian economy is expected to remain anchored by firm private sector expenditure. This projection remains subject to downside risks, mainly stemming from uncertainties in global economic and financial conditions as well as weakness in commodity related sectors.

As the uncertain economic outlook continued to impact consumer purchasing power, trading conditions in FY2020 are expected to remain challenging.

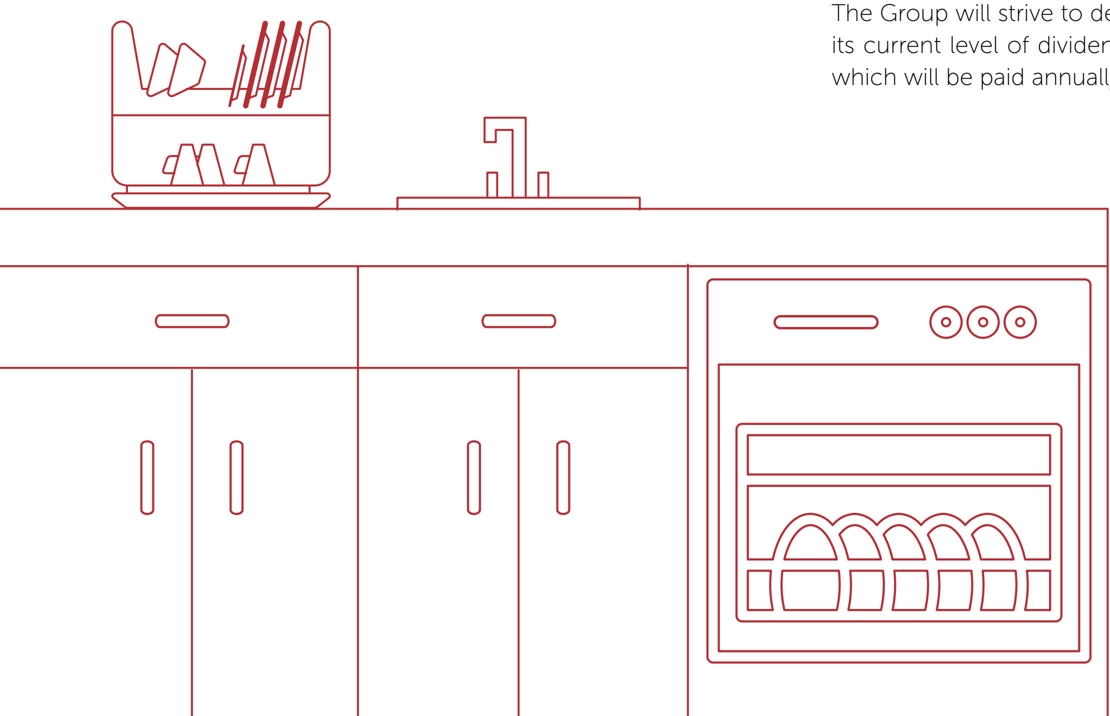
The Group will continue its effort to expand its product portfolios and broaden the product range, as well as to invest in brand building and promotional activities to create brand awareness in the consumers.

Property Development Segment

The decline in market conditions, lacklustre economic growth, stringent lending policies and oversupply of properties continued to affect the demand for properties during the financial year under review, leading to rising inventory overhang.

The Group has carved its mitigation plans to aggressively market its properties as well as improve promotional and incentive efforts to enhance the competitive advantage of the Group's products.

In view of the volatile property market, the Group is cautious about the timing to launch new projects as well as the right products to offer.



Investment Holding and Property Investment Segment

The rental outlook for commercial properties remains gloomy in view of the economic slowdown and oversupply of office buildings especially in Klang Valley, thus suppressing the rental and affecting the yield and occupancy/take-up rates.

The office buildings of the Group are located in areas with good infrastructure and good connectivity, and the Group maintains a long-term and good relationship with its tenants. This has enabled the Group to secure long-term tenancies. The Group will continue to invest in tenant improvements and provide quality building services and maintenance to satisfy the occupants' comfort needs.

The Group remains steadfast in its continued efforts to grow its top and bottom lines whilst boosting the resilience of its businesses and operations. Although the uncertain market sentiments and challenging business environment are likely to continue into FY2020, the Group has strong fundamentals and is cautiously optimistic on the economic prospects and maintains a positive outlook, going forward.

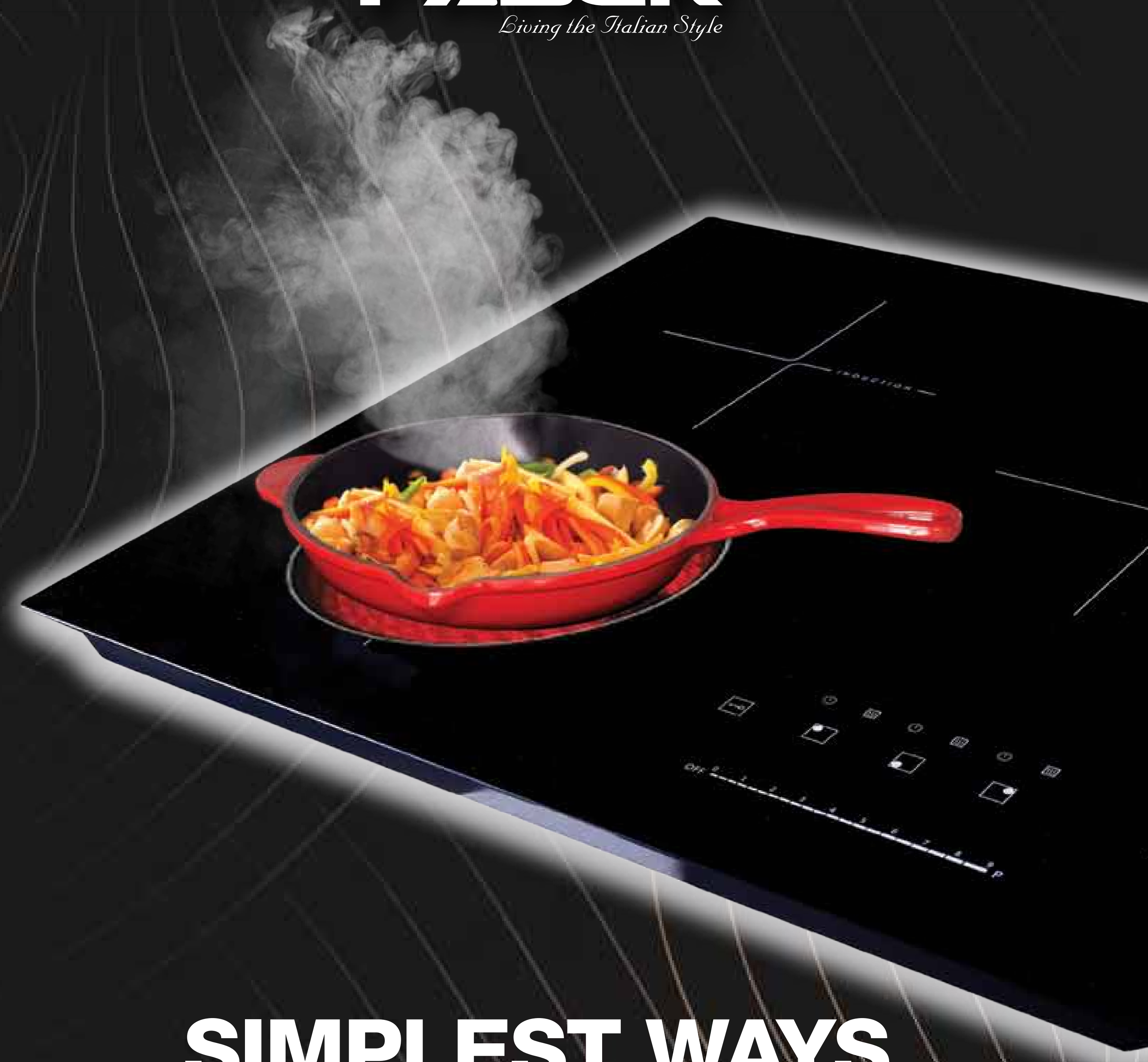
DIVIDENDS

For FY2019, the Board is recommending a final single tier dividend of 2.00 (FY2018: 2.25) sen per share totalling approximately RM9.85 million (FY2018: RM11.33 million), which is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Group will strive to deliver satisfactory results and maintain its current level of dividend payout of 30% - 40% of net profit, which will be paid annually to its shareholders.


ELBA
Looks Good. Works Even Better.
YOU DESERVE BETTER
FOR A BETTER LIVING
Powering Pure Perfection
Power with precision; elegance with energy - in ELBA's Callista Collection you get the perfect combination of attributes to deliver tasty and hearty meals that appeal to the eyes and satisfy the palate. Comprising a built-in oven, microwave oven, steam oven, coffee machine and warming drawer, accompanied by state-of-the-art pyrolytic technology that provides self-cleaning capabilities, and a suave and savvy TFT LCD Display, it's the ideal excuse to make the masterpiece you've always dreamed of.
Callista Collection
Built-in Oven &
Built-in Coffee Machine
Designer Hood
Built-in
Ceramic Hob
Multi Door
Refrigerator
Professional
Range Cooker

FABER
Living the Italian Style



SIMPLEST WAYS
TO PREPARE
YOUR MEALS

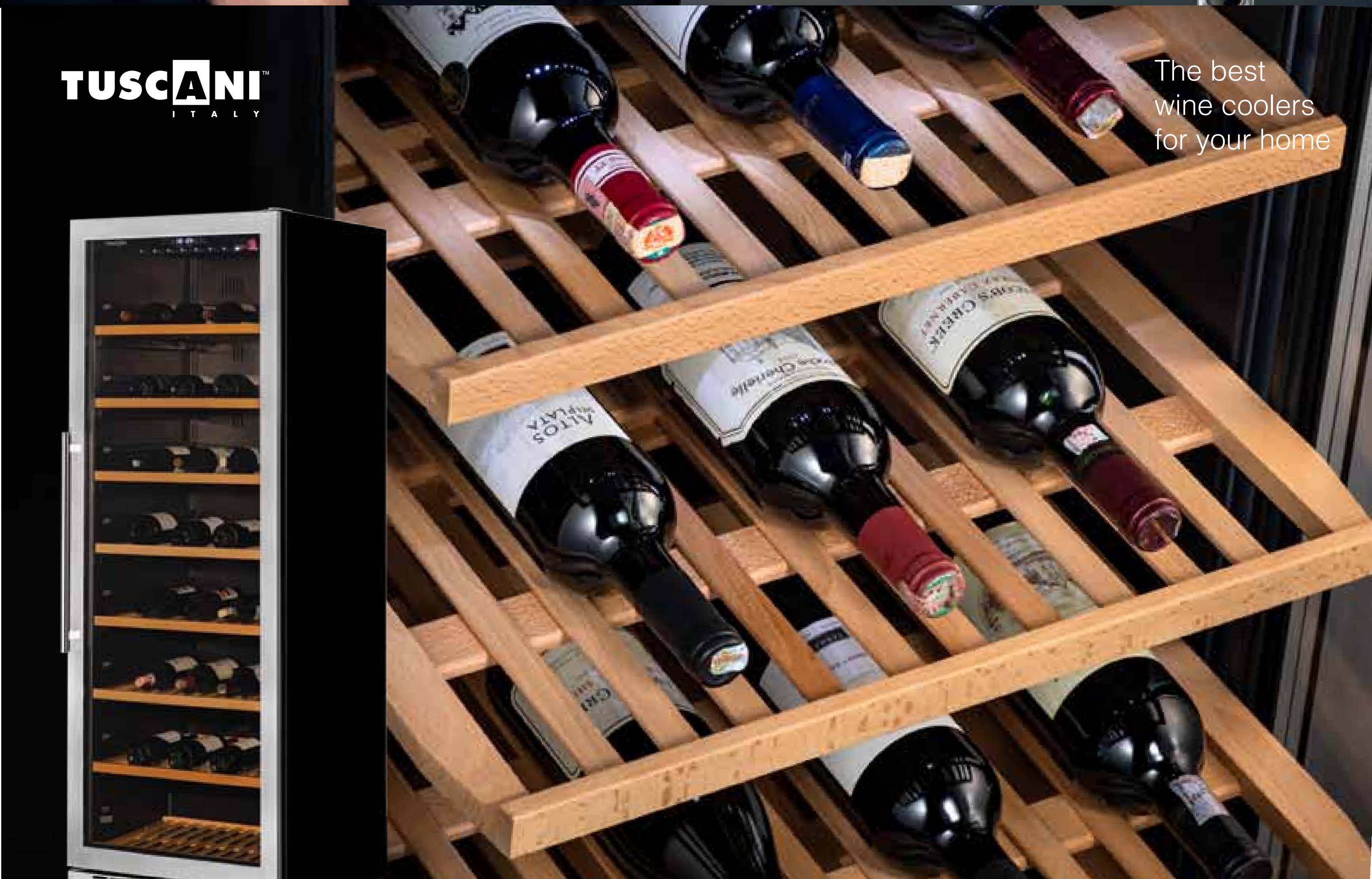
Rubine™
ITALIA
LEAD THE CHANGE

Refine The Way of Life


Speed Queen
The Proven Performer in Laundry
Your reputation also depends on perfectly cleaned linens


HÄUSTERN
German Engineered for Excellence
Rimless™
WATER CLOSET
DUAL FLUSH (3L/6L)
SOFT CLOSE
ADJUSTABLE FITTING
WDI
CIDB MALAYSIA
Haustern Washdown Rimless™ Toilet
The Perfection of Life. Starts from here.
HTOP-LEXOR-3885P
RIMLESS EASY CLEAN
COMPREHENSIVE FLUSH
ECO
HYDRO FLUSHING


BRAUN
World's most
efficient shave*.
Exceptionally gentle.
Series 9


TUSCANI™
ITALY
The best
wine coolers
for your home

Leading the way in health and well being

beurer
health and well-being
Healthcare Devices

FORA®
The New Leader in
Medical Device Technology
Healthcare Devices

charder
Much more than weighing

ChoiceMMed
Providing a Better Life
Pulse Oximeter

SONY
Medical Solutions Business
Medical Imaging Solutions

VISIOFOCUS®
Infrared Thermometer

Tuttnauer
Sterilization & Infection Control
Sterillization & Infection Control Products

Spirit®
SINCE 1975
Diagnostic Medical Instruments


Samira
Taman Kota Jaya
Double Storey Semi-D
Artist Impression


Taman Kota Jaya, Kota Tinggi
2 Storey Super-Link House
Artist Impression

SUSTAINABILITY STATEMENT

The Board of Directors ("Board") of Fiamma Holdings Berhad ("Fiamma" or the "Company") presents this Sustainability Statement ("Statement") which sets out the economic, environmental and social ("EES") risks and opportunities, also known as sustainability matters, which are material to the businesses of Fiamma Group ("Group").

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits published by Bursa Securities.

The Group's vision is to be a leading distributor of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, medical devices and healthcare products in Malaysia; to be a property developer that delivers innovative and quality products and services that enhance stakeholder value; and to be committed to provide unparalleled service to all its customers.

In the pursuit of its vision, the Group recognises that as a business its purpose extends beyond shareholder value optimisation to the preservation and creation of value for its stakeholders.

Governance for Management of Sustainability Matters

Fiamma has incorporated the accountability and responsibility for the management of the Group's sustainability matters in its governance structure, and it is closely in line with the Group's risk management governance structure.

The Board of Fiamma bears the ultimate responsibility for ensuring the strategic plan of Fiamma supports long-term value creation and includes strategies on EES consideration underpinning sustainability.

The Board is supported by the Audit Committee ("AC") whose responsibility is to:

- ensure a systematic process is in place to identify sustainability matters which are material to the Group, i.e. Material Sustainability Matters; and
- review the Material Sustainability Matters as identified by the Management via the Risk Management Committee ("RMC") and how they are being managed.

The Risk Management Committee ("RMC") is a management-level committee comprising the Chief Executive Officer/ Group Managing Director ("CEO/GMD"), the heads of business units, and senior management. The RMC's role is to identify, assess, prioritise, and manage the Group's Material Sustainability Matters, considering if they:

- reflect the Group's significant EES risks and opportunities; or
- substantively influence the assessments and decisions of the Group's stakeholders.

The RMC as a committee is also responsible for determining strategies or policies for managing Material Sustainability Matters, as well as monitoring the effective implementation of these strategies or policies. The RMC reports semi-annually to the AC on EES-related matters.

Reporting Scope and Materiality Process

The scope of this Statement includes two of the Group's key revenue contributors, i.e. the Trading and Services Segment and the Property Development Segment, which have jointly contributed to approximately 98% of the Group's revenue, i.e. approximately 85% and 13%, respectively, for the past 3 financial years.

During the financial year ended 30 September 2019, the Group had conducted workshop sessions to facilitate a materiality assessment process for the Group. The materiality assessment, participated by members of the RMC and senior management, was guided by the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits and has also considered international best practices such as the GRI Standards.

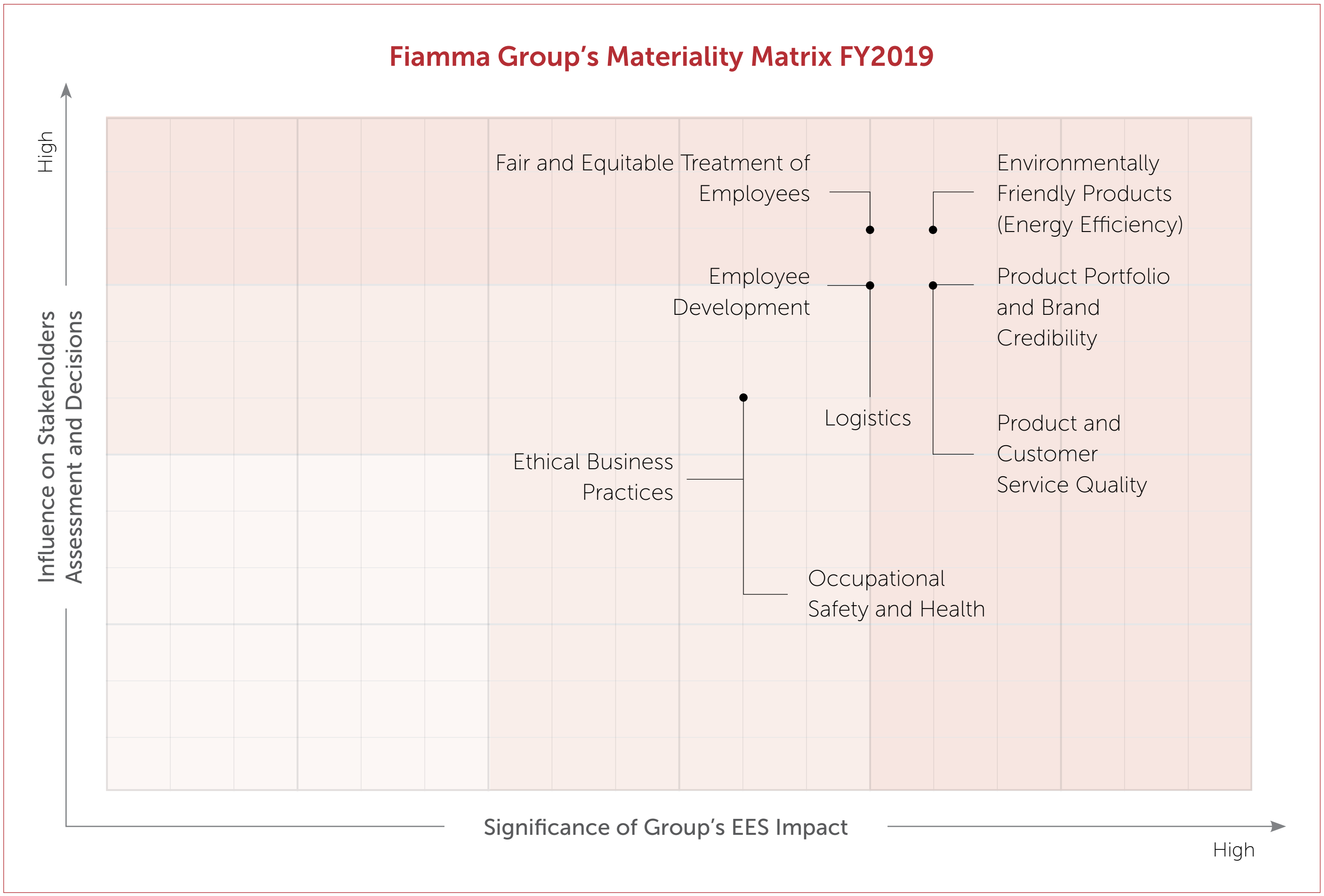
During the workshop sessions, the Group performed an analysis of its various stakeholder groups, assessing their influence and dependence on the Group's activities and the effectiveness of the Group's engagement with key stakeholder groups. Amongst others, the Group's key stakeholder groups include shareholders and investors, employees, customers, transporters, agents, and government, government agencies, authorities and regulators. In addition to existing engagement methods, the Group had also conducted additional surveys with its customers and employees to better understand their views and concerns, especially pertaining to EES matters.

A summary of the Group's stakeholder groups, including the Group's engagement with them and the focus areas commonly discussed, is presented in the following table:

Stakeholder Groups	Engagement Methods	Focus Areas
Customers (dealers, consumers, homebuyers and tenants)	• Customer surveys • Appreciation events • Sales, marketing and promotional events • Collaboration activities • Social media • Customer visits/site visits	• Product safety and quality • Design and features • Timely delivery • Facilities management • Customer service and experience • Energy efficiency
Employees	• Employee survey • Code of Ethics • Whistleblowing policy and mechanism • Career development programmes • Training programmes • Day-to-day operations	• Occupational safety and health • Employee welfare and benefit • Employee development • Fair and equitable treatment
Shareholders/Investors	• Annual general meetings • Quarterly announcement of financial results • Press conference • Analyst briefing • Website updates	• Sustainable financial returns
Government, Government Agencies, Authorities and Regulators	• Regulatory disclosures/reporting • Meetings	• Compliance • Approvals and permits
Financial Institutions/Lenders	• Annual and periodic reviews • Meetings	• Financial soundness
Vendors/Suppliers/Transporters/ Contractors/Agents	• Business meetings • Responsible sourcing • Strategic partnership/alliance • Day-to-day operations	• Ethical business practices • Occupational safety and health • Product quality and safety • Timely delivery • Supply chain efficiency

SUSTAINABILITY STATEMENT

A materiality matrix which indicates the Group's Material Sustainability Matters, in relation to their significance to the Group and the stakeholders, was developed from the materiality assessment process and is presented as follows:



Product Portfolio and Brand Credibility

One of the key factors that sets Fiamma apart from its competitors is the establishment of its portfolio of brands, which has attained a maturity of brand awareness in the market and is able to meet the current market demand.

The Group is constantly observing and analysing market forces and trends. When an opportunity to include a new brand or product in its portfolio arises, market study will be conducted to analyse market demand and potential traction for the brand and its products, including a comparative analysis which considers the price, features and specifications of other products in the market.

In addition, Fiamma has a set of guidelines which sets the standards for new products to be included in its portfolio which considers, amongst others, quality, pricing, and regulatory compliance.

For in-house brands, the Group is also constantly looking into product expansion opportunities, depending on the economic and market conditions, in order to strengthen the market share and brand credibility of the Group's in-house brands.

From time to time, Fiamma reviews and assesses its portfolio of brands to ensure that its product offering is relevant to the current market condition, considering factors such as customer satisfaction, market positioning of the brand, profit margin, etc.

Energy Efficiency

One of the key product categories of Fiamma's portfolio is home appliances, which has a reach to the livelihood of a wide range of end-consumers. As a business that is responsible not only to its stakeholder but also to the environment, Fiamma encourages its customers and end-consumers to use energy-efficient products, which can help to minimise the use of electricity, preserve energy for better use, and save cost at the same time.

Fiamma is supportive of the Government's regulation and initiatives on the Minimum Energy Performance Standards ("MEPS") provided in the Electricity Regulations 1994 and its subsequent amendments. Through its quality control and quality assurance processes, the Group ensures that all products regulated under the Electricity Regulations 1994 and its subsequent amendments have obtained the necessary energy efficiency rating and affixed with the required MEPS Star Rating label. The Group's products with MEPS Star Rating labels include electrical fans, refrigerators, air-conditioners, and washing machines.

As economically-practical as possible, Fiamma aims to promote energy efficiency with its products. When sourcing for products, Fiamma endeavours to include products with high energy efficiency rating in its portfolio.

Fiamma will continue to work with its suppliers and business partners to promote high quality and energy-efficient products in the market, satisfying customers' and end-consumers' needs at the same time.

Product Quality and Safety

To preserve and maintain the reputation and credibility of Fiamma's portfolio of brands, it must ensure the quality and safety of its products, and Fiamma sees this as a responsibility towards its customers and end-consumers, as well as its shareholders and investors.

In ensuring compliance with regulatory standards and certification bodies, each business unit is responsible to ensure that the Group's products managed by the respective business units have obtained the necessary approvals or certifications, such as SIRIM approval or Certification Mark under SIRIM's Product Certification Scheme, certification from the Energy Commission ("EC") for certain electrical home appliances, or certifications from the Construction Industry Development Board ("CIDB") for sanitaryware. From time to time, audits are also carried out by SIRIM or CIDB representatives via factory audits or consignment audits.

The Group has set up a dedicated function to oversee and manage the quality control and quality assurance ("QC and QA") of the Group. One of the key responsibilities of the QC and QA function is to perform product tests focusing on product safety, quality, and functionality before a product is launched. Working in collaboration with the sales and service team of each brand within Fiamma's portfolio, the QC and QA function also manages after-sales support services, addressing quality and functionality-related issues and performing analysis on any product failure cases.

The Group has established rigorous QC and QA processes, especially for its in-house brands. Product expansion activities, such as product sourcing and assessment, incorporate considerations of regulatory and certification requirements and tests by QC and QA function are also carried out during this stage. Before onboarding a new vendor or supplier, Fiamma conducts factory visits to assess the business operation and management process, including its quality control processes and workflow, of the potential supplier or vendor. In addition, in-house engineers/ technicians and third-party inspectors perform sample testing on each batch of the Group's in-house branded products before they are shipped.

For the Group's medical devices and healthcare products, Fiamma ensures the regulatory standards and requirements under the Good Distribution Practice of Medical Device ("GDPMD") and Medical Device Authority ("MDA") are complied with.

On a monthly basis, as part of the Group's quality management process, failure analysis reports ("FARs") which report on any product quality or safety issues are submitted to the heads of business units. The heads of business units will undertake any necessary remedial actions to resolve these issues, including engaging with the respective suppliers to review any product quality or safety concerns.

In ensuring the quality and standards of its property development projects, Fiamma's property development team works closely with project consultants and contractors, including conducting regular site visits and reviewing monthly site reports, to ensure the construction quality is in accordance with project specification.

Customer Service

Fiamma Group has established a subsidiary, Exact Quality Sdn Bhd, to provide after-sales customer service support. Information on the Group's customer service and support is as follows:

Exact Quality Sdn. Bhd. Lot 13, Jalan E 1/5, Taman Usaha Ehsan, Kepong 52000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.	eqservice@fiamma.com.my www.e-quality.com.my	03-6286 9000 03-6286 9004

The service centre and its authorised service contractors provide walk-in and on-site service support to end consumers nationwide.

In order to ensure that its customer service function is equipped with the relevant knowledge to address customers' enquiries especially on product support, customer service is provided with product service manual, exploded parts diagram, or related documentation. As and when required, product training or service training is provided to customer service staff and service technicians to keep them abreast of the latest product support information, especially for newly launched products. The customer service is also supported by the technical advice provided by the Group's QC team who has a good understanding of the products' specifications and functions.

The Group provides standard warranty for its products where consumers are assured with quality products and after-sales support from Fiamma. Online warranty registration and service warranty request are made available for the convenience of end customers.

As for Ebac Home brand which provides installation services for kitchen, wardrobe system and built-in furniture, customers will submit the After Service Form or Defect Form provided upon the completion of installation services, subsequent to which the site co-ordinator will coordinate and follow-up on the rectification work with the respective installers.

The Fiamma Group prioritises its dealers and consumers and is always seeking to improve its service and customer satisfaction. The sales and service team for each brand the Group carries engages closely with dealers and customers to ensure their needs are being addressed, including attending to customer feedback and providing necessary product information to facilitate dealers' and customers' informed decision-making.

Furthermore, during the financial year under review, the Group has also conducted a survey with some of its key dealers and customers to obtain their feedback on the Group's product and service quality. The Group commits to continue delivering the value customers see in Fiamma's products and services, and efforts will also be put in to strengthen areas which it can further enhance, as identified from the comments and feedback received.

Logistics

The Group has set targets for delivery time to ensure Fiamma's products reach its dealers and customers on time. In addition, Fiamma' sales team regularly communicate and coordinate with dealers and customers and the logistics team to provide updates on delivery statuses. Close engagements between the logistics team, sales team and dealers and customers are conducted should there be any unresolved logistics-related matters. The Fiamma logistics team also provides delivery performance report to the Group on a monthly basis.

Effective and successful logistics management are further enabled by the Group's Warehouse Management System which adopts a technology-enabled stock analysis system for real-time inventory management.

Ethical Business Practice

Fiamma believes in doing business ethically and with integrity, and that by doing so it creates long-term sustained value for its stakeholders, shareholders, and the wider society. To promote an environment of integrity and ethical behaviour within the Group, the Board of Fiamma spearheaded the setting of ethical standards of the Group which are codified into the Code of Ethics, which is applicable to the Directors, and the Code of Conduct, which is applicable to Directors, Management and employees of the Group.

Both the Code of Ethics and Code of Conduct are enforced by Fiamma's internal procedures and any breaches can be reported through the Group's whistleblowing channel, which is formalised through the Whistleblowing Policy as approved by the Board. The whistleblowing channel is accessible by the Group's employees and the general public including the Group's stakeholders, e.g. suppliers, customers, business partners, etc. The whistleblowing channel has incorporated the elements of independence and protection for the whistleblower to encourage genuine reporting and raising of concerns.

The Code of Ethics, Code of Conduct and Whistleblowing Policy are available on Fiamma's corporate website www.fiamma.com.my. For the financial year under review, there were no whistleblowing cases reported.

In view of the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009") which introduces corporate liability in relation to the prevention of bribery for the purpose of obtaining or retaining business or business advantage, Fiamma Group will undertake the necessary actions to ensure adequate procedures are in place to prevent the conduct of bribery activities in relation to Section 17A of the MACC Act 2009.

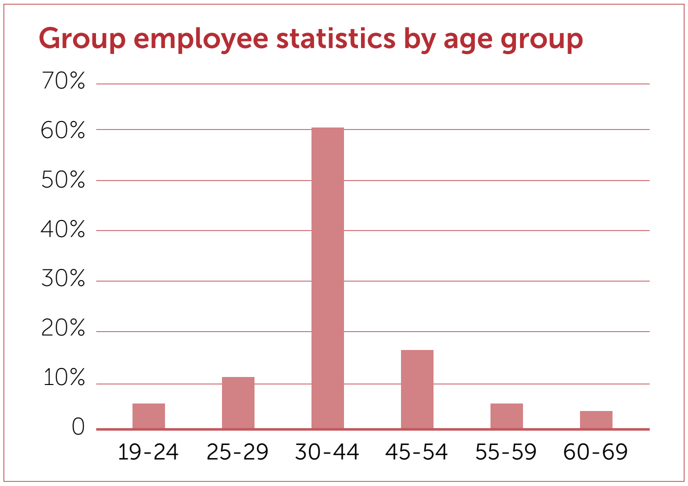
Equitable Treatment and Non-Discrimination

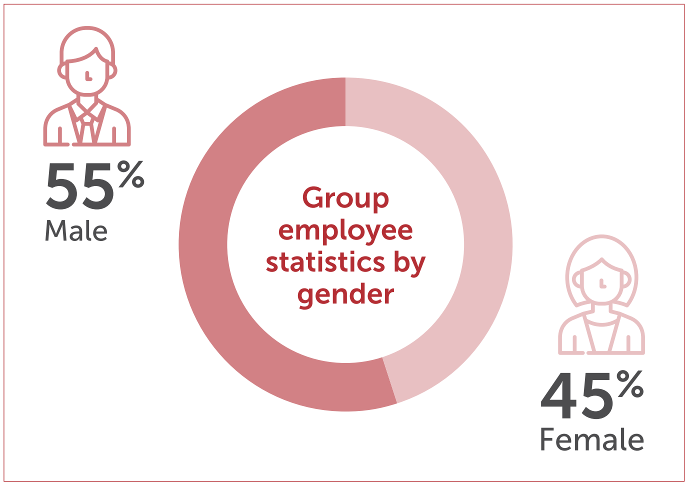
Guided by the Group's Code of Conduct set by the Board, Fiamma adopts a policy of equal employment opportunities and no discrimination at the workplace. Employees of the Group, including Directors and Managers, are required to treat all with personal dignity, respect the privacy and basic human rights of each individual.

The Group is committed to providing a work environment that is free from all forms of discrimination on the basis of race, ethnicity, gender, creed, religion, age, disability, or sexual preference. It values the wide-ranging perspectives inherent in a diverse workforce and encourages the values of candour, courtesy, ability to deal with change, and respect to humanity, personal dignity and privacy amongst its employees.

The Code of Conduct further provides for the reporting of complaints or concerns relating to harassment or violation of the Group's non-discrimination policy to the Human Resource Department or via the whistleblowing channel.

The Group's diverse employment statistics as at 30 September 2019, representing a mixed composition of all age groups from young adults to senior citizens, as well as a balanced mix of gender, is presented as follows:





Occupational Safety and Health

While Fiamma's main business is in trading and services, it is also exposed to a certain degree of occupational safety and health risks as it has in-house logistics teams for the delivery of goods and installation teams for the installation of kitchen, wardrobe system and built-in furniture.

The Group has established a set of General In-house Occupational Safety and Health Rules ("OSH Rules") that guides the safety practices of employees in performing their duties. Amongst others, the OSH Rules specifies the following:

- proper usage of Personal Protection Equipment ("PPE");
- proper operation of equipment, machinery or vehicle by authorised personnel;
- management of visitors, vendors, and contractors; and
- reporting of incidents and injuries;

The Group provides PPE, such as safety boots, safety helmet, and safety vest, to the relevant employees, such as the logistics teams and installation teams. PPEs are also checked and replaced on a regular basis depending on usage frequency. As for the Property Development Segment, while the responsibility to provide PPE lies with the main contractor, the property development team also plays the role in ensuring the main contractors provide a safe work environment to workers.

Employees of the Group work together with the Human Resource Department on any enquiries relating to safety and health matters. Apart from observing the safety principles set out in the OSH Rules, employees are required to report to the Human Resource Department on any concerns or issues arising, where occupational safety and health is concerned.

For the financial year under review, there were no serious injuries recorded by the Group.

Employee Development

The Fiamma Group values its employees and the talent, skills and knowledge they bring as a vital asset that needs to be developed and enhanced on an ongoing basis.

The Group embeds succession planning consideration in its employee development strategy, identifying potential talents which may potentially provide leadership and management skills for the medium and longer-term future. During the performance appraisal session which is conducted at least twice a year, leaders and managers engage with identified talents to discuss their career development as well as their training needs. From time to time, the Human Resource Department will arrange trainings for employees to keep them abreast of the latest development in the relevant field and industry.

For the financial year under review, trainings provided to employees of the Group include the following subjects, amongst others:

- Leadership skills;
- Supervisory skills;
- Project management;
- Sustainability reporting;
- Accounting system;
- QLASSIC awareness and assessor course;
- Sales and Service Tax;
- Microsoft Project Training;
- Internal audit; and
- Post-budget seminar.

Moving Forward

Having incorporated consideration of sustainability matters, the Group will continue to put in efforts to manage the EES risks and opportunities relevant to its businesses, with a specific focus on the Material Sustainability Matters. Ongoing assessment and consideration will also be undertaken to identify and evaluate any emerging EES risk or opportunities, in addition to the Group's established risk management process which focuses on strategic, operational and financial risks, to enhance the long-term value creation of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Corporate Governance Overview Statement ("Statement") outlines the corporate governance framework of Fiamma Holdings Berhad ("Fiamma" or the "Company") and its subsidiaries (collectively referred to as the "Group"), including a summary of its corporate governance practices with reference to the Malaysian Code on Corporate Governance ("MCCG").

This Statement should be read together with the Corporate Governance Report ("CG Report") and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) which provides stakeholders with a comprehensive view of the Group's corporate governance practices vis-à-vis the MCCG. The CG Report, which is prepared in the format prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"), is made available on the Company's website: www.fiamma.com.my and via an announcement on the website of Bursa Securities.

The aforementioned disclosures are made in accordance with Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Securities ("MMLR") and guided by Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd Edition) issued by Bursa Securities.

The Board is pleased to present this Statement and explain how the Company has applied the three (3) principles as set out in the MCCG:-

- Principle A: Board leadership and effectiveness;
- Principle B: Effective audit and risk management; and
- Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This Statement outlines the principles and recommendations which the Company has adopted and applied, and where there are gaps in the Company's observation of any of the recommendations, they were disclosed herein with explanations.

BOARD LEADERSHIP AND EFFECTIVENESS

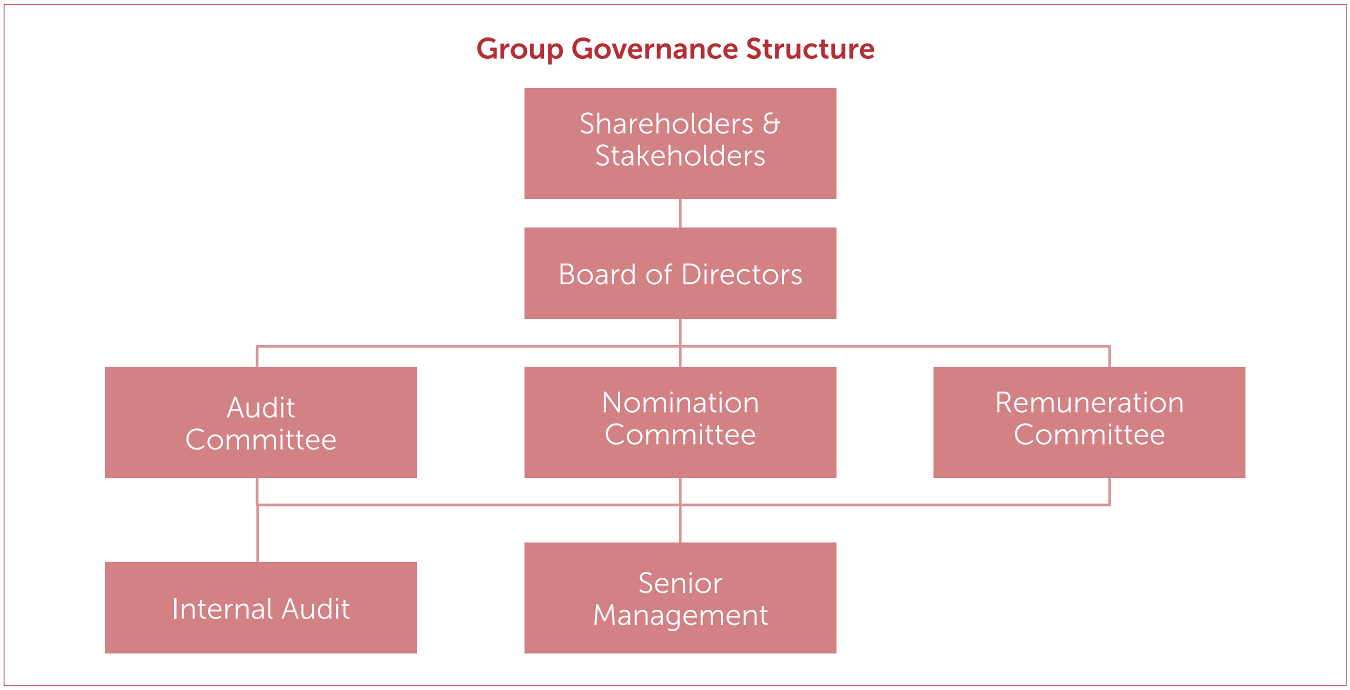
(I) Board Responsibilities

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management and investments made by the Group and overseeing the proper conduct of business of the Group.

The Board is accountable to the stakeholders of the Group for the overall performance of the Group. The Board's primary role is to provide strategic leadership to the Group and ensure that the Group operates within a framework of prudent and effective controls which enables risks to be appropriately identified, assessed and managed. The Board sets the strategic direction for the Group and ensures that the necessary resources are in place for the Group to deliver its objectives and create sustainable value for its stakeholders.

In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees, namely Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within defined Terms of Reference. The Chairpersons of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board Charter adopted by the Board serves as a reference and guide for Directors in discharge of their fiduciary duties. The Board Charter sets out the respective roles and responsibilities of the Board, Board Committees, individual Director and Management and includes "Reserved Matters" for the Board.

The Board has put in place a Code of Conduct, Whistleblowing Policy and Code of Ethics to promote an environment of integrity and ethical behaviour within the Group.

The Whistleblowing Policy serves as a guide to the employees on how to raise genuine concerns related to possible improprieties on the matters relating to financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate way. The Board has adopted the policy with the aim that the employee or stakeholder can report and disclose through established channels any improper or unethical activities relating to the Company and its subsidiaries.

The Group's corporate governance policies and procedures complies with the Companies Act 2016, MCCG, the amendments to MMLR and the Corporate Governance Guide (3rd Edition) by Bursa Securities. As these documents serve as the primary reference point and guide for Directors, the Board is committed to ensuring that they reflect the latest regulatory developments, expectations of stakeholders and the evolving demands and circumstances of the Group.

The Chairman oversees the Board in the effective discharge of its supervisory role emphasising on governance and compliance. There is a clear distinction of roles between the Chairman and Group Managing Director/Chief Executive Officer ("GMD/CEO") to ensure a balance of power and authority. The Chairman is responsible for providing leadership to the Board, including ensuring that the Board fulfils its fiduciary obligations, leading the Board in the oversight of Senior Management, and acting as the spokesperson for the Group. Meanwhile, GMD/CEO is primarily responsible for managing the Group's day-to-day operations and implementing policies, strategies and decisions adopted by the Board.

The Board is supported by qualified and competent Company Secretaries. The Board has direct access to the advice and services of the Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Group's constitution, Board's policies and procedures, corporate governance and compliance with the relevant regulatory requirements and legislations. The Company Secretaries are suitably qualified, competent and capable of carrying out the duties required.

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director has access to all information within the Group and all meeting materials are prepared and issued to the Board of Directors and Board Committee members seven (7) days prior to meetings to enable them to contribute constructively.

(II) Board Composition

Presently, the Board comprises seven (7) members:-

- Three (3) Independent Non-Executive Directors;
- Two (2) Non-Independent Non-Executive Directors; and
- Two (2) Executive Directors, comprising the GMD/CEO and Chief Finance Officer.

The Board is made up of three (3) Independent Directors. Hence, the composition of the Board complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one third (1/3) of the Board, whichever is higher, to be Independent Directors.

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse age, ethnicity and gender. The Directors collectively bring with them diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, finance, corporate affairs, marketing and operations.

In recommending the appointment of potential Directors, the NC assesses the candidate's skills, expertise and experience and balances these traits against the existing composition of the Board to determine his or her suitability for the position and overall fit within the Board.

All Directors have complied with the 50% attendance requirement in respect of Board meetings for the financial year ended 30 September 2019 as stipulated under Paragraph 15.05(3)(c) of the MMLR. The record of attendance for the Directors who held office during the financial year is as follows:-

Directors	No. of Meetings Attended
Dato' Bahar Bin Ahmad Independent Non-Executive Director *(Redesignated as Chairman on 28 December 2018)*	4/4
Lim Choo Hong GMD/CEO, Non-Independent Executive Director	4/4
Kok Sau Chun Non-Independent Non-Executive Director	4/4
Margaret Chak Lee Hung Non-Independent Non-Executive Director	3/4
Chin Mee Foon Chief Finance Officer, Non-Independent Executive Director	4/4
Chua Choo Eng Independent Non-Executive Director *(Appointed on 1 October 2018)*	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	No. of Meetings Attended
Eugene Lee Cheng Hoe Independent Non-Executive Director *(Appointed on 28 December 2018)*	3/3
Tan Sri Dato' Azizan Bin Husain Chairman, Senior Independent Non-Executive Director *(Resigned on 28 December 2018)*	1/1
Dr. Teh Chee Ghee Independent Non-Executive Director *(Resigned on 28 December 2018)*	1/1

The Board has yet to develop a policy which limits the tenure of its Independent Directors to nine (9) years. Nonetheless, the Board is mindful of the prescribed Practice of the MCCG pertaining to Board independence. The Board further recognises that tenure of directorship is not an absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

Currently, the tenure of all Independent Directors of the Company did not exceed a cumulative term of nine (9) years. The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

Presently, the NC comprises three (3) members, all of whom are Non-Executive Directors. The NC met twice during the financial year. Their attendance at the NC meetings held during the tenure of office of the members is as follows:-

	No. of Meetings Attended
Dato' Bahar Bin Ahmad Chairman, Independent Non-Executive Director	2/2
Chua Choo Eng Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	1/1
Tan Sri Dato' Azizan Bin Husain Member, Senior Independent Non-Executive Director *(Ceased on 28 December 2018)*	1/1
Dr. Teh Chee Ghee Member, Independent Non-Executive Director *(Ceased on 28 December 2018)*	1/1

The detailed Terms of Reference of the NC is available at the Company's website.

During the financial year ended 30 September 2019, the activities carried out by the NC were as follows:-

- Recommended to the Board the appointment of Mr. Chua Choo Eng as Independent Non-Executive Director, Member of Audit Committee and Nomination Committee, and Chairman of Remuneration Committee after having reviewed his profile in detail.

- Recommended to the Board the re-designation of Dato' Bahar Bin Ahmad as Chairman of the Board after having considered the character, experience, qualification, knowledge, integrity, competency, time commitment and independence of Dato' Bahar Bin Ahmad.
- Recommended to the Board the appointment of Mr. Eugene Lee Cheng Hoe as Independent Non-Executive Director, Chairman of Audit Committee and Member of Nomination Committee and Remuneration Committee after having reviewed his profile in detail.
- Performed an assessment on the Board, Board Committees and individual Directors.
- Reviewed and recommended to the Board the re-election of Directors pursuant to the Companies Act 2016 and the Company's Constitution.
- Assessed the independence of Independent Non-Executive Directors.
- Reviewed the mix of skill sets, knowledge, expertise and experience, competence, composition, size, gender, ethnicity and age of the Board.
- Considered the training needs for the Board.

The NC will identify and recommend candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional Director with the required criteria based on recommendation from existing Directors, Senior Management or shareholders. In making the recommendation, the NC should also consider candidates proposed by the GMD/CEO, and within the bounds of practicability, by any other senior executive, Director or shareholder. The NC is authorised by the Board to use independent search firms in identifying suitable candidates for appointment of directors when the need arises.

A seamless succession plan is a crucial component in safeguarding the vitality of the business and retaining the confidence of stakeholders to ensure that the development and execution of business strategy are carried out with a long-term horizon in view. In tandem with the strategic trajectory of the Group, the Board will seek to identify emerging talent and potential successors, from both within and outside of the Group, for Board and key Senior Management positions. The Company has adopted the Succession Planning Policy which provides guidance to identify and develop a talent pool of employees through mentoring, training and job rotation.

The Group also endeavours to have a balance representation by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with a diversified viewpoints and the effective governance of the Group. The Board has formalised a Diversity Policy which outlined its approach to diversity on the Board of Directors of the Company and workforce of the Group.

The NC will review the suitability of candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of candidates for appointment as Independent Non-Executive Directors.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and MMLR.

The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees as well as the performance of each Director. The Independent Director is subject to independence and tenure of service criteria. The Board, through the NC, had carried out the annual assessment conducted internally and facilitated by the Company Secretary to review the effectiveness of the Board, its Committees and individual Directors during the financial year, and is satisfied with the current composition of the Board and its Committees in respect of their balanced mix of skills, experience and expertise, as well as individual Director's personal attributes and contribution to the Board. The results of the performance assessments have been documented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC evaluates and determines the training needs of all its Directors on an annual basis. All Directors have completed the Mandatory Accreditation Programme ("MAP"). An in-house training programme on Corporate Liability Provision and Enterprise Risk Management was planned for and held on 14 May 2019 which was attended by most of the Directors. In addition, the Directors are kept informed of all relevant training programmes including courses conducted by Bursa Securities. The Company Secretaries also briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the MMLR, the new requirement of MCCG and the Companies Act 2016. The External Auditors also briefed the Board on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The training programmes attended by the Directors during the year included the following:-

Directors	Training Programmes
Lim Choo Hong	• Corporate Liability Provision and Enterprise Risk Management
Dato' Bahar Bin Ahmad	• Corporate Liability Provision and Enterprise Risk Management • Demystifying the Diversity Conundrum: The Road to Business Excellence • Leadership Greatness in Turbulent Times • Cyber Security in the Boardroom • International Directors Summit 2019
Kok Sau Chun	• Corporate Liability Provision and Enterprise Risk Management
Margaret Chak Lee Hung	• Conference on Digital Innovation for Accounting & Finance • Leadership Series – Leading Transformation in Your Company • Grow Your Business with Digital Marketing • Accelerating Business Through Digitalisation Seminar
Chin Mee Foon	• Monash 2019 Management Budget Seminar • Integrated Reporting (IR) Conference • Corporate Liability Provision and Enterprise Risk Management • OCBC Economic & Product Update Seminar • In-house Seminar on MFRS 16 Leases
Chua Choo Eng	• Corporate Liability Provision and Enterprise Risk Management
Eugene Lee Cheng Hoe	• Corporate Liability Provision and Enterprise Risk Management • Demystifying the Diversity Conundrum: The Road to Business Excellence • Audit Committee Institute Breakfast Roundtable 2019

In accordance with the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting ("AGM") and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election. A retiring Director is eligible for re-election. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separate resolution during the AGM of the Company.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming AGM:-

(1) Kok Sau Chun (Clause 95)
(2) Margaret Chak Lee Hung (Clause 95)

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.

(III) Remuneration

The Board has adopted Directors and Senior Management's Remuneration Policy to govern the remuneration of Directors and Senior Management, of which serves as guidelines for the Board in remunerating Directors and Senior Management with a view to attract, retain and motivate talented and high-calibre individuals. The Board has established an RC to assist the Board in its oversight function on matters pertaining to Directors and Senior Management's remuneration.

The detailed Terms of Reference of the RC is available at the Company's website.

The RC comprises three (3) members and a majority of them are Non-Executive Directors. The RC met once during the financial year. Their attendance at the RC meeting held during the tenure of office of the members was as follows:-

	No. of Meetings Attended
Chua Choo Eng Chairman, Independent Non-Executive Director *(Appointed on 1 October 2018)*	1/1
Lim Choo Hong Member, GMD/CEO, Non-Independent Executive Director	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	1/1

In determining the level and component parts of Directors' remuneration, the RC takes into consideration the demands, complexities and performance of the Group as well as the skills and experience that are required of Directors.

The detailed disclosure for remuneration of the Board and top five (5) Senior Management are disclosed in the CG Report of the Company.

EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

The AC plays a key role in the Group's governance structure. The AC comprises three (3) Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board ensuring that the objectivity of the Board's review of the AC findings and recommendations remain intact.

The AC's Terms of Reference sets out its goals, objectives, duties, responsibilities and criteria on the composition of AC which includes a former key audit partner of the Group to observe cooling-off period of at least two (2) years before being appointed as member of AC.

The AC assists the Board in safeguarding the integrity of the Group's financial statements. The AC, as the Board's delegate, provides a robust and critical oversight on the financial reporting, internal and external audit and risk management and internal control processes.

The AC collectively possesses the requisite financial literacy to have a sound understanding of the financial matters of the Group. All members of the AC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. The AC has unrestricted access to both the internal and external auditors, who in turn report directly to the AC. The AC has established formal and transparent arrangements to maintain an appropriate relationship with the external auditors. This includes undertaking an annual assessment to ascertain the suitability, objectivity and independence of the external auditors.

More information on the AC and its activities during the financial year is set out in the AC Report of this Annual Report.

(II) Risk Management and Internal Control

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management. With the assistance of the AC and Risk Management Committee comprising the Executive Directors and Senior Management, the Board carries out the ongoing process of identifying, evaluating and managing the key commercial and financial risks. The internal audit function which reports directly to the AC, assists the AC and the Board in this continuous process.

The AC reviews and deliberates on a quarterly basis the internal audit report, its findings and managements' response. The AC reviews and approves the internal audit plan and the Group's risk profile on an annual basis.

The Statement on Risk Management and Internal Control of the Group as set out in the Annual Report provides an overview of the main features and state of internal controls and risk management within the Group for the financial year.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

The Group is fully aware of the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance, business and corporate developments. The Board has formalised a set of corporate disclosure policies and procedures to facilitate timely and quality dissemination of information to stakeholders. This includes the Company's website, announcements to Bursa Securities and analyst briefing sessions.

(II) Conduct of General Meetings

The AGM serves as the principal forum for dialogue with shareholders and investors, where they may seek clarifications on the Group's performance, major developments of the Group as well as on the resolutions being proposed.

Members of the Board as well as the external auditors were present at the 36th AGM to answer questions raised by the shareholders. The GMD/CEO and/or authorised Senior Management meet occasionally with institutional investors to provide updates on the Group's progress and to address any concerns being raised.

In line with the good governance practice, the notice of the 36th AGM together with the Annual Report were sent out to shareholders at least 28 days prior to the meeting in order to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions proposed to be tabled at the AGM. The venue of the AGM is in a central location within the Klang Valley area, and the venue is easily accessible to shareholders.

All the resolutions set out in the Notice of the AGM were put to vote by poll and duly passed. The shareholders were informed of their right to demand for a poll. The outcome of the AGM was announced to Bursa Securities on the same meeting day. The Company had appointed one (1) independent scrutineer to verify the poll results.

A summary of the key matters discussed at the AGM was published on the Company's website upon being reviewed by the Board members and approved by the Chairman.

This Statement was approved by the Board on 27 November 2019.

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Fiamma Holdings Berhad ("Fiamma" or the "Company") is pleased to present the report on the Audit Committee ("AC") for the financial year ended 30 September 2019.

COMPOSITION AND ATTENDANCE

Presently, the AC comprises three (3) members, all of whom are Independent Directors. The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The AC met four (4) times during the financial year. Their attendances at the AC meetings held during the tenure of office of the members are as follows:-

	No. of Meetings Attended
Eugene Lee Cheng Hoe Chairman, Independent Non-Executive Director *(Appointed on 28 December 2018)*	3/3
Dato' Bahar Bin Ahmad Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	3/3
Chua Choo Eng Member, Independent Non-Executive Director *(Appointed on 1 October 2018)*	4/4
Dr. Teh Chee Ghee Chairman, Independent Non-Executive Director *(Ceased on 28 December 2018)*	1/1
Tan Sri Dato' Azizan Bin Husain Member, Independent Non-Executive Director *(Ceased on 28 December 2018)*	1/1

The AC Chairman, Mr. Eugene Lee Cheng Hoe, is a Chartered Accountant of the Malaysian Institute of Accountants and also a member of the Certified Practising Accountant (CPA), Australia. The AC, therefore, meets the requirements of Paragraph 15.09(1)(c)(i) of the MMLR. Collectively, the AC possesses a wide range of necessary skills to discharge its duties and is financially literate and able to understand matters under the purview of the AC including the financial reporting process.

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The AC is responsible for assisting the Board in fulfilling the statutory and fiduciary duties of monitoring the Fiamma Group's accounting and financial reporting practices, ensuring the efficacy of the Group's internal control system, risk management process and the oversight of both internal and external audit functions.

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

In discharging its duties, the AC has carried out the following activities and reported the same to the Board for approval:-

Financial Reporting and Compliance

1. Reviewed the unaudited quarterly financial results and annual audited financial statements before recommending to the Board for approval, in particular:-
   a) Changes in or implementation of new accounting policies and practices;
   b) Compliance with applicable approved accounting standards and other legal or regulatory requirements;
   c) Significant and unusual events; and
   d) Going concern assumption.

2. Reviewed all recurrent related party transactions, as submitted by management on quarterly basis and any conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question of management integrity.

Risk Management and Internal Audit

3. Considered and approved the annual internal audit plan and programme and be satisfied as to the adequacy of the scope, coverage and audit methodologies employed.

4. Ensured that the system of internal control is soundly in place, effectively administered and regularly monitored and reviewed the extent of compliance with established internal policies, standards, plans and procedures.

5. Reviewed and approved the reports on internal audit and risk management, including the Group's key operational and business risks areas, ensured that appropriate corrective actions were taken on the recommendations of the internal audit and risk management functions.

6. Assessed the adequacy and effectiveness of the system of internal audit function through the review of the results of work performed by the Internal and External Auditors and discussion with management.

External Audit

7. Reviewed and discussed with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit.

8. Reviewed matters concerning the re-appointment and audit and non-audit fees of the External Auditors.

9. Reviewed the independence, suitability and performance of External Auditors before recommending their re-appointment to the Board for consideration. The AC assessed among others, the adequacy of External Auditors' experience and resources, their independence, objectivity and services rendered including non-audit services, and the quality of service and the experience of the audit engagement partners.

10. Discussed on findings, problems and reservations arising from the interim and final statutory audits and any matters the External Auditors wished to discuss as well as reviewed the extent of cooperation and assistance given by the employees of the Group to the External Auditors.

11. Met with the External Auditors together with the Head of Internal Audit on 28 November 2018 and 21 August 2019 without the presence of executive board members and management to discuss any key audit concerns and findings of the Group.

Other matters

12. Reviewed the Group's financial budget for the financial year ended 30 September 2019 tabled by the management and the actual performance against the budget on a quarterly basis.

13. Reviewed the Circular and Statement to Shareholders in connection with the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and the proposed renewal of authority for share buy-back.

14. Reviewed and recommended to the Board the following reports/statements for approval and inclusion in the Company's 2018 Annual Report:-

    - AC Report;
    - Statement on Risk Management and Internal Control;
    - Corporate Governance Overview Statement;
    - Corporate Governance Report;
    - Management Discussion and Analysis; and
    - Sustainability Statement.

INTERNAL AUDIT FUNCTION

The Group has an in-house internal audit function. The internal audit function is considered an integral part of the assurance framework and its primary mission is to provide assurance on the adequacy and effectiveness of the risk, control and governance framework of the Group. The internal audit function is independent of the activities and operations of the Group.

The Group's internal audit function adopts a risk-based approach to the implementation and monitoring of the effectiveness of the Group's internal control systems.

During the financial year ended 30 September 2019, the major activities carried out by the Internal Auditors are summarised as follows:-

(i) Presented the Group Risk Profiles for the financial year 2019 to the AC for review and notation.

(ii) Conducted independent reviews based on the risk–based audit plan that was reviewed and approved by the AC and the Board respectively, covering areas on sales and marketing, logistics and warehousing management, after sales service, SIRIM consignment tests, finance and human resource management.

(iii) Followed-up on the corrective actions taken by the respective business units to attend to the significant weaknesses highlighted in the Internal Audit Reports.

(iv) Presented the internal audit observations and status of the previous audit observations together with the Management's responses and action plans to the AC on a quarterly basis.

(v) Developed the annual Internal Audit Plan for the financial year 2020 and tabled the same at the AC meeting for review and approval.

(vi) Presented the submission status of the Letters of Representation on Internal Control by the various Heads of Department to the AC on a quarterly basis.

The main role of the internal audit function is to assist the AC and the Board in monitoring and managing risks and internal controls of all the companies in the Group by undertaking regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

The total cost incurred in managing the internal audit function in financial year 2019 was RM242,000.

This AC Report was approved by the Board on 27 November 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a risk management and internal control system in the Group and for reviewing its adequacy and integrity. These include business operations, financial management, corporate governance, information data base integrity and risk management procedures and practices.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and is committed to the development of a risk management framework. The risk management framework is the starting point in the risk management initiative and has been prepared to ensure that risk management becomes a concern for everyone in the Group and that risk management practices are consistent throughout the Group, involving employees at all levels within the different business units of the Group.

The key elements of the Risk Management Framework of the Group are as follows:

Purpose

The purpose of the risk management framework is to establish policies and processes for identifying, assessing, monitoring and reporting of significant risks faced by the business units and ultimately the Group.

Risk Management Policy

The Group is committed to the development of an adequate and effective risk management framework which is capable of facilitating the identification, assessment and prioritisation of all significant risks confronting the Group and development of effective measures to mitigate the risks.

Roles and Responsibilities for Risk Management

The roles and responsibilities of the respective parties for the Group's risk management are defined in the Risk Management Framework as follows:

Functions	Roles and Responsibilities
The Board	• Establishing a framework to manage risks and provide the risk oversight function.
Audit Committee ("AC")	• Assisting the Board in establishing a framework to manage risks. • Reviewing the Group's risk policy and risk management framework. • Reviewing the Group's risk profile and risk tolerance.
Risk Management Committee ("RMC") comprising the Chief Executive Officer/Group Managing Director ("CEO/GMD"), senior management and heads of business units	• Assisting the Board and the AC with the overall responsibility for overseeing the risk management procedures. • Developing and implementing the risk management policy. • Developing and maintaining risk management procedures. • Monitoring the progress of risk mitigation plans. • Reporting to the AC on the risk management framework and the Group's risk profile
Risk Owners comprising heads of business units	• Performing the operational risk assessment, monitoring and reporting risk exposures in their areas / activities within their control. • Submitting major new risks identified to the RMC in their respective Risk Register at least twice yearly.

Risk Management Process

Management from each business unit is responsible for creating a risk aware culture and applies a risk/control assessment approach in identifying emerging risks relating to their areas.

The half yearly risk assessment from the business units are consolidated and updated into the Group Risk Register, highlighting the major risks and the existing key controls. They are then compiled into Group Risk Profile based on the impact and likelihood of occurring.

The RMC met twice during the year to review the adequacy and effectiveness of risk management and internal control system, the strategic and operational risks and assessed losses incurred. These are compiled in the Group Risk Profile, before presenting to the Audit Committee and the Board for their attention.

The CEO/GMD and Chief Finance Officer ("CFO") have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group. Risk owners have also provided confirmation on the effectiveness of internal control in their respective operating units on a quarterly basis.

System of Internal Control

The system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. Due to the limitations that are inherent in any system of internal control, the Group's system of internal control can only manage rather than eliminate the risk of failure to achieve business objectives, and therefore, can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors is committed to maintaining a system of internal control for the conduct of the Group's business operations to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are monitored and substantial variances are explained.

The key features of the Group's system of internal control are:

- An organisational structure with defined lines of responsibility and delegated authority, which are communicated to all levels. Key responsibilities are segregated to ensure no one staff is in total control of the whole transaction.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Key business risks are reviewed by the Board with the assistance of the Audit Committee, the Risk Management Committee and the Internal Auditors.
- The internal audit unit conducts reviews on the adequacy and effectiveness of the internal control system. Control deficiencies are communicated to management and staff to ensure corrective actions are taken. The audit reports and the proposed corrective actions are consolidated and tabled at the quarterly Audit Committee meetings for deliberation and approval. These reports are also presented to the Board by the Audit Committee.

- The CEO/GMD meets with the individual head of business units once a month to discuss business and operational issues and all the heads of business units at least two times a year to discuss group objectives and key management issues.

- The CEO/GMD and the CFO meet monthly to review the monthly financial performance and cash flows of the companies in the Group.

- The Group has put in place financial reporting guidelines and policies for the generation of monthly financial information for management review.

- An annual budget is prepared to facilitate monitoring of the Group's financial performance. The Audit Committee reviews the Group's financial performance against the budget on a quarterly basis.

- The Group has put in place policies and procedures to review and approve its purchases, operating and capital expenditure and has a centralised human resource function which outlines procedures for recruitment, training and appraisal.

- The Group has established a Code of Conduct which governs the standards of behaviour and provides guidance on ethical standards.

- The Group has established a Whistleblowing Policy which encourages employees to report any wrongdoings committed by an employee, officer or management of the Group to the proper parties. This policy also applies to any vendors, partners, associates or any individuals, including the general public.

Internal Audit Function

The internal audit unit reports directly to the Audit Committee, and its primary function is to provide feedback regarding the adequacy and the integrity of the Group's system of internal controls in managing its key risks. The internal audit unit conducts reviews on areas with high operational risk to ensure that internal control systems are in place to manage such risks and also follows up on the corrective actions taken by the respective business unit to attend to the significant weaknesses highlighted and reports the same to the Audit Committee accordingly on a quarterly basis. The Audit Committee reviews the internal audit plan, internal audit reports, risk management reports and deliberates on and makes recommendations for corrective actions where applicable, before submitting them to the Board for approval.

Conclusion

Throughout the year, the internal audit unit and the Risk Management Committee have performed various reviews over the adequacy and effectiveness of risk management and internal control system. The Board confirms that the risk management and internal control system is being implemented throughout the Group and continuous reviews are being carried out to ascertain its adequacy and effectiveness. There were no major weaknesses over the risk management and internal control system which might have a material impact on the Group's financial performance or operations. There were also no material internal control aspects of any significant problems disclosed in the annual report or financial statements.

The Board confirms that the risk management and internal control system described in this statement is considered appropriate to the Group's business operation. It should be noted that, due to the limitations that are inherent in any system of internal control, such arrangements do not eliminate all risks of failure to achieve business objectives. However, the risk management and internal control system during the financial year 2019 and up to the date of approval of this statement for inclusion in the annual report is adequate and effective to provide a level of confidence on which the Board relies upon.

This statement is made in accordance with a resolution of the Board of Directors dated 27 November 2019.

ADDITIONAL COMPLIANCE INFORMATION

1) Audit and Non-Audit Fees

The audit and non-audit fees payable to the external auditors for the financial year ended 30 September 2019 are as follows:-

	Company RM'000	Group RM'000
Audit fees	65	425
Non-audit fees	10	17
Total	**75**	**442**

2) Revaluation of Landed Properties

The Group revalued its properties comprising land and buildings every five years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. The latest revaluation was carried out in September 2017.

3) Employees' Share Option Scheme ("ESOS")

At an extraordinary general meeting held on 23 February 2016, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issue and paid up share capital of the Company, to the eligible Directors and employees of the Group.

(i) Total number of options granted, exercised, forfeited and outstanding during the financial year under review are as follows:

Number of Options	Grand Total	Directors
Outstanding as at 1 October 2018	25,675,000	5,700,000
Granted	-	-
Exercised	-	-
Forfeited	(3,045,000)	(1,800,000)
Outstanding as at 30 September 2019	**22,630,000**	**3,900,000**

(ii) Percentage of options applicable to Directors and Senior Management under ESOS since the commencement of ESOS up to the financial year ended 30 September 2019 is as follows:

Directors and Senior Management	Percentage of options (%)
Aggregate maximum allocation	50.00
Actual granted	19.38
Actual vested	11.63

There were no options granted to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to ESOS during the financial year.

4) Material Contracts

There were no material contracts entered into by the Group involving Directors', chief executives' or major shareholders' interest during the financial year.

5) Utilisation of Proceeds

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

In respect of the preparation of the annual audited financial statements

The Directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016.

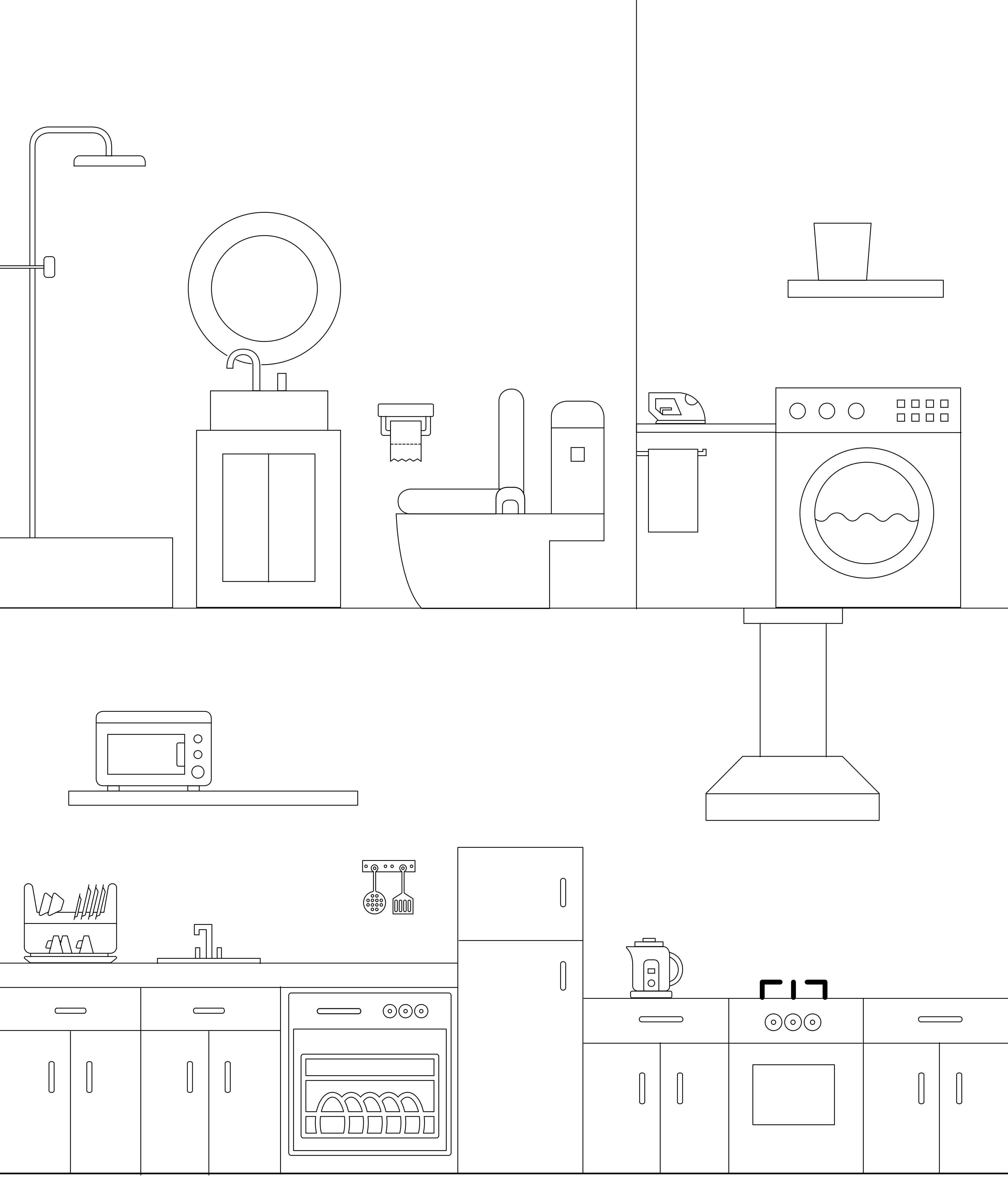
The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 30 September 2019 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors have:

(i) selected and applied the appropriate and relevant accounting policies on a consistent basis;
(ii) made judgements and estimates that are reasonable and prudent; and
(iii) prepared the annual audited financial statements on a going concern basis.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

for the financial year ended 30 September 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2019.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	27,718	16,428
Non-controlling interest	2,913	-
	30,631	16,428

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid a final single tier dividend of 2.25 sen per ordinary share totalling RM11,325,831 in respect of the financial year ended 30 September 2018 on 5 April 2019.

The Directors recommend a final single tier dividend of 2.00 sen per ordinary share totalling RM9,852,714 in respect of the financial year ended 30 September 2019 for approval by the owners of the Company at the forthcoming Annual General Meeting.

DIRECTORS' REPORT
for the financial year ended 30 September 2019

DIRECTORS OF THE COMPANY

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

Dato' Bahar bin Ahmad
Lim Choo Hong
Kok Sau Chun
Margaret Chak Lee Hung
Chin Mee Foon
Chua Choo Eng (appointed on 1 October 2018)
Eugene Lee Cheng Hoe (appointed on 28 December 2018)
Lim Soo Kong (Lim Soo Chong) (resigned on 1 October 2018)
Tan Sri Dato' Azizan bin Husain (resigned on 28 December 2018)
Dr Teh Chee Ghee (resigned on 28 December 2018)

The names of the Directors of the Company's subsidiaries during the financial year until the date of this report excluding those who are listed above are as follows:

Lim Soo Kong (Lim Soo Chong)
Ngo Wee Bin
Ching Wooi Kong
Low Eng Bee
Chong Sze Chun
Liang Jit Sin
Quek Guek Peng
Dr. Lim Kee Ley
Nordin bin Mohd Kanchil
Chuah Tian Pong
Lim Chin Chia
Ho Hong Seng
Chong Yuen Bing
Kho Soo San
Nor Azlan bin Osman

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
Shares in the Company	**At 1.10.2018/date of appointment**	**Bought**	**Sold**	**At 30.9.2019**
Fiamma Holdings Berhad				
Lim Choo Hong				
- direct interest	147,390,168	3,000,000	-	150,390,168
Dato' Bahar bin Ahmad				
- direct interest	390,000	-	-	390,000
Kok Sau Chun				
- deemed interest	147,390,168	3,000,000	-	150,390,168
Eugene Lee Cheng Hoe				
- direct interest	9,000	-	-	9,000
Deemed interest through Casa Holdings Limited				
- Lim Choo Hong	74,889,900	-	-	74,889,900
- Kok Sau Chun	74,889,900	-	-	74,889,900

By virtue of their interests in the ordinary shares of the Company, Lim Choo Hong and Kok Sau Chun are also deemed interested in the ordinary shares of the subsidiaries during the financial year to the extent that Fiamma Holdings Berhad has an interest.

The other Directors holding office at 30 September 2019 do not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 31 to the financial statements.

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

ISSUE OF SHARES

During the financial year, 4,197 new ordinary shares were issued pursuant to the exercise of warrants at a unit price of RM0.50 for a total consideration of RM2,099.

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

TREASURY SHARES

During the financial year, the Company repurchased 12,267,200 of its issued share capital from the open market at an average price of RM0.483 per share including transaction cost and the total consideration paid was RM5,922,500. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

On 17 July 2019, the Company cancelled 20,000,000 treasury shares with carrying amount of RM10,469,104 at an average price of RM0.523 per ordinary share.

At 30 September 2019, the Company held 17,391,200 of its own shares.

OPTIONS GRANTED OVER UNISSUED SHARES

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

At an extraordinary general meeting held on 23 February 2016, the Company's shareholders approved the establishment of an ESOS of not more than 15% of the issued and paid up share capital of the Company, to the eligible Directors and employees of the Group.

The salient features of the ESOS are, *inter alia*, as follows:

i) Employees of the Group who have been confirmed in service and must serve the Group on a continuous full time basis for a period of not less than six (6) months prior to the Date of Offer and is on the payroll of any company within the Group, or be a Director, who has been appointed to the board of directors of any member of the Group;

ii) The maximum number of new shares to be allocated and issued pursuant to the exercise of the options that may be granted under the scheme consist of:

    (a) the options exercised by all grantees;
    (b) the remaining options exercisable by all grantees; and
    (c) the unexpired offers pending acceptance by all eligible employees;

iii) The scheme shall be in force for a period of five (5) years from the first grant date;

iv) The option price shall not be a discount of more than 10% from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company of RM0.50;

v) An option holder may, in a particular year, exercise up to such maximum number of shares as determined by the ESOS committee;

vi) The options granted to eligible employees and Directors will lapse when they are no longer in employment with the Group or resign as Directors.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

		Number of options over ordinary shares				
Date of offer	**Exercise price RM**	**At 1.10.2018**	**Granted**	**Exercised**	**Forfeited**	**At 30.9.2019**
12 May 2016	0.56	24,010,000	-	-	(2,625,000)	21,385,000
15 May 2017	0.56	1,665,000	-	-	(420,000)	1,245,000
		25,675,000	-	-	(3,045,000)	22,630,000

INDEMNITY AND INSURANCE COSTS

During the financial year, no indemnity and insurance costs were incurred for the Directors, officers and auditors of the Group and of the Company.

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION {CONTINUED}

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 34 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 19 to the financial statements.

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

Lim Choo Hong
Director

Chin Mee Foon
Director

Kuala Lumpur,
Date: 16 December 2019

STATEMENTS OF FINANCIAL POSITION

as at 30 September 2019

		Group			Company		
	Note	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Assets							
Property, plant and equipment	3	**98,650**	102,027	105,067	**-**	-	10
Investment properties	4	**77,339**	76,419	75,684	**8,400**	7,500	7,500
Intangible assets	5	**-**	-	500	**-**	-	-
Inventories	6	**150,945**	150,104	138,652	**-**	-	-
Investments in subsidiaries	7	**-**	-	-	**238,453**	173,453	273,269
Amount due from subsidiaries	8	**-**	-	-	**34,975**	100,976	-
Deferred tax assets	9	**5,558**	5,118	3,992	**-**	-	-
Total non-current assets		**332,492**	333,668	323,895	**281,828**	281,929	280,779
Inventories	6	**272,864**	241,996	216,525	**-**	-	-
Contract assets	10	**18,464**	4,389	6,851	**-**	-	-
Contract costs	10	**3,949**	8,554	8,942	**-**	-	-
Trade and other receivables	11	**95,791**	102,220	96,834	**12**	17	17
Prepayments		**1,011**	980	1,038	**24**	15	41
Current tax assets		**176**	2,849	2,644	**-**	184	-
Derivative financial assets	12	**-**	26	1	**-**	-	-
Cash and cash equivalents	13	**83,325**	102,645	78,938	**23,361**	14,120	14,001
Total current assets		**475,580**	463,659	411,773	**23,397**	14,336	14,059
Total assets		**808,072**	797,327	735,668	**305,225**	296,265	294,838

STATEMENTS OF FINANCIAL POSITION
as at 30 September 2019

	Note	Group 30.9.2019 RM'000	Group 30.9.2018 RM'000	Group 1.10.2017 RM'000	Company 30.9.2019 RM'000	Company 30.9.2018 RM'000	Company 1.10.2017 RM'000
Equity							
Share capital	14.1	**265,030**	265,028	265,028	**265,030**	265,028	265,028
Treasury shares	14.2	**(9,073)**	(13,620)	(11,694)	**(9,073)**	(13,620)	(11,694)
Reserves		**3,745**	3,702	3,468	**2,090**	2,026	1,542
Retained earnings		**229,799**	223,455	200,070	**22,963**	27,909	24,573
Total equity attributable to owners of the Company	14	**489,501**	478,565	456,872	**281,010**	281,343	279,449
Non-controlling interest		**24,503**	22,767	21,054	**-**	-	-
Total equity		**514,004**	501,332	477,926	**281,010**	281,343	279,449
Liabilities							
Loans and borrowings	15	**47,320**	62,101	97,534	**-**	-	-
Trade and other payables	16	**6,055**	7,536	7,536	**-**	-	-
Deferred tax liabilities	9	**4,707**	4,254	4,004	**1,591**	1,375	1,375
Total non-current liabilities		**58,082**	73,891	109,074	**1,591**	1,375	1,375
Loans and borrowings	15	**141,634**	118,506	83,188	**22,000**	13,000	-
Trade and other payables	16	**76,053**	76,592	47,750	**600**	547	13,997
Provision for warranties	17	**394**	570	590	**-**	-	-
Contract liabilities	10	**16,558**	23,818	16,799	**-**	-	-
Current tax liabilities		**1,302**	2,603	341	**24**	-	17
Derivative financial liabilities	12	**45**	15	-	**-**	-	-
Total current liabilities		**235,986**	222,104	148,668	**22,624**	13,547	14,014
Total liabilities		**294,068**	295,995	257,742	**24,215**	14,922	15,389
Total equity and liabilities		**808,072**	797,327	735,668	**305,225**	296,265	294,838

The notes on pages 63 to 149 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the financial year ended 30 September 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	18	**337,412**	338,626	**13,877**	10,594
Cost of sales		**(235,293)**	(230,567)	**(75)**	(95)
Gross profit		**102,119**	108,059	**13,802**	10,499
Change in fair value of investment properties	4	**-**	-	**900**	-
Other income		**1,955**	1,911	**-**	-
Distribution expenses		**(31,040)**	(31,047)	**-**	-
Administrative expenses		**(22,980)**	(24,717)	**(711)**	(627)
Net gain on impairment of financial instruments	28.2	**44**	-	**-**	-
Other expenses		**(2,302)**	(2,662)	**(726)**	(427)
Results from operating activities	19	**47,796**	51,544	**13,265**	9,445
Finance income	20	**2,642**	2,211	**5,084**	5,123
Finance costs	21	**(8,608)**	(7,520)	**(3,066)**	(1,462)
Profit before tax		**41,830**	46,235	**15,283**	13,106
Tax expense	24	**(11,199)**	(10,908)	**1,145**	(908)
Profit for the financial year		**30,631**	35,327	**16,428**	12,198
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign exchange translation difference for foreign operations		**(22)**	(369)	**-**	-
Total comprehensive income for the financial year		**30,609**	34,958	**16,428**	12,198
Profit for the financial year attributable to:					
Owners of the Company		**27,718**	32,247	**16,428**	12,198
Non-controlling interests		**2,913**	3,080	**-**	-
Profit for the financial year		**30,631**	35,327	**16,428**	12,198
Total comprehensive income for the financial year attributable to:					
Owners of the Company		**27,697**	31,997	**16,428**	12,198
Non-controlling interests		**2,912**	2,961	**-**	-
Total comprehensive income for the financial year		**30,609**	34,958	**16,428**	12,198
Basic earnings per ordinary share (sen)	25	**5.63**	6.39		
Diluted earnings per ordinary share (sen)	25	**5.63**	6.39		

The notes on pages 63 to 149 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 September 2019

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2017		265,028	(11,694)	421	1,926	1,121	200,070	456,872	21,054	477,926
Foreign currency translation differences for foreign operations		-	-	-	(250)	-	-	(250)	(119)	(369)
Total other comprehensive income for the financial year		-	-	-	(250)	-	-	(250)	(119)	(369)
Profit for the financial year		-	-	-	-	-	32,247	32,247	3,080	35,327
Total comprehensive income for the financial year		-	-	-	(250)	-	32,247	31,997	2,961	34,958
Contributions by and (distributions to) owners of the Company										
Dividends to owners of the Company	26	-	-	-	-	-	(8,862)	(8,862)	-	(8,862)
Own shares acquired	14.2	-	(1,926)	-	-	-	-	(1,926)	-	(1,926)
Share-based payment transactions	14.2	-	-	-	-	484	-	484	-	484
Total transactions with owners of the Company		-	(1,926)	-	-	484	(8,862)	(10,304)	-	(10,304)
Dividends to non-controlling interest		-	-	-	-	-	-	-	(1,248)	(1,248)
At 30 September 2018		265,028	(13,620)	421	1,676	1,605	223,455	478,565	22,767	501,332
		Note 14.1	Note 14.2		Note 14.3	Note 14.4				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 September 2019

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Capital reserve RM'000**	**Translation reserve RM'000**	**Share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 October 2018		265,028	(13,620)	421	1,676	1,605	223,455	478,565	22,767	501,332
Foreign currency translation differences for foreign operations		-	-	-	(21)	-	-	(21)	(1)	(22)
Total other comprehensive income for the financial year		-	-	-	(21)	-	-	(21)	(1)	(22)
Profit for the financial year		-	-	-	-	-	27,718	27,718	2,913	30,631
Total comprehensive income for the financial year		-	-	-	(21)	-	27,718	27,697	2,912	30,609
Contributions by and (distributions to) owners of the Company										
Dividends to owners of the Company	26	-	-	-	-	-	(11,326)	(11,326)	-	(11,326)
Exercise of warrants		2	-	-	-	-	-	2	-	2
Expiry of unexercised warrants		-	-	(421)	-	-	421	-	-	-
Own shares acquired	14.2	-	(5,922)	-	-	-	-	(5,922)	-	(5,922)
Cancellation of treasury shares	14.2	-	10,469	-	-	-	(10,469)	-	-	-
Share-based payment transactions		-	-	-	-	485	-	485	-	485
Total transactions with owners of the Company		2	4,547	(421)	-	485	(21,374)	(16,761)	-	(16,761)
Dividends to non-controlling interest		-	-	-	-	-	-	-	(1,176)	(1,176)
At 30 September 2019		265,030	(9,073)	-	1,655	2,090	229,799	489,501	24,503	514,004
		Note 14.1	Note 14.2		Note 14.3	Note 14.4				

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 September 2019

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Company	Note	Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 October 2017		265,028	(11,694)	1,121	421	24,573	279,449
Profit and total comprehensive income for the financial year		-	-	-	-	12,198	12,198
Contributions by and (distributions to) owners of the Company							
Dividends to owners of the Company	26	-	-	-	-	(8,862)	(8,862)
Own shares acquired	14.2	-	(1,926)	-	-	-	(1,926)
Share-based payment transactions		-	-	484	-	-	484
Total transactions with owners of the Company		-	(1,926)	484	-	(8,862)	(10,304)
At 30 September 2018		265,028	(13,620)	1,605	421	27,909	281,343
		Note 14.1	Note 14.2	Note 14.4			

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 September 2019

Company	Note	Attributable to owners of the Company — Non-distributable: Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Capital reserve RM'000	Distributable: Retained earnings RM'000	Total equity RM'000
At 1 October 2018		265,028	(13,620)	1,605	421	27,909	281,343
Profit and total comprehensive income for the financial year		-	-	-	-	16,428	16,428
Contributions by and (distributions to) owners of the Company							
Dividends to owners of the Company	26	-	-	-	-	(11,326)	(11,326)
Exercise of warrants		2	-	-	-	-	2
Expiry of unexercised warrants		-	-	-	(421)	421	-
Own shares acquired	14.2	-	(5,922)	-	-	-	(5,922)
Cancellation of treasury shares	14.2	-	10,469	-	-	(10,469)	-
Share-based payment transactions		-	-	485	-	-	485
Total transactions with owners of the Company		2	4,547	485	(421)	(21,374)	(16,761)
At 30 September 2019		265,030	(9,073)	2,090	-	22,963	281,010
		Note 14.1	Note 14.2	Note 14.4			

The notes on pages 63 to 149 are an integral part of these financial statements.

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

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities					
Profit before tax		**41,830**	46,235	**15,283**	13,106
Adjustments for:					
Bad debts written off	19	**380**	465	**-**	-
Depreciation of property, plant and equipment	3	**3,769**	4,622	**-**	-
Dividend income	18	**-**	-	**(13,445)**	(10,162)
Change in fair value of investment properties	4	**-**	-	**(900)**	-
Gain on disposal of property, plant and equipment	19	**(139)**	(26)	**-**	-
Impairment loss on:					
- intangible assets	5	**-**	500	**-**	-
- trade receivables		**966**	901	**-**	-
Interest expense		**8,248**	7,044	**3,065**	1,461
Interest income	20	**(2,642)**	(2,211)	**(5,084)**	(5,123)
Inventories written down	6	**1,837**	485	**-**	-
Inventories written off	6	**274**	312	**-**	-
Property, plant and equipment written off	19	**12**	20	**-**	-
Provision for warranties (net)	17	**353**	352	**-**	-
Reversal of impairment loss on:					
- investment in a subsidiary	7	**-**	-	**-**	(250)
- trade receivables		**(1,010)**	(771)	**-**	-
Share based payment		**485**	484	**485**	484
Unrealised foreign exchange gain (net)		**(14)**	-	**-**	-
Unrealised loss/(gain) on derivative financial assets/liabilities (net)		**45**	(11)	**-**	-
Operating profit/(loss) before changes in working capital		**54,394**	58,401	**(596)**	(484)
Changes in working capital:					
Amount due from subsidiaries		**-**	-	**66,001**	(900)
Contract assets		**(14,075)**	2,462	**-**	-
Contract liabilities		**(7,260)**	7,019	**-**	-
Contract costs		**4,605**	388	**-**	-
Inventories		**(31,753)**	(35,339)	**-**	-
Prepayments		**(31)**	58	**(9)**	26
Trade and other payables		**(2,021)**	28,857	**53**	(13,450)
Trade and other receivables		**5,993**	(6,236)	**5**	-
Cash generated from/(used in) operations		**9,852**	55,610	**65,454**	(14,808)

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

	Note	Group		Company	
		2019	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (continued)					
Cash generated from/(used in) operations		**9,852**	55,610	**65,454**	(14,808)
Provision for warranties utilised	17	**(529)**	(366)	**-**	-
(Tax paid net of refund)/Tax refund net of tax paid		**(9,814)**	(9,727)	**1,569**	(1,109)
Net cash (used in)/generated from operating activities		**(491)**	45,517	**67,023**	(15,917)
Cash flows from investing activities					
Additions of:					
- investment property	4.5	**(794)**	(494)	**-**	-
- property, plant and equipment	3	**(405)**	(1,850)	**-**	-
Dividends received		**-**	-	**13,445**	10,162
Increase in investment in subsidiaries		**-**	-	**(65,000)**	-
Interest received		**2,642**	2,211	**5,084**	5,123
Proceeds from disposal of property, plant and equipment		**141**	26	**-**	-
Net cash generated from/(used in) investing activities		**1,584**	(107)	**(46,471)**	15,285
Cash flows from financing activities					
Dividends paid to:					
- non-controlling interest		**(1,176)**	(1,248)	**-**	-
- owners of the Company	26	**(11,326)**	(8,862)	**(11,326)**	(8,862)
(Repayment)/Drawdown of borrowings (net)	15	**(3,577)**	8,851	**9,000**	13,000
Interest paid		**(10,315)**	(9,425)	**(3,065)**	(1,461)
Purchase of treasury shares	14.2	**(5,922)**	(1,926)	**(5,922)**	(1,926)
Proceeds from exercise of warrants	14.1	**2**	-	**2**	-
Net cash (used in)/generated from financing activities		**(32,314)**	(12,610)	**(11,311)**	751

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Net (decrease)/increase in cash and cash equivalents		**(31,221)**	32,800	**9,241**	119
Effect of exchange rate fluctuation on cash held		**(23)**	(127)	**-**	-
Cash and cash equivalents at beginning of year		**95,902**	63,229	**14,120**	14,001
Cash and cash equivalents at end of year	(i)	**64,658**	95,902	**23,361**	14,120

(i) Cash and cash equivalents

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

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits placed with licensed banks	13	**21,001**	49,922	**-**	12,005
Cash and bank balances	13	**62,324**	52,723	**23,361**	2,115
		83,325	102,645	**23,361**	14,120
Bank overdraft	15	**(18,667)**	(6,743)	**-**	-
		64,658	95,902	**23,361**	14,120

The notes on pages 63 to 149 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

PRINCIPAL PLACE OF BUSINESS
Wisma Fiamma
No. 20, Jalan 7A/62A
Bandar Menjalara
52200 Kuala Lumpur

REGISTERED OFFICE
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 September 2019 do not include other entities.

The Company is principally engaged in investment holding and property investment, whilst the principal activities of the subsidiaries are as stated in Note 7.

These financial statements were authorised for issue by the Board of Directors on 16 December 2019.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia. This is the Group's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs") in Malaysia. The financial impact on transition to MFRS is disclosed in Note 35 to the financial statements.

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

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

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

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

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

- MFRS 17, *Insurance Contracts*

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

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

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

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

MFRS 16, *Leases*

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

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

The Group and the Company have assessed that the initial application of MFRS 16 will not have a material impact on its consolidated financial statements. The estimated impact on initial application is based on assessment undertaken to date and the actual impacts of adopting the standard may change.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - fair value of land and buildings
- Note 4 - fair value of investment properties
- Note 6 - net realisable value of finished goods and developed properties
- Note 9 - valuation of deferred tax assets
- Note 10 - discounts and rebates payable to customers
- Note 18 - revenue recognition from contracts with customers

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in the financial statements and in preparing the opening MFRS statements of financial position of the Group at 1 October 2017 (the transition date to MFRS framework), unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(v) Transactions eliminated on consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

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

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

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

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) Financial instruments

(i) Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) ***Amortised cost***

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

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i)) where the effective interest rate is applied to the amortised cost.

(b) ***Fair value through profit or loss***

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives, contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

(b) Amortised cost

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and

- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount 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 profit or loss.

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Property acquired after the revaluation date is stated at cost until the next revaluation interval.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

• leasehold land	99 years
• buildings	50 years
• renovation	3 - 5 years
• plant and machinery, tools and piping	3 - 15 years
• office equipment, furniture and fittings	3 - 5 years
• motor vehicles	4 - 5 years
• computers	4 years
• moulds	2 years

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

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties

(i) Investment properties carried at fair value

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

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

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

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

(ii) Reclassification to/from investment property

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

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

(g) Inventories

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of land held for future development, developed properties held for sales and development properties, cost includes expenditure incurred in acquiring the land, development and conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance with MFRS 9, *Financial Instruments* (see Note 2(l)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(i) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company 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 or the Company, 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 the profit and 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 would have been recognised had there been no impairment loss recognised previously.

(j) Intangible asset

Intangible asset comprising trademark acquired by the Group, which has an infinite useful life, is measured at cost less any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group and the Company in the management of these short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment

(i) Financial assets

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

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

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, lease receivables, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(m) Equity instruments

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

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

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

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

(n) Provisions

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

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue and other income

(i) Revenue

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

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(ii) Rental income

Rental income from investment property and subleased property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

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

(p) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

The fair value of the employee share options is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Income tax

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Income tax (continued)

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

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

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

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise warrants and share options granted to employees.

(u) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Total RM'000
Cost/Valuation										
At 1 October 2017	16,524	36,900	42,413	2,033	16,514	6,111	3,607	7,225	7	131,334
Additions	-	-	-	256	90	171	1,130	97	106	1,850
Transfers	-	-	-	-	124	(124)	-	-	-	-
Disposals	-	-	-	-	-	-	(259)	(3)	-	(262)
Write off	-	-	-	(71)	(110)	(171)	-	(195)	-	(547)
Exchange difference	-	-	(258)	-	(2)	(14)	(16)	(12)	-	(302)
At 30 September 2018/ 1 October 2018	16,524	36,900	42,155	2,218	16,616	5,973	4,462	7,112	113	132,073
Additions	-	-	93	19	1	117	-	174	1	405
Disposals	-	-	-	-	-	(127)	(570)	-	-	(697)
Write off	-	-	-	-	(40)	(84)	-	(104)	-	(228)
Exchange difference	-	-	1	-	-	-	-	-	-	1
At 30 September 2019	**16,524**	**36,900**	**42,249**	**2,237**	**16,577**	**5,879**	**3,892**	**7,182**	**114**	**131,554**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Total RM'000
Depreciation										
At 1 October 2017	-	-	-	1,649	11,354	5,166	2,680	5,413	5	26,267
Depreciation for the financial year	263	-	926	190	1,412	354	406	1,022	49	4,622
Transfers	-	-	-	-	400	(400)	-	-	-	-
Disposals	-	-	-	-	-	-	(259)	(3)	-	(262)
Write off	-	-	-	(68)	(110)	(163)	-	(186)	-	(527)
Exchange difference	-	-	(15)	-	(1)	(13)	(13)	(12)	-	(54)
At 30 September 2018/ 1 October 2018	263	-	911	1,771	13,055	4,944	2,814	6,234	54	30,046
Depreciation for the financial year	201	-	948	171	833	279	451	833	53	3,769
Disposals	-	-	-	-	-	(125)	(570)	-	-	(695)
Write off	-	-	-	-	(39)	(84)	-	(93)	-	(216)
Exchange difference	-	-	-	-	-	-	-	-	-	-
At 30 September 2019	**464**	**-**	**1,859**	**1,942**	**13,849**	**5,014**	**2,695**	**6,974**	**107**	**32,904**
Carrying amounts										
At 1 October 2017	16,524	36,900	42,413	384	5,160	945	927	1,812	2	105,067
At 30 September 2018/ 1 October 2018	16,261	36,900	41,244	447	3,561	1,029	1,648	878	59	102,027
At 30 September 2019	**16,060**	**36,900**	**40,390**	**295**	**2,728**	**865**	**1,197**	**208**	**7**	**98,650**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
At 1 October 2017	18	848	822	1,688
Transfer out	(18)	(848)	(822)	(1,688)
At 30 September 2018/1 October 2018/ 30 September 2019	-	-	-	-
Depreciation				
At 1 October 2017	17	848	813	1,678
Transfer out	(17)	(848)	(813)	(1,678)
At 30 September 2018/1 October 2018/ 30 September 2019	-	-	-	-
Carrying amounts				
At 1 October 2017	1	-	9	10
At 30 September 2018/1 October 2018/ 30 September 2019	-	-	-	-

3.1 Property, plant and equipment under the revaluation model

Upon transition to MFRSs, the Group elected to apply the optional exemption to use a previous revaluation as deemed cost under MFRSs (see Note 35.4). There was no revaluation subsequent to the transition to MFRSs.

3.2 Securities

Land and buildings of the Group totalling RM76,718,000 (30.9.2018: RM77,473,000) are charged to banks as security for credit facilities granted to subsidiaries of the Group (see Note 15).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.3 Fair value information

Fair value of land and buildings are all categorised as Level 3.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

Group	30.9.2019 RM'000	30.9.2018 RM'000
Opening balance	**94,405**	95,837
Additions	**93**	-
Depreciation	**(1,149)**	(1,189)
Effect of movements in exchange rates	**1**	(243)
Closing balance	**93,350**	94,405

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: The valuation method considers the fair value of similar properties that were listed for sale/sold within the same locality or other comparable localities, size and etc. as compared to the Group's land and buildings.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/(decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower
Investment method: The valuation method considers the capital value of the properties derived from annual rental income less outgoings, which is then capitalised at an appropriate current market yield. Annual rental income is estimated based on the market rental for which the properties can be reasonably be let for. Outgoings include property taxes, repairs and maintenance, insurance and management expenses.	• Market rental and outgoing will sustain at current level • Occupancy rate of 95% • Market yield of 6.25%	The estimated fair value would increase/(decrease) if: • Market rental were higher or lower • Outgoing were lower or higher • Occupancy rate was higher or lower • Market yield was lower or higher

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.3 Fair value information (continued)

Valuation processes applied by the Group for Level 3 fair value

The Group's land and buildings were valued in 2017 by professional valuation firms, using the sales comparison method and investment method of valuation.

Assessment of the fair values of the Group's land and buildings is undertaken every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amounts. The changes in level 3 fair values are analysed by the management based on the assessment undertaken.

4. INVESTMENT PROPERTIES

		Group		Company	
	Note	**30.9.2019 RM'000**	**30.9.2018 RM'000**	**30.9.2019 RM'000**	**30.9.2018 RM'000**
Opening balance		**76,419**	75,684	**7,500**	7,500
Addition	4.5	**920**	735	**-**	-
Change in fair value recognised in profit or loss		**-**	-	**900**	-
Closing balance		**77,339**	76,419	**8,400**	7,500

Included in the above are:

At fair value				
Leasehold land	**-**	-	**7,050**	6,550
Buildings	**18,480**	18,480	**1,350**	950
Freehold land and building	**57,204**	57,204	**-**	-
Leasehold land and building	**1,655**	735	**-**	-
	77,339	76,419	**8,400**	7,500

4.1 Investment properties under fair value model

Investment properties carried at fair value comprise commercial properties that are leased out under operating leases (see Note 30). The investment properties are measured at fair value obtained from external valuation firms. The fair value is determined by the external valuation firms using the sale comparison method and investment method.

4. INVESTMENT PROPERTIES (CONTINUED)

4.2 Transactions recognised in profit or loss

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

	Group		Company	
	30.9.2019	**30.9.2018**	**30.9.2019**	**30.9.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Rental income	**5,663**	5,524	**432**	432
Direct operating expenses				
- income generating investment properties	**(2,414)**	(2,257)	**(75)**	(95)

4.3 Securities

Investment properties of the Group totalling RM75,684,000 (30.9.2018: RM75,684,000) are charged to banks as securities for credit facilities granted to subsidiaries of the Group (see Note 15).

4.4 Fair value information

Fair value of investment properties are all categorised as Level 3.

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group		Company	
	30.9.2019	**30.9.2018**	**30.9.2019**	**30.9.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening balance	**76,419**	75,684	**7,500**	7,500
Addition	**920**	735	**-**	-
Change in fair value recognised in profit or loss	**-**	-	**900**	-
Closing balance	**77,339**	76,419	**8,400**	7,500

4. INVESTMENT PROPERTIES (CONTINUED)

4.4 Fair value information (continued)

Level 3 fair value (continued)

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sale comparison approach: The valuation method consider the fair value of similar properties that were listed for sale/sold within the same locality or other comparable localities, size and etc. as compared to the Group's and the Company's investment properties.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/ (decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower
Investment method: The valuation method considers the capital value of the investment properties derived from annual rental income less outgoings, which is then capitalised at an appropriate current market yield. Annual rental income is estimated based on the market rental for which the investment properties can be reasonably be let for. Outgoings include property taxes, repairs and maintenance, insurance and management expenses.	• Market rental and outgoing will sustain at current level • Occupancy rate of 95% • Market yield of 6.25%	The estimated fair value would increase/ (decrease) if: • Market rental were higher or lower • Outgoing were lower or higher • Occupancy rate was higher or lower • Market yield was lower or higher

Valuation processes applied by the Group for Level 3 fair value

The Group's and the Company's investment properties were valued during the year by professional valuation firms, using the sale comparison method and investment method of valuation.

Assessment of the fair values of the Group's and the Company's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

4. INVESTMENT PROPERTIES (CONTINUED)

4.5 Addition

For the purpose of the statements of cash flows, the cash outflow from addition of investment property is as follows:

Group	30.9.2019 RM'000	30.9.2018 RM'000
Consideration payable for addition of investment property	**920**	735
Amount settled against trade receivables	**(126)**	(241)
Cash outflow from addition of investment property	**794**	494

5. INTANGIBLE ASSETS

	Acquired trademark	
Group	**30.9.2019 RM'000**	**30.9.2018 RM'000**
Cost		
Opening/Closing balance	**500**	500
Impairment loss		
Opening balance	**500**	-
Impairment loss recognised during the financial year	**-**	500
Closing balance	**500**	500
Carrying amount	**-**	-

The MEC trademark which has been in use for more than 15 years is assessed to have an indefinite useful life as there is no foreseeable limit to the period over which the trademark is expected to generate net cash flow for the Group.

Owing to poor sales performance of MEC products, the Group has estimated the recoverable amount of the MEC trademark to be nil and has recognised an impairment loss of RM500,000 in prior year.

6. INVENTORIES

	Note	30.9.2019 RM'000	Group 30.9.2018 RM'000	1.10.2017 RM'000
Non-current				
Land held for future development	6.1	**150,945**	150,104	138,652
Current				
Spare parts and consumables		**447**	469	562
Work-in-progress		**-**	3,072	418
Finished goods		**54,415**	50,477	52,930
Developed properties	6.2	**84,466**	93,667	75,073
Development properties	6.1	**133,536**	94,311	87,542
		272,864	241,996	216,525
		423,809	392,100	355,177
Inventories pledged as securities for bank borrowings	15	**93,981**	92,522	91,236
Recognised in profit or loss:				
- written down to net realisable value	6.3	**1,837**	485	1,786
- inventories recognised as cost of sales		**188,786**	188,946	172,444
- inventories written off		**274**	312	361

The Company did not have inventories as at year end.

6.1 Included in land held for future development and development properties are properties of which the land titles have yet to be transferred to the Group. These properties were acquired via joint development agreements ("JDAs") with third parties and the land titles will only be transferred pursuant to the terms of the JDAs:

Group	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Land held for future development	**18,401**	20,028	11,755
Development properties	**4,510**	3,710	3,520
	22,911	23,738	15,275

6.2 Included in developed properties amounting to RM63,310,000 (30.9.2018: RM66,316,000; 1.10.2017: RM66,316,000) are developed properties of which the land titles are pending issuance from the land office.

6.3 The determination of inventories written down to net realisable value involved high degree of judgement. The determination of net realisable value for finished goods involved estimating future demand from customers and future selling prices. In respect of developed properties, net realisable value is determined after considering recent transacted prices for the developed properties, volume and pricing of other development within the vicinity and also the current and future market conditions in the property development industry.

7. INVESTMENTS IN SUBSIDIARIES

Company	Note	30.9.2019 RM'000	30.9.2018 RM'000
Cost			
Unquoted ordinary shares		**47,075**	47,425
Unquoted Redeemable Convertible Preference Shares	7.1	**191,378**	-
Capital contributions to subsidiaries	7.2	**-**	126,378
Less: Accumulated impairment losses		**-**	(350)
		238,453	173,453

The movement in accumulated impairment losses is as follows:

Company	30.9.2019 RM'000	30.9.2018 RM'000
Opening balance	**350**	600
Reversal during the financial year	**-**	(250)
Impairment loss written off	**(350)**	-
Closing balance	**-**	350

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 30.9.2019 %	30.9.2018 %
Fiamma Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Fimaco Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Active Edge Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Trading Sdn. Bhd.	Malaysia	Distribution of electrical home appliances, sanitaryware and bathroom accessories	**70**	70
Itatech Sdn. Bhd.*^	Malaysia	Dormant	**-**	100
FHB Management Sdn. Bhd.	Malaysia	Property investment and management	**100**	100
Fiamma Land Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Development Sdn. Bhd.	Malaysia	Property development	**100**	100

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 30.9.2019 %	30.9.2018 %
Enex Sdn. Bhd.*	Malaysia	Dormant	**100**	100
Kingston Medical Supplies (Private) Limited*	Singapore	Distribution of medical devices and healthcare products	**70**	70
Uniphoenix Jaya Sdn.Bhd.*	Malaysia	Property development	**100**	100
Oaksvilla Sdn. Bhd.*	Malaysia	Property development	**100**	100
Affluent Crafts Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Properties Sdn. Bhd.*	Malaysia	Property development	**100**	100
Ebac Home Sdn. Bhd.	Malaysia	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Ebac Home Pte Ltd*	Singapore	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Subsidiary of Kingston Medical Supplies(Private) Limited				
Kinsmedic Sdn. Bhd.	Malaysia	Distribution of medical devices and healthcare products	**70**	70
Subsidiaries of Fiamma Sdn. Bhd.				
Fiamma Logistics Sdn. Bhd.	Malaysia	Provision of warehousing and logistics services	**100**	100
Exact Quality Sdn. Bhd.	Malaysia	Provision of after sales services of electrical home appliances	**100**	100
Ebac Kitchen Sdn. Bhd.*#	Malaysia	Dormant	**-**	-
Subsidiaries of Fiamma Trading Sdn. Bhd.				
Haustern Sdn. Bhd.*	Malaysia	Dormant	**70**	70

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 30.9.2019 %	30.9.2018 %
Subsidiaries of Fiamma Trading Sdn. Bhd. (continued)				
Beaulogy Sdn.Bhd.* ##	Malaysia	Dormant	**70**	70
Subsidiary of Fiamma Development Sdn. Bhd.				
Pinang Sutera Sdn. Bhd.*	Malaysia	Property development	**60**	60

* Not audited by KPMG PLT

[#] Ebac Kitchen Sdn. Bhd. commenced members' voluntary liquidation on 18 October 2016 and held its final meeting on 23 July 2018 and was subsequently dissolved on 29 October 2018 (see Note 33) pursuant to Section 272(5) of the Companies Act, 1965.

^ Itatech Sdn. Bhd. had been struck off from the Register and dissolved following the publication of the notice of striking-off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette on 1 July 2019.

[##] Beaulogy Sdn. Bhd. had on 25 September 2019 applied for striking-off from the Register pursuant to Section 550 of the Companies Act 2016.

7.1 Unquoted Redeemable Convertible Preference Shares ("RCPS")

The main features of the RCPS issued by the subsidiaries of the Company are as follows:

(a) The RCPS holders shall rank equally among themselves and rank in priority to ordinary shares in the event of winding up. They do not carry the right to vote except in the following circumstances:

(i) winding-up of the issuers;

(ii) reduction of share capital of the issuers; or

(iii) amendment to the Constitution of the issuers which varies or affects the rights and privileges of the RCPS holders

(b) Holders of RCPS are entitled to receive non-cumulative dividend at the issuers' discretion.

(c) The issuers shall have the option to redeem and/or convert the RCPS, wholly or partially, at any time. The RCPS may be transferred in accordance with the provisions of the Constitution of the issuer.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Capital contributions to subsidiaries

The capital contributions represent amounts due from subsidiaries which were non-trade in nature, unsecured, interest free and settlement of the amounts were neither planned nor likely to occur in the foreseeable future. As these amounts were, in substance, a part of the Company's net investment in the subsidiaries, it was stated at cost less accumulated impairment losses.

7.3 Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

30.9.2019	**Fiamma Trading Sdn. Bhd. and its subsidiaries RM'000**	**Kingston Medical Supplies (Private) Limited and its subsidiary RM'000**	**Pinang Sutera Sdn. Bhd. RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	15,659	8,260	584	24,503
Profit allocated to NCI	1,955	557	401	2,913
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	1,987	8,904	8,848	
Current assets	60,668	25,755	8,259	
Non-current liabilities	(35)	-	-	
Current liabilities	(10,427)	(7,126)	(15,646)	
Net assets	52,193	27,533	1,461	
Financial year ended 30 September				
Revenue	58,898	14,450	5,288	
Profit for the financial year	6,515	1,856	1,003	
Total comprehensive Income	6,515	1,853	1,003	
Cash flows used in operating activities	(734)	(4,077)	(253)	
Cash flows from investing activities	285	357	-	
Cash flows (used in)/from financing activities	(4,090)	(422)	103	
Net decrease in cash and cash equivalents	(4,539)	(4,142)	(150)	
Dividends paid to NCI	(1,050)	(126)	-	

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.3 Non-controlling interest in subsidiaries (continued)

30.9.2018	Fiamma Trading Sdn.Bhd. and its subsidiaries RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	14,753	7,830	184	22,767
Profit allocated to NCI	2,380	585	115	3,080

Summarised financial information before intra-group elimination		
As at 30 September		
Non-current assets	1,271	9,257
Current assets	60,944	23,606
Non-current liabilities	(44)	(7)
Current liabilities	(12,993)	(6,755)
Net assets	49,178	26,101
Financial year ended 30 September		
Revenue	65,485	14,003
Profit for the financial year	7,936	1,950
Total comprehensive income	7,936	1,554
Cash flows from operating activities	612	6,212
Cash flows from investing activities	202	84
Cash flows used in financing activities	(3,014)	(1,890)
Net (decrease)/increase in cash and cash equivalents	(2,200)	4,406
Dividends paid to NCI	(1,050)	(198)

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.3 Non-controlling interest in subsidiaries (continued)

1.10.2017	Fiamma Trading Sdn.Bhd. and its subsidiaries RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	13,423	7,561	70	21,054
Profit/(Loss) allocated to NCI	1,703	(19)	(2)	1,682
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	615	9,741		
Current assets	51,477	23,868		
Non-current liabilities	(64)	(8)		
Current liabilities	(7,286)	(8,394)		
Net assets	44,742	25,207		
Financial year ended 30 September				
Revenue	66,702	27,063		
Profit/(Loss) for the financial year	5,676	(64)		
Total comprehensive income for the financial year	5,676	85		
Cash flows from operating activities	469	5,851		
Cash flows from investing activities	707	134		
Cash flows used in financing activities	(6,806)	(2,932)		
Net (decrease)/increase in cash and cash equivalents	(5,630)	3,053		
Dividends paid to NCI	(1,770)	(185)		

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.3 Non-controlling interest in subsidiaries (continued)

The non-controlling interest in Fiamma Trading Sdn. Bhd. and its subsidiaries include the non-controlling interest in Fiamma Trading Sdn. Bhd., Haustern Sdn. Bhd. and Beaulogy Sdn. Bhd.

The non-controlling interest in Kingston Medical Supplies (Private) Limited and its subsidiary include the non-controlling interest in Kingston Medical Supplies (Private) Limited and Kinsmedic Sdn. Bhd.

8. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is non-trade in nature, unsecured and bear interest at 4.00% (30.9.2018 and 1.10.2017:4.00%) per annum. The amount does not have a fixed term of repayment and any repayment is at the discretion of the subsidiaries.

9. DEFERRED TAX (ASSETS)/LIABILITIES

Recognised deferred tax (assets) and liabilities

The recognised deferred tax (assets) and liabilities before off-setting are as follows:

	Assets			Liabilities			Net		
	30.9.2019	**30.9.2018**	**1.10.2017**	**30.9.2019**	**30.9.2018**	**1.10.2017**	**30.9.2019**	**30.9.2018**	**1.10.2017**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	**(45)**	(106)	(590)	**3,922**	4,007	4,312	**3,877**	3,901	3,722
Investment properties	**-**	-	-	**1,005**	503	503	**1,005**	503	503
Inventories	**(2,849)**	(2,960)	(2,414)	**-**	-	-	**(2,849)**	(2,960)	(2,414)
Tax loss carry-forwards	**(3,032)**	(1,742)	(1,282)	**-**	-	-	**(3,032)**	(1,742)	(1,282)
Other items	**(94)**	(808)	(721)	**242**	242	204	**148**	(566)	(517)
Tax (assets)/liabilities	**(6,020)**	(5,616)	(5,007)	**5,169**	4,752	5,019	**(851)**	(864)	12
Set off of tax	**462**	498	1,015	**(462)**	(498)	(1,015)	**-**	-	-
Net tax (assets)/ liabilities	**(5,558)**	(5,118)	(3,992)	**4,707**	4,254	4,004	**(851)**	(864)	12
Company									
Investment properties	**-**	-	-	**1,591**	1,375	1,375	**1,591**	1,375	1,375

Deductible temporary differences arising from inventories and tax loss carry-forward amounting to RM11,870,833 (30.9.2018: RM12,333,333; 1.10.2017: RM10,058,333) and RM12,633,333 (30.9.2018: RM7,258,333; 1.10.2017: RM5,341,666) respectively were recognised as deferred tax assets as management considered it probable that future taxable profits will be available against which they can be utilised.

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

Movement in temporary differences during the financial year

Group	At 1.10.2017 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2018/ 1.10.2018 RM'000	Recognised in profit or loss (Note 24) RM'000	At 30.9.2019 RM'000
Property, plant and equipment	3,722	179	3,901	(24)	**3,877**
Investment properties	503	-	503	502	**1,005**
Inventories	(2,414)	(546)	(2,960)	111	**(2,849)**
Tax loss carry-forwards	(1,282)	(460)	(1,742)	(1,290)	**(3,032)**
Other items	(517)	(49)	(566)	714	**148**
	12	(876)	(864)	13	**(851)**
Company					
Investment properties	1,375	-	1,375	216	**1,591**

10. CONTRACT WITH CUSTOMERS

10.1 Contract assets/(liabilities)

Group	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Contract assets	**18,464**	4,389	6,851
Contract liabilities	**16,558**	23,818	16,799

The contract assets primarily relate to the Group's rights to consideration for work completed on contracts to purchase properties but not yet billed at the reporting date. The amount will be billed on achievement of billing milestone as per the contract.

The contract liabilities primarily relate to the following: -

(a) Consideration received in advance from customers for contracts to purchase properties, which revenue is recognised over time during the development of the properties. The contract liabilities are expected to be recognised as revenue in the next financial year; and

(b) Advance consideration received from customers for future services, which revenue is recognised over time over future service period. The contract liabilities are expected to be recognised as revenue in the next financial year.

Significant changes to contract assets and contract liabilities balances during the year are as follows:

Group	2019 RM'000	2018 RM'000
Contract liabilities at the beginning of the period recognised as revenue	**23,818**	16,799

Included in contract liabilities are discounts and rebates payable to customers amounting to RM14,964,000 (30.9.2018: RM18,036,000; 1.10.2017: RM16,799,000). The discounts and rebates payable are variable considerations relating to revenue recognition, which are deducted against revenue, and are subject to significant judgements and assumptions disclosed in Note 18.4.

10. CONTRACT WITH CUSTOMERS (CONTINUED)

10.2 Contract costs

Group	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Cost to obtain a contract	**375**	1,015	1,049
Cost to fulfil a contract	**3,574**	7,539	7,893
	3,949	8,554	8,942

Cost to obtain a contract

Cost to obtain a contract primarily comprises incremental commission fees paid to intermediaries as a result of obtaining contracts and they are recoverable.

Capitalised commission fees are amortised when the related revenues are recognised. In 2019, the amount of amortisation was RM884,000 (2018: RM494,000).

Cost to fulfil a contract

Cost to fulfil a contract primarily comprises cost not recognised in profit or loss in respect of development properties related to contracts with customers. In 2019, the amount of amortisation was RM35,856,000 (2018: RM23,800,000).

11. TRADE AND OTHER RECEIVABLES

	Note	Group 30.9.2019 RM'000	Group 30.9.2018 RM'000	Group 1.10.2017 RM'000	Company 30.9.2019 RM'000	Company 30.9.2018 RM'000	Company 1.10.2017 RM'000
Trade							
Trade receivables		**93,530**	99,053	93,089	**-**	-	-
Non-trade							
Other receivables and deposits	11.1	**2,261**	3,167	3,745	**12**	17	17
		95,791	102,220	96,834	**12**	17	17
Included in the above are:							
Financial assets at amortised cost		**95,249**	100,687	96,014	**12**	17	17
Other assets		**542**	1,533	820	**-**	-	-
		95,791	102,220	96,834	**12**	17	17

11.1 Other receivables and deposits

Included in other receivables and deposits of the Group are goods and service tax receivable of RM542,000 (30.9.2018: RM1,533,000; 1.10.2017: RM663,000) and special sales tax refund of RM157,000 in 2017.

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	30.9.2019 Nominal value RM'000	30.9.2019 Assets RM'000	30.9.2019 Liabilities RM'000	30.9.2018 Nominal value RM'000	30.9.2018 Assets RM'000	30.9.2018 Liabilities RM'000
Derivatives held for trading at fair value through profit or loss - Forward exchange contracts	**4,221**	**-**	**(45)**	5,255	26	(15)

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's payables denominated in currencies other than the functional currency of the Group. Most forward exchange contracts have maturities of less than 1 year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	30.9.2019	**30.9.2018**	**30.9.2019**	**30.9.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits placed with licensed banks	**21,001**	49,922	**-**	12,005
Cash and bank balances	**62,324**	52,723	**23,361**	2,115
	83,325	102,645	**23,361**	14,120

Included in cash and bank balances of the Group is RM2,841,000 (30.9.2018: RM8,603,000) held under Housing Development Account, the utilisation of which is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2015.

14. CAPITAL AND RESERVES

14.1 Share capital

	30.9.2019		30.9.2018	
	Amount	**Number of shares**	**Amount**	**Number of shares**
Group and Company	**RM'000**	**'000**	**RM'000**	**'000**
Issued and fully paid shares classified as equity instruments:				
Ordinary shares				
Opening balance	**265,028**	**530,022**	265,028	530,022
Issue of shares pursuant to exercise of warrants	**2**	**4**	-	-
Cancellation of treasury shares	**-**	**(20,000)**	-	-
Closing balance	**265,030**	**510,026**	265,028	530,022

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see Note 14.2), all rights are suspended until those shares are reissued.

During the financial year, 4,197 new ordinary shares were issued pursuant to the exercise of warrants at a unit price of RM0.50 for a total consideration of RM2,099. The remaining unexercised warrants of 603,516 had expired on 26 November 2018 and were delisted from Bursa Malaysia Securities Berhad on 27 November 2018.

On 17 July 2019, the Company cancelled 20,000,000 treasury shares with carrying amount of RM10,469,104 at an average price of RM0.523 per ordinary share.

14. CAPITAL AND RESERVES (CONTINUED)

14.2 Treasury shares

	30.9.2019		30.9.2018	
Group and Company	**Amount RM'000**	**Number of shares '000**	**Amount RM'000**	**Number of shares '000**
Ordinary shares				
Opening balance	**13,620**	**25,124**	11,694	21,330
Own shares acquired	**5,922**	**12,267**	1,926	3,794
Cancellation	**(10,469)**	**(20,000)**	-	-
Closing balance	**9,073**	**17,391**	13,620	25,124

14.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.4 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share option expires, the amount from the share option reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

15. LOANS AND BORROWINGS

	Group		Company	
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Secured:				
Term loans	**47,320**	62,101	**-**	-
Current				
Unsecured:				
Bankers' acceptances	**36,122**	36,286	**-**	-
Secured:				
Bank overdraft	**18,667**	6,743	**-**	-
Revolving credits	**63,000**	55,000	**22,000**	13,000
Term loans	**14,807**	20,477	**-**	-
Bridging loan	**9,038**	-	**-**	-
	141,634	118,506	**22,000**	13,000
	188,954	180,607	**22,000**	13,000

Securities

The loans and borrowings are secured over:

i) land and buildings in property, plant and equipment (see Note 3.2);

ii) investment properties (see Note 4.3); and

iii) inventories (see Note 6).

15. LOANS AND BORROWINGS (CONTINUED)

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

Group	At 1.10 .2017 RM'000	Net drawdown/ (repayment) of loans and borrowings RM'000	At 30.9.2018/ 1.10.2018 RM'000	Net drawdown/ (repayment) of loans and borrowings RM'000	At 30.9.2019 RM'000
Secured:					
Term loans	117,025	(34,447)	82,578	(20,451)	**62,127**
Revolving credits	8,000	47,000	55,000	8,000	**63,000**
Bridging loan	-	-	-	9,038	**9,038**
Unsecured:					
Bankers' acceptances	26,988	9,298	36,286	(164)	**36,122**
Revolving credits	13,000	(13,000)	-	-	**-**
	165,013	8,851	173,864	(3,577)	**170,287**
Company					
Secured revolving credit	-	13,000	13,000	9,000	**22,000**

16. TRADE AND OTHER PAYABLES

		Group			Company		
	Note	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Non-current							
Trade							
Trade payables	16.1	**6,055**	7,536	7,536	**-**	-	-
Current							
Trade							
Trade payables		**59,217**	57,096	30,313	**-**	-	-
Non-trade							
Other payables	16.2	**6,063**	6,931	5,246	**4**	-	1
Deposit received		**2,088**	2,592	1,636	**-**	-	-
Accrued expenses		**8,685**	9,973	10,555	**596**	547	496
Amount due to a subsidiary	16.3	**-**	-	-	**-**	-	13,500
		16,836	19,496	17,437	**600**	547	13,997
		76,053	76,592	47,750	**600**	547	13,997
		82,108	84,128	55,286	**600**	547	13,997
Included in the above are:							
Financial liabilities at amortised cost		**82,108**	84,087	54,173	**600**	547	13,997
Other liabilities		**-**	41	1,113	**-**	-	-
		82,108	84,128	55,286	**600**	547	13,997

16. TRADE AND OTHER PAYABLES (CONTINUED)

16.1 Non-current trade payables

Non-current trade payables of the Group consist of the remaining consideration payable for the acquisition of 2 plots of leasehold land. The remaining consideration payable is subject to the final profit arising from the development of both leasehold land.

16.2 Goods and services tax payable

At 30 September 2018, included in other payables of the Group were goods and services tax payable of RM41,000 (1.10.2017: RM1,113,000).

16.3 Amount due to a subsidiary

At 1 October 2017, non-trade amount due to a subsidiary was unsecured, bore interest of 4.00% per annum and repayable on demand.

17. PROVISION FOR WARRANTIES

Group	Note	30.9.2019 RM'000	30.9.2018 RM'000
Opening balance		**570**	590
Provisions made during the financial year	19	**353**	412
Provisions reversed during the financial year	19	**-**	(60)
Provisions used during the financial year		**(529)**	(366)
Exchange difference		**-**	(6)
Closing balance		**394**	570

The provision for warranties relates to electrical home appliances sold and furniture and fittings installed by the Group. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to incur most of the liabilities over the next financial year.

18. REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	**331,749**	333,102	**-**	-
Other revenue				
- Rental income from investment properties	**5,663**	5,524	**432**	432
- Dividend income	**-**	-	**13,445**	10,162
	337,412	338,626	**13,877**	10,594

18.1 Disaggregation of revenue from contracts with customers

	Group		Company	
	2019	2018	2019	2018
Major products and services	RM'000	RM'000	RM'000	RM'000
Sales of goods	**271,730**	285,182	**-**	-
Sales of development properties	**46,889**	30,702	**-**	-
Sales of developed properties	**13,130**	17,218	**-**	-
	331,749	333,102	**-**	-
Timing and recognition				
At a point in time	**254,178**	280,627	**-**	-
Over time	**77,571**	52,475	**-**	-
	331,749	333,102	**-**	-

18.2 Nature of goods and services

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of goods (at a point in time)	Revenue is recognised at point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 60 days from invoice date.	Discounts and rebates are given to customers where the customers meet sales target and pay within 60 days from invoice date.	The Group allows returns for exchange with new goods.	Assurance warranties of 1 to 5 years are given to customers.

18. REVENUE (CONTINUED)

18.2 Nature of goods and services (continued)

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of goods (over time)	Revenue is recognised over time using the output method based on progress claim submitted to and approved by the customers when home appliances and furniture and fittings are supplied and installed in properties of the customers.	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	The Company is required to fulfil warranty obligation over the defect liability period of 2 years from the date of completion.
Sales of development properties	Revenue is recognised over time using the cost incurred method. Development properties sold to customers typically do not have alternative use and the Company have rights to payment for work performed.	Based on milestone progress billings submitted to customers which are approved by accredited architect, which is subjected to a credit period of 30 days.	Not applicable.	Not applicable.	The Company is required to fulfil warranty obligation over defect liability period of 2 years from the handover of properties to the customers.
Sales of developed properties	Revenue is recognised when right to pledge the developed properties are handed over to the customers.	Based on progress billings with 10% payable upon signing of contract and remaining 90% payable 3 months from date.	Not applicable.	Not applicable.	Not applicable.

18.3 Transaction price allocated to the remaining performance obligations

Transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date of RM25,947,000 are expected to be recognised as revenue progressively in year 2020.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

18. REVENUE (CONTINUED)

18.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For revenue from sales of goods, customers are entitled to discounts and rebates based on achievement of sales targets and pay within 60 days from invoice date. The Group applied significant judgement to determine the probability of sales achievement of the customers and the probability that they will pay within 60 days from invoice date. The Group considered internal information to estimate the probability. In applying judgement, the Group also determined that the recognition of revenue will not result in significant revenue reversal.

- For revenue recognised over time using the cost incurred method, the Group measured the performance of work done by comparing the actual costs incurred with the estimated total costs required to complete the work. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed contracts. A change in the estimates will directly affect the revenue to be recognised.

- For revenue recognised in respect of contracts with customers who are not supported by end-financiers from sales of development properties, the Group has assessed and determined that collectability of the consideration from these customers is probable. In making this judgement, the Group has considered the trend of collections from these customers and the general background of these customers.

19. RESULTS FROM OPERATING ACTIVITIES

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Results from operating activities are arrived at after charging:					
Auditors' remuneration:					
- Audit fees					
KPMG PLT		**353**	302	**65**	53
Other auditors		**72**	69	**-**	-
- Non-audit fees					
KPMG PLT		**17**	16	**10**	10
Material expenses/(income)					
Bad debts recovery		**(142)**	(81)	**-**	-
Bad debts written off		**380**	465	**-**	-
Depreciation of property, plant and equipment	3	**3,769**	4,622	**-**	-

19. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
Material expenses/(income) (continued)		**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gain on disposal of property, plant and equipment		**(139)**	(26)	**-**	-
Gains on foreign exchange:					
- realised		**(106)**	(180)	**-**	-
- unrealised		**(14)**	-	**-**	-
Impairment loss on:					
- intangible assets	5	**-**	500	**-**	-
- trade receivables		**966**	901	**-**	-
Losses on derivative financial instruments:					
- realised		**26**	1	**-**	-
- unrealised		**45**	24	**-**	-
Personnel expenses (including key management personnel):					
- contributions to Employees Provident Fund		**3,999**	4,046	**-**	-
- wages, salaries and others		**30,348**	32,108	**-**	-
- share-based payment		**485**	484	**485**	484
Property, plant and equipment written off		**12**	20	**-**	-
Provision for warranties	17	**353**	412	**-**	-
Realised losses on foreign exchange		**51**	289	**-**	-
Rental expenses:					
- property		**-**	12	**-**	-
- plant and machinery		**30**	34	**-**	-
Reversal of impairment losses on:					
- trade receivables		**(1,010)**	(771)	**-**	-
- investment in a subsidiary	7	**-**	-	**-**	(250)
Reversal of provision for warranties	17	**-**	(60)	**-**	-
Gains on derivative financial instruments:		**-**	-	**-**	-
- realised		**(15)**	-	**-**	-
- unrealised		**-**	(35)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCE INCOME

	Group		Company	
	2019	2018	2019	2018
Recognised in profit or loss	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost	**2,642**	2,211	**5,084**	5,123

21. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Amount due to a subsidiary	**-**	-	**586**	584
- Bankers' acceptance	**1,084**	1,351	**-**	-
- Bank overdraft	**938**	402	**-**	-
- Revolving credits	**4,476**	2,071	**2,479**	877
- Term loan	**3,756**	5,601	**-**	-
- Bridging loan	**61**	-	**-**	-
	10,315	9,425	**3,065**	1,461
Other finance costs	**360**	476	**1**	1
	10,675	9,901	**3,066**	1,462
Recognised in profit or loss	**8,608**	7,520	**3,066**	1,462
Capitalised on qualifying assets				
- inventories	**2,067**	2,381	**-**	-
	10,675	9,901	**3,066**	1,462

22. DIRECTORS' REMUNERATION

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Executive:				
- Fees	**243**	213	**123**	93
- Remuneration	**1,837**	1,828	**10**	6
- Defined contribution plan	**292**	292	**-**	-
- Share options granted under ESOS	**33**	33	**33**	33
- Estimated monetary value of benefits-in-kind	**44**	38	**-**	-
	2,449	2,404	**166**	132
Non-Executive:				
- Fees	**429**	575	**308**	335
- Remuneration	**38**	76	**38**	76
- Share options granted under ESOS	**28**	56	**28**	56
- Gratuity	**90**	-	**90**	-
	585	707	**464**	467
	3,034	3,111	**630**	599

23. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel, except for Directors of the Company, during the financial year was as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Remuneration	**2,721**	2,585	**-**	-
Share options granted under ESOS	**41**	41	**-**	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**645**	773	**-**	-
	3,407	3,399	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

24. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
Recognised in profit or loss	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Tax expense	**11,199**	10,908	**(1,145)**	908

Major components of income tax expense include:

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Income tax expense				
Malaysian - current year	**11,149**	11,471	**524**	908
- prior year	**(191)**	(52)	**(1,885)**	-
Overseas - current year	**230**	404	**-**	-
- prior year	**(2)**	(39)	**-**	-
Total income tax recognised in profit or loss	**11,186**	11,784	**(1,361)**	908
Deferred tax expense (Note 9)				
Origination and reversal of temporary differences	**(522)**	(848)	**216**	-
Prior year	**32**	(28)	**-**	-
Effect of changes in tax rate	**503**	-	**-**	-
Total deferred tax recognised in profit or loss	**13**	(876)	**216**	-
Total tax expense	**11,199**	10,908	**(1,145)**	908
Reconciliation of tax expense				
Profit before tax	**41,830**	46,235	**15,283**	13,106
Income tax using Malaysian tax rate of 24%	**10,039**	11,096	**3,668**	3,145
Effect of tax rates in foreign jurisdiction*	**(107)**	(207)	**-**	-
Non-deductible expenses	**1,146**	551	**299**	202
Tax exempt income	**(221)**	(208)	**(3,227)**	(2,439)
Tax incentive	**-**	(205)	**-**	-
Effect of changes in tax rate	**503**	-	**-**	-
	11,360	11,027	**740**	908
Over provision in prior year	**(161)**	(119)	**(1,885)**	-
	11,199	10,908	**(1,145)**	908

* Some subsidiaries operate in a tax jurisdiction with lower tax rate.

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

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

Group	2019	2018
RM'000		
Profit for the financial year attributable to owners of the Company	**27,718**	32,247
'000		
Weighted average number of ordinary shares at 30 September net of treasury shares	**492,635**	504,898
Sen		
Basic earnings per ordinary share	**5.63**	6.39

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Group	2019	2018
'000		
Weighted average number of ordinary shares at 30 September (basic)	**492,635**	504,898
Effect of exercise of warrants	**- ***	- *
Effect of share options on issue	**- ***	- *
Weighted average number of ordinary shares at 30 September (diluted)	**492,635**	504,898
Sen		
Diluted earnings per ordinary share	**5.63**	6.39

* At 30 September 2019 and 30 September 2018, the effect on the earnings per share in respect of potential ordinary shares from the exercise of share options is anti-dilutive and therefore excluded from the calculation of diluted earnings per ordinary share. Unexercised warrants of 603,516 had expired on 26 November 2018 and were delisted from Bursa Malaysia Securities Berhad on 27 November 2018.

26. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Final 2018 ordinary (single tier)	**2.25**	**11,326**	**5 April 2019**
2018			
Final 2017 ordinary (single tier)	1.75	8,862	6 April 2018

After the end of the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in the subsequent financial period upon approval by the owners of the Company at the forthcoming Annual General Meeting.

	Sen per share	Total amount RM'000
Final 2019 ordinary (single tier)	2.00	9,853

27. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed based on the Group's management and internal reporting structure. For each of the strategic business units, the Group Managing Director (the chief operating decision maker) reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

Trading and services	Distribution and servicing of electrical home appliances, sanitaryware, kitchen and wardrobe system and built-in furniture, other household products, bathroom accessories, medical devices and healthcare products
Property development	Property development
Investment holding and property investment	The long term investment in unquoted shares and property investment

Performance is measured based on segment profit before tax, interest and depreciation ("segment profit") as included in the internal management reports that are reviewed by the Group Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

27. OPERATING SEGMENTS (CONTINUED)

Segment assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total liabilities are used to measure the gearing of each segment.

27. OPERATING SEGMENTS (CONTINUED)

	Trading and services		Property development		Investment holding and property investment		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Segment profit	**39,246**	43,839	**9,228**	8,395	**18,218**	14,468	**66,692**	66,702
Included in the measure of segment profit are:								
Revenue from external customers	**271,730**	285,182	**60,019**	47,920	**5,663**	5,524	**337,412**	338,626
Inter-segment revenue	**2,341**	43	**-**	-	**15,441**	12,137	**17,782**	12,180
Inventories written down and written off	**(2,111)**	(797)	**-**	-	**-**	-	**(2,111)**	(797)
Not included in the measure of segment profit but provided to Group Managing Director:								
Depreciation	**(2,944)**	(3,684)	**(69)**	(165)	**(169)**	(186)	**(3,182)**	(4,035)
Interest expense	**(2,473)**	(2,727)	**(6,098)**	(6,164)	**(5,815)**	(3,604)	**(14,386)**	(12,495)
Interest income	**4,563**	3,745	**165**	272	**4,439**	3,677	**9,167**	7,694
Segment assets	**361,431**	352,136	**414,512**	385,415	**375,415**	378,619	**1,151,358**	1,116,170
Included in the measure of segment assets are:								
Deferred tax assets	**657**	816	**4,901**	4,302	**-**	-	**5,558**	5,118
Current tax assets	**103**	336	**73**	2,329	**-**	184	**176**	2,849
Segment liabilities	**(113,155)**	(116,820)	**(218,652)**	(216,129)	**(80,217)**	(81,166)	**(412,024)**	(414,115)

27. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

Profit or loss	2019 RM'000	2018 RM'000
Total profit or loss for reportable segments	**66,692**	66,702
Elimination of inter-segment profits	**(15,487)**	(11,012)
Depreciation	**(3,769)**	(4,622)
Interest expense	**(8,248)**	(7,044)
Interest income	**2,642**	2,211
Consolidated profit before tax	**41,830**	46,235

27. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (continued)

	External revenue RM'000	Depreciation RM'000	Interest expense RM'000	Interest income RM'000	Segment assets RM'000	Segment liabilities RM'000
2019						
Total reportable segments	**337,412**	**(3,182)**	**(14,386)**	**9,167**	**1,151,358**	**(412,024)**
Elimination of inter-segment transactions and balances	**-**	**(587)**	**6,138**	**(6,525)**	**(343,286)**	**117,956**
Consolidated total	**337,412**	**(3,769)**	**(8,248)**	**2,642**	**808,072**	**(294,068)**
2018						
Total reportable segments	338,626	(4,035)	(12,495)	7,694	1,116,170	(414,115)
Elimination of inter-segment transactions and balances	-	(587)	5,451	(5,483)	(318,843)	118,120
Consolidated total	338,626	(4,622)	(7,044)	2,211	797,327	(295,995)

Geographical segments

The Group operates primarily in Malaysia and as such, no geographical segment disclosures are made.

Major customers

The Group does not have any major customer with revenue equal or more than 10% of the Group's total revenue.

28. FINANCIAL INSTRUMENTS

As permitted by MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards,* the Group and the Company have elected the exemption not to apply MFRS 7, *Financial Instruments: Disclosure* in respect of the comparative information.

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

30.9.2019	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group				
Financial assets				
Trade and other receivables	11	**95,249**	**95,249**	**-**
Cash and cash equivalents	13	**83,325**	**83,325**	**-**
		178,574	**178,574**	**-**
Financial liabilities				
Loans and borrowings	15	**(188,954)**	**(188,954)**	**-**
Trade and other payables	16	**(82,108)**	**(82,108)**	**-**
Derivative financial liabilities	12	**(45)**	**-**	**(45)**
		(271,107)	**(271,062)**	**(45)**
Company				
Financial assets				
Amount due from subsidiaries	8	**34,975**	**34,975**	**-**
Trade and other receivables	11	**12**	**12**	**-**
Cash and cash equivalents	13	**23,361**	**23,361**	**-**
		58,348	**58,348**	**-**
Financial liabilities				
Loans and borrowings	15	**(22,000)**	**(22,000)**	**-**
Trade and other payables	16	**(600)**	**(600)**	**-**
		(22,600)	**(22,600)**	**-**

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Net gains and losses arising from financial instruments

2019	Group RM'000	Company RM'000
Net gains/(losses) on:		
Financial liabilities at fair value through profit or loss mandatorily required by MFRS 9	**(56)**	**-**
Financial assets at amortised cost	**2,404**	**5,084**
Financial liabilities at amortised cost	**(8,179)**	**(3,065)**
	(5,831)	**2,019**
Net gain on impairment of financial instruments:		
Financial assets at amortised cost	**44**	**-**

28.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables from customers. The Company's exposure to credit risk arises principally from amount due from subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

For trading and services segment, normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

For property development segment, purchasers are normally supported by the end-financiers which are reputable banks in Malaysia. For self-financed purchasers, the Group extends credit based upon evaluation of the purchasers' financial condition and credit history. Trade receivables are monitored on an ongoing basis by the Group's sales and administrative department.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of trade receivables for trading and services segment are regular customers that have been transacting with the Group whilst significant portion of trade receivables for property development segment are purchasers that are backed by financiers. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 90 days or not backed by financier, in the case of trade receivables from property development segment, which are deemed to have higher credit risk, are monitored individually.

For the trading and services segment, the Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, trade receivables amounting to RM41,448,000 (30.9.2018: RM53,745,000; 1.10.2017: RM49,620,000) are supported by financial guarantees given by banks, shareholders or directors of the customers. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

For property development segment, the trade receivables are not secured by any collateral or supported by any other credit enhancements. However, the Group mitigates its credit risk by maintaining its name as the registered owner of the properties until full settlement of the purchase consideration or upon undertaking of end-financing by the purchasers' end-financier.

Concentration of credit risk

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period arise domestically.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses

Trading and services segment

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 to 90 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

b) Above 180 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 180 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 180 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

Property development segment

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 to 90 days. The Group's debt recovery process is as follows:

a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales and administrative department; and

b) If the customer did not abide by the agreed debt restructuring arrangement, the Group will issue notice of termination to commence termination of contract and recovery of the properties sold in order to reduce the credit risk exposure.

The Group measures expected credit loss ("ECL") of trade receivables individually. Consistent with the debt recovery process, invoices of which customers have defaulted on debt recovery arrangements are generally considered as credit impaired.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

Loss rates are determined for each individual purchasers using past payment trends and other external information relating to the purchasers that are publicly available. In determining the loss rates for each individual purchasers, the Group also considers the value of properties sold that could be recovered upon termination of contract which will reduce credit loss arising from the trade receivables.

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
30.9.2019			
Not past due	**78,671**	**-**	**78,671**
Past due 1 - 60 days	**23,700**	**-**	**23,700**
Past due 61 - 90 days	**5,938**	**(275)**	**5,663**
Past due more than 90 days	**4,022**	**(62)**	**3,960**
	112,331	**(337)**	**111,994**
Credit impaired			
Individually impaired	**2,921**	**(2,921)**	**-**
	115,252	**(3,258)**	**111,994**

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

	Trade receivables		
Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Opening balance	**-**	**3,482**	**3,482**
Amounts written off	**-**	**(180)**	**(180)**
Net remeasurement of loss allowance	**337**	**(381)**	**(44)**
Closing balance	**337**	**2,921**	**3,258**

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company also provides financial support to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM153,953,000 representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

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

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (continued)

Inter-company loans and advances (continued)

Exposure to credit risk, credit quality and collateral (continued)

Loans and advances are only provided to subsidiaries of the Company.

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

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries to have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 30 September 2019.

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
30.9.2019			
Low credit risk	**34,975**	-	**34,975**
Credit impaired	-	-	-
	34,975	-	**34,975**

28.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their trade and other payables and loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (continued)

Maturity analysis

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

Group 30.9.2019	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Non-derivative financial liabilities						
Revolving credit - secured	63,000	5.17 - 6.27	63,000	63,000	-	-
Bank overdraft - secured	18,667	6.45 - 6.95	18,667	18,667	-	-
Bankers' acceptances - unsecured	36,122	3.90 - 4.69	36,122	36,122	-	-
Term loans - secured	62,127	4.75 - 5.58	69,829	17,647	47,355	4,827
Bridging loan - secured	9,038	5.58 - 5.67	9,038	9,038	-	-
Trade and other payables	82,108	-	82,108	82,108	-	-
	271,062		278,764	226,582	47,355	4,827
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Inflow	-		(4,176)	(4,176)	-	-
Outflow	45		4,221	4,221	-	-
	271,107		278,809	226,627	47,355	4,827

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (continued)

Maturity analysis (continued)

Company 30.9.2019	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
Non-derivative financial liabilities						
Revolving credit - secured	22,000	5.17 - 6.27	22,000	22,000	-	-
Financial guarantee	-	-	153,953	153,953	-	-
Trade and other payables	600	-	600	600	-	-
	22,600		176,553	176,553	-	-

28.6 Market risk

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

28.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Chinese Yuan ("CNY").

Risk management objectives, policies and processes for managing the risk

The Group's exposure to foreign currency risk is monitored on an ongoing basis and the Group will use forward exchange contracts to hedge its foreign currency risk when necessary. Forward exchange contracts, if any, would have maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Market risk (continued)

28.6.1 Currency risk (continued)

Exposure to foreign currency risk

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

	30.9.2019	
	USD	**CNY**
Group	**RM'000**	**RM'000**
Balances recognised in the statement of financial position		
Trade payables	**3,348**	**2,856**
Foreign exchange contracts	**-**	**45**
Net exposure	**3,348**	**2,901**

Currency risk sensitivity analysis

Group entities which have a Ringgit Malaysia ("RM") functional currency are exposed to foreign currency risk in respect of purchases that are denominated in a currency other than RM.

A 10% (2018: 10%) weakening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss 2019
Group	**RM'000**
USD	**254**
CNY	**220**
	474

A 10% (2018: 10%) strengthening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Market risk (continued)

28.6.2 Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and loans and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

30.9.2019	Group RM'000	Company RM'000
Fixed rate instruments		
Financial assets	**21,001**	**-**
Financial liabilities	**(36,122)**	**-**
	(15,121)	**-**
Floating rate instruments		
Financial assets	**-**	**34,975**
Financial liabilities	**(152,832)**	**(22,000)**
	(152,832)	**12,975**

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Market risk (continued)

28.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

2019	Group RM'000	Company RM'000
Floating rate instruments		
100 bp increase	**(1,162)**	**99**
100 bp decrease	**1,162**	**(99)**

28.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term loans and borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments				Carrying
	Level 1	Level 2	Level 3	Total	amount
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial liabilities					
30.9.2019					
Financial instruments carried at fair value					
Forward exchange contracts	**-**	**45**	**-**	**45**	**45**
Financial instruments not carried at fair value					
Trade payables - non-current	**-**	**-**	**6,055**	**6,055**	**6,055**
Term loans	**-**	**-**	**62,127**	**62,127**	**62,127**
	-	**-**	**68,182**	**68,182**	**68,182**
	-	**45**	**68,182**	**68,227**	**68,227**

Policy on transfer between levels

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

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (continued)

Level 2 fair value

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year and previous year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values within Level 3 are determined using the discounted cash flows valuation technique based on the current market rate of borrowings of the respective Group entities at the reporting date.

29. CAPITAL MANAGEMENT

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

During the financial year, the Group's strategy, which was unchanged from 2018, is to maintain the gearing ratio of below 1. The gearing ratios at 30 September 2019, 30 September 2018 and 1 October 2017 were as follows:

Group	30.9.2019 RM'000	30.9.2018 RM'000	1.10.2017 RM'000
Total loans and borrowings (Note 15)	**188,954**	180,607	180,722
Less: Cash and cash equivalents (Note 13)	**(83,325)**	(102,645)	(78,938)
Net debt	**105,629**	77,962	101,784
Total equity attributable to owners of the Company	**489,501**	478,565	456,872
Gearing ratio (times)	**0.22**	0.16	0.22

29. CAPITAL MANAGEMENT (CONTINUED)

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

Certain subsidiaries are required to maintain gearing ratios to comply with bank covenants, failing which, the banks may call an event of default. These subsidiaries have complied with these covenants at the end of the reporting period.

30. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Group	30.9.2019 RM'000	30.9.2018 RM'000
Less than one year	**317**	365
Between one and five years	**411**	189
	728	554

The Group leased commercial properties under operating leases. The leases typically run for an initial period of one year, with an option to renew the leases after the date of expiration. None of the leases include contingent rentals.

Leases as lessor

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

Group	30.9.2019 RM'000	30.9.2018 RM'000
Less than one year	**4,547**	4,501
Between one and five years	**3,348**	5,913
	7,895	10,414

Each of the leases contains an initial non-cancellable period ranging between 1 to 5 years (30.9.2018: 1 to 5 years). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

31. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group. Key management personnel include all the Directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

The Group and the Company have a related party relationship with its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Company are shown below. The balances related to the below transactions are shown in Note 8 and Note 16.

	Group		Company	
	2019	2018	**2019**	2018
	RM'000	**RM'000**	**RM'000**	**RM'000**
A. Companies in which key management personnel have interest				
Sales	**-**	67	**-**	-
Purchases	**(3,550)**	(4,606)	**-**	-
B. Subsidiaries				
Dividend income received	**-**	-	**13,445**	10,162
Rental income received	**-**	-	**432**	432
Interest received	**-**	-	**5,070**	5,116
Interest paid	**-**	-	**(586)**	(584)
Subscription of redeemable convertible preference shares	**-**	-	**(191,378)**	-
Settlement of capital contribution from subsidiaries	**-**	-	**126,378**	100,066
Transfer of equipment	**-**	-	**-**	10
Net repayment of advances received/(advances given)	**-**	-	**66,001**	(100,976)

Directors' remuneration and key management compensation are disclosed in Note 22 and Note 23 respectively.

32. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Company	30.9.2019 RM'000	30.9.2018 RM'000
Corporate guarantees issued to licensed banks in respect of borrowings granted to subsidiaries	**153,953**	154,607

33. SIGNIFICANT EVENTS

(i) Dissolution of a subsidiary

Ebac Kitchen Sdn. Bhd., a 99.99%-owned subsidiary of Fiamma Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, commenced members' voluntary liquidation on 18 October 2016 and held its Final Meeting on 23 July 2018 and subsequently dissolved on 29 October 2018 pursuant to Section 272(5) of the Companies Act, 1965.

(ii) Striking off of a subsidiary

Itatech Sdn. Bhd., a wholly-owned subsidiary of the Company, had been struck off from the Register and dissolved following the publication of the notice of striking-off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette on 1 July 2019.

(iii) Application for striking-off of a subsidiary

Beaulogy Sdn. Bhd., a wholly-owned subsidiary of Fiamma Trading Sdn. Bhd., which in turn is a 70%-owned subsidiary of the Company had on 25 September 2019 applied for striking-off from the Register pursuant to Section 550 of the Companies Act 2016.

34. SUBSEQUENT EVENT

Repurchase of the Company's shares

Subsequent to the financial year end, the Company repurchased 880,000 of its issued share capital from the open market at an average price of RM0.50 per share including transaction costs. The total consideration paid was RM441,792.

35. EXPLANATION OF TRANSITION TO MFRSS

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and of the Company for the financial year ended 30 September 2019, the comparative information presented in these financial statements for the financial year ended 30 September 2018 and in the preparation of the opening MFRSs statement of financial position at 1 October 2017 (the Group's and the Company's date of transition to MFRSs).

In preparing the opening statement of financial position at 1 October 2017, the Group and the Company have adjusted amounts reported previously in financial statements prepared in accordance with FRSs. An explanation of how the transition from FRSs to MFRSs has affected the Group's and the Company's financial position and financial performance is set out in the following notes.

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.1 Reconciliation of financial position

Group	Note	At 30.9.2018 FRSs RM'000	At 30.9.2018 Effect of Transition to MFRSs RM'000	At 30.9.2018 MFRSs RM'000	At 1.10.2017 FRSs RM'000	At 1.10.2017 Effect of Transition to MFRSs RM'000	At 1.10.2017 MFRSs RM'000
Assets							
Property, plant and equipment	a	100,641	1,386	102,027	103,681	1,386	105,067
Investment properties		76,419	-	76,419	75,684	-	75,684
Intangible assets		-	-	-	500	-	500
Land held for property development	b	27,815	(27,815)	-	27,792	(27,792)	-
Inventories	b	-	150,104	150,104	-	138,652	138,652
Deferred tax assets	h	2,591	2,527	5,118	1,973	2,019	3,992
Total non-current assets		207,466	126,202	333,668	209,630	114,265	323,895
Property development costs	b	221,093	(221,093)	-	200,275	(200,275)	-
Inventories	b,f,g	147,822	94,174	241,996	131,130	85,395	216,525
Contract assets	c,e	-	4,389	4,389	-	6,851	6,851
Contract costs	b,d,f	-	8,554	8,554	-	8,942	8,942
Trade and other receivables	c,j	102,246	(26)	102,220	102,599	(5,765)	96,834
Prepayment		980	-	980	1,038	-	1,038
Current tax assets		2,849	-	2,849	2,644	-	2,644
Derivative financial assets	j	-	26	26	-	1	1
Cash and cash equivalents		102,645	-	102,645	78,938	-	78,938
Total current assets		577,635	(113,976)	463,659	516,624	(104,851)	411,773
Total assets		785,101	12,226	797,327	726,254	9,414	735,668

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.1 Reconciliation of financial position (continued)

Group	Note	At 30.9.2018 FRSs RM'000	At 30.9.2018 Effect of Transition to MFRSs RM'000	At 30.9.2018 MFRSs RM'000	At 1.10.2017 FRSs RM'000	At 1.10.2017 Effect of Transition to MFRSs RM'000	At 1.10.2017 MFRSs RM'000
Equity							
Share capital		265,028	-	265,028	265,028	-	265,028
Treasury shares		(13,620)	-	(13,620)	(11,694)	-	(11,694)
Reserves	a	39,648	(35,946)	3,702	39,414	(35,946)	3,468
Retained earnings	i	176,897	46,558	223,455	153,162	46,908	200,070
Total equity attributable to owners of the Company		467,953	10,612	478,565	445,910	10,962	456,872
Non-controlling interests	i	22,847	(80)	22,767	21,054	-	21,054
Total equity		490,800	10,532	501,332	466,964	10,962	477,926
Liabilities							
Loans and borrowings		62,101	-	62,101	97,534	-	97,534
Trade and other payables		7,536	-	7,536	7,536	-	7,536
Deferred tax liabilities	h	5,802	(1,548)	4,254	5,552	(1,548)	4,004
Total non-current liabilities		75,439	(1,548)	73,891	110,622	(1,548)	109,074
Loans and borrowings		118,506	-	118,506	83,188	-	83,188
Trade and other payables	c,j	97,183	(20,591)	76,592	64,549	(16,799)	47,750
Provision for warranties		570	-	570	590	-	590
Contract liabilities	c	-	23,818	23,818	-	16,799	16,799
Current tax liabilities		2,603	-	2,603	341	-	341
Derivative financial liabilities	j	-	15	15	-	-	-
Total current liabilities		218,862	3,242	222,104	148,668	-	148,668
Total liabilities		294,301	1,694	295,995	259,290	(1,548)	257,742
Total equity and liabilities		785,101	12,226	797,327	726,254	9,414	735,668

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.1 Reconciliation of financial position (continued)

Company	Note	At 30.9.2018 FRSs RM'000	Effect of Transittion to MFRSs RM'000	MFRSs RM'000	At 1.10.2017 FRSs RM'000	Effect of Transition to MFRSs RM'000	MFRSs RM'000
Assets							
Property, plant and equipment		-	-	-	10	-	10
Investment properties		7,500	-	7,500	7,500	-	7,500
Investment in subsidiaries		173,453	-	173,453	273,269	-	273,269
Amount due from subsidiaries		100,976	-	100,976	-	-	-
Total non-current assets		281,929	-	281,929	280,779	-	280,779
Trade and other receivables		17	-	17	17	-	17
Prepayment		15	-	15	41	-	41
Current tax assets		184	-	184	-	-	-
Cash and cash equivalents		14,120	-	14,120	14,001	-	14,001
Total current assets		14,336	-	14,336	14,059	-	14,059
Total assets		296,265	-	296,265	294,838	-	294,838

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.1 Reconciliation of financial position (continued)

Company	Note	At 30.9.2018 FRSs RM'000	At 30.9.2018 Effect of Transition to MFRSs RM'000	At 30.9.2018 MFRSs RM'000	At 1.10.2017 FRSs RM'000	At 1.10.2017 Effect of Transition to MFRSs RM'000	At 1.10.2017 MFRSs RM'000
Equity							
Share capital		265,028	-	265,028	265,028	-	265,028
Treasury shares		(13,620)	-	(13,620)	(11,694)	-	(11,694)
Reserves		2,026	-	2,026	1,542	-	1,542
Retained earnings	i	29,284	(1,375)	27,909	25,948	(1,375)	24,573
Total equity		282,718	(1,375)	281,343	280,824	(1,375)	279,449
Liabilities							
Deferred tax liabilities	h	-	1,375	1,375	-	1,375	1,375
Total non-current liabilities		-	1,375	1,375	-	1,375	1,375
Loans and borrowings		13,000	-	13,000	-	-	-
Trade and other payables		547	-	547	13,997	-	13,997
Current tax liabilities		-	-	-	17	-	17
Total current liabilities		13,547	-	13,547	14,014	-	14,014
Total liabilities		13,547	1,375	14,922	14,014	1,375	15,389
Total equity and liabilities		296,265	-	296,265	294,838	-	294,838

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.2 Reconciliation of profit or loss and other comprehensive income for the financial year ended 30 September 2018

Group	Note	FRSs RM'000	Effect of Transition to MFRSs RM'000	MFRSs RM'000
Revenue	e	339,099	(473)	338,626
Cost of sales	f	(230,817)	250	(230,567)
Gross profit		108,282	(223)	108,059
Other income	j	4,122	(2,211)	1,911
Distribution expenses	d,e	(30,909)	(138)	(31,047)
Administrative expenses		(24,717)	-	(24,717)
Other expenses		(2,662)	-	(2,662)
Results from operating activities		54,116	(2,572)	51,544
Finance income	j	-	2,211	2,211
Finance costs	g	(6,943)	(577)	(7,520)
Profit before tax		47,173	(938)	46,235
Tax expense	h	(11,416)	508	(10,908)
Profit for the financial year		35,757	(430)	35,327
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign exchange translation difference		(369)	-	(369)
Total comprehensive income for the financial year		35,388	(430)	34,958

35.3 Material adjustments to the statements of cash flows for 2018

Group	Note	FRSs RM'000	Effect of Transition to MFRSs RM'000	MFRSs RM'000
Cash flows from operating activities	b	39,925	5,592	45,517
Cash flows from investing activities	b	(130)	23	(107)
Cash flows from financing activities		(12,610)	-	(12,610)
Net increase in cash and cash equivalents		27,185	5,615	32,800

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations

Note a

The Group elected to apply the optional exemption to measure certain property, plant and equipment at fair value at the date of transition to MFRSs and use that fair value as deemed cost under MFRS.

The aggregate fair value of these property, plant and equipment at 1 October 2017 was determined to be RM95,837,000 compared to the then carrying amount of RM94,451,000 under FRSs. The revaluation reserve of RM35,946,000 at 1 October 2017 and 30 September 2018 was reclassified to retained earnings.

The impact arising from the change is summarised as follows:

Group	30.9.2018 RM'000	1.10.2017 RM'000
Consolidated statement of financial position		
Property, plant and equipment	1,386	1,386
Revaluation reserve	35,946	35,946
Related tax effect	(332)	(332)
Adjustment to retained earnings	37,000	37,000

Note b

Under FRS, cost associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities are recognised as property development costs. Land on which no development activities have been carried out or where development activities are not expected to be completed within the Company's normal operating cycle of 2 to 3 years are classified as non-current assets and presented as land held for property development.

Upon transition to MFRS, land held for property development and property development costs are recognised as inventories as these assets are in the process of production for sale. Inventories are presented as current assets when the Group is expected to realise the inventories, or intends to sell it, in its normal operating cycle.

In addition, cost of properties under developments, that relate directly to a contract with customers where revenue is recognised over time, are being accounted for as cost of fulfilment of contracts and are being classified as contract costs.

The change has led to a reclassification of property development costs and land held for property development to contract costs and current and non-current inventories. Additions to land held for property development previously presented as cash flows from investing activities in the statement of cash flows were also reclassified as changes in working capital which is presented in cash flows from operating activities in the statement of cash flows. There is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations (continued)

Note c

Under FRS, the excess of revenue recognised over profit or loss over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is shown as progress billings.

Upon transition to MFRS, accrued billings and progress billings are recognised as contract assets and contract liabilities respectively.

The change has led to a reclassification of accrued billings and progress billings to contract assets and contract liabilities respectively and there is no impact to equity and the statement of profit or loss and other comprehensive income of the Company.

Note d

Under FRS, the incremental costs of obtaining contracts with customers are expensed off into profit or loss as incurred.

Upon transition to MFRS, incremental costs of obtaining contracts are recognised as an asset when the Company expects to recover these costs. 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.

The impact arising from the change is summarised as follows:

Group	30.9.2018 RM'000	1.10.2017 RM'000
Statement of profit or loss and other comprehensive income		
Distribution expenses	(177)	
Adjustment before tax	(177)	
Statement of financial position		
Contract costs - Cost to obtain a contract	872	1,049
Related tax effect	(209)	(253)
Adjustment to retained earnings	663	796

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations (continued)

Note e

Under FRS, revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Upon transition to MFRS, revenue is recognised and measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, based on the following criteria, among others:

(a) Revenue is recognised in respect of a contract with a customer if collectability of the consideration for the transfer of goods and services is probable.

(b) Revenue is recognised for each distinct goods and services (or performance obligations) identified in a contract with a customer, based on considerations specified in a contract, which is allocated to each performance obligations on a relative standalone selling price basis.

The impact arising from the change is summarised as follows:

Group	30.9.2018 RM'000	1.10.2017 RM'000
Statement of profit or loss and other comprehensive income		
Revenue	(473)	
Distribution expenses	39	
Adjustment before tax	(434)	
Statement of financial position		
Contract assets	653	1,087
Related tax effect	(156)	(261)
Adjustment to retained earnings	497	826

Note f

Under FRS, cost of sales is recognised based on property development costs attributable to development properties sold in the period in which the related revenue is recognised resulting in the matching of cost of sales and revenue.

Upon transition to MFRS, cost of sales is recognised based on amortisation of cost to fulfil contract on a systematic basis that is consistent with the pattern of revenue recognition to which the sold development properties relates. Cost to fulfil contract for development properties sold are carrying amount of inventories attributed to the development properties sold.

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations (continued)

Note f (continued)

The impact arising from the change is summarised as follows:

Group	30.9.2018 RM'000	1.10.2017 RM'000
Statement of profit or loss and other comprehensive income		
Cost of sales	250	
Adjustment before tax	250	
Statement of financial position		
Inventories	10,015	10,015
Contract costs - Cost to fulfil a contract	(969)	(1,219)
Related tax effect	233	293
Adjustment to retained earnings	9,279	9,089

Note g

Upon transition to MFRS, the Company adopted the IFRIC agenda decision on capitalisation of borrowing costs in relation to over time transfer of constructed goods. Consequently, borrowing costs capitalised in prior year in relation to inventories that are ready for their intended sales are recognised in profit or loss.

The impact arising from the change is summarised as follows:

Group	30.9.2018 RM'000	1.10.2017 RM'000
Statement of profit or loss and other comprehensive income		
Finance cost	(577)	
Adjustment before tax	(577)	
Statement of financial position		
Inventories	(5,500)	(4,923)
Related tax effect	1,320	1,182
Adjustment to retained earnings	(4,180)	(3,741)

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations (continued)

Note h

(i) In previous financial years, the Group has over-recognised deferred tax liabilities in respect of inventories. The Group has adjusted the overprovision of deferred tax liabilities by re-assessing the tax base and expected manner of realisation for the carrying amount of inventories using the tax rates expected to apply when the assets are recovered based on tax rates that are enacted or substantively enacted at the reporting date.

(ii) Under FRS, the Company applied the rebuttable presumption that the carrying amount of investment property carried at fair value will be recovered through sale and has measured the deferred tax on investment properties using the tax rate that would apply on sale of those investment properties.

Upon transition to MFRS, the Company rebutted the presumption for investment properties that were depreciable and were held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale, and has measured the deferred tax for those investment properties based on the expected manner of realisation of the carrying amount of the investment properties, using tax rates enacted or substantively enacted at the reporting date.

The changes that affected deferred tax asset/liabilities are as follows:

	Note	30.9.2018 RM'000	1.10.2017 RM'000
Group			
Property, plant and equipment - Deemed cost exemption	35.4a	(332)	(332)
Contract costs - Cost to obtain a contract	35.4d	(209)	(253)
Change in revenue recognition	35.4e	(156)	(261)
Change in cost of sales	35.4f	233	293
Borrowing costs capitalised recognised in profit or loss	35.4g	1,320	1,182
Deferred tax liabilities on inventories	35.4h(i)	3,219	2,938
Change in deferred tax assets/liabilities		4,075	3,567
Represented by:			
Increase in deferred tax assets		2,527	2,019
Decrease in deferred tax liabilities		1,548	1,548
		4,075	3,567
Company			
Deferred tax on investment properties	35.4h(ii)	(1,375)	(1,375)

The effect on the statement of profit or loss and other comprehensive income for the financial year ended 30 September 2018 was to decrease the previously reported tax charge for the Group by RM508,000.

35. EXPLANATION OF TRANSITION TO MFRSS (CONTINUED)

35.4 Notes to reconciliations (continued)

Note i

The changes that affected the retained earnings are as follows:

	Note	30.9.2018 RM'000	1.10.2017 RM'000
Group			
Property, plant and equipment - Deemed cost exemption	35.4a	37,000	37,000
Contract costs - Cost to obtain a contract	35.4d	663	796
Change in revenue recognition	35.4e	497	826
Change in cost of sales	35.4f	9,279	9,089
Borrowing costs capitalised recognised in profit or loss	35.4g	(4,180)	(3,741)
Deferred tax liabilities on inventories	35.4h(i)	3,219	2,938
Non-controlling interests		80	-
Increase in retained earnings		46,558	46,908
Company			
Deferred tax on investment properties	35.4h(ii)	(1,375)	(1,375)
Decrease in retained earnings		(1,375)	(1,375)

Note j

Certain comparative figures in the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows and notes to the financial statements were reclassified to conform with current year presentation.

STATEMENT BY DIRECTORS

Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 53 to 149 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2019 and of their financial performance and cash flows for the financial year then ended.

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

....

Lim Choo Hong
Director

Chin Mee Foon
Director

Kuala Lumpur,
Date: 16 December 2019

STATUTORY DECLARATION

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

I, Chin Mee Foon, the Director primarily responsible for the financial management of Fiamma Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 149 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chin Mee Foon, MIA: CA 2191, at Kuala Lumpur in the Federal Territory on 16 December 2019.

....

Chin Mee Foon

Before me:

KAPT. (B) JASNI BIN YUSOFF

Registered No.: W 465
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of Fiamma Holdings Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fiamma Holdings Berhad, which comprise the statements of financial position as at 30 September 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 149.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

to the members of Fiamma Holdings Berhad

Key Audit Matters for the Group

Revenue recognition - Adoption of MFRS 15

Refer to Note 2(o) - Significant accounting policy: Revenue and Note 18 - Revenue

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue from contracts with customers amounting to RM331.7 million. Revenue recognition from contracts with customers is identified as a key audit matter because significant judgements were applied in revenue recognition, amongst others include: • Probability of collection of consideration from customers, especially for sales of development properties and developed properties to cash purchasers; • Measurement of progress towards satisfaction of performance obligations using cost incurred method, in particular, relating to the estimation of the total costs required to complete the work used in the calculation of stage of completion.	Our audit procedures included, amongst others: • Reviewed contracts with customers and relevant supporting documents and assessed the appropriateness of revenue recognition under MFRS 15; • Reviewed the Group's assessment relating to the probability of collection of consideration from customers, in particular for sales of development properties and developed properties to customers who are not supported by end-financiers; • Agreed the estimated total costs to complete the work to the feasibility study prepared by the Group and compared the details of the estimated costs against documentary evidence in order to evaluate the reasonableness of the estimated total property development costs; • Compared the progress towards satisfaction of performance obligations using cost incurred method against the progress of construction work as stipulated in progress reports from contractors and physical progress from our observation and enquiry of site personnel during the development site visit. Based on the progress of the development, we considered the Group's exposure to liquidated ascertained damages claims from property buyers; • Evaluated the effectiveness of the Group's internal controls over revenue recognition for sales of goods on a sampling basis; • Inspected evidence for delivery of goods and sales invoices in respect of samples selected from sales of goods transacted immediately before and after the end of the reporting period to assess whether the revenue were recorded in the correct financial year; • Inspected samples of credit notes issued by the Group subsequent to year end to ascertain whether they relate to return of goods or sales cancellation in respect of revenue recognised before the year end; and • Obtained written confirmations from customers of the Group on a sampling basis to test that revenue recognised close to the year end in respect of those customers were recorded in the correct financial year.

Key Audit Matters for the Group (continued)

<table>
<tr><td colspan="2">Valuation of developed properties
Refer to Note 2(g) - Significant accounting policy: Inventories and Note 6 - Inventories</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Included in inventories of the Group as at 30 September 2019 are unsold completed properties amounting to RM84.5 million.

Developed properties are measured at lower of cost and net realisable value. The determination of the estimated net realisable value for these developed properties depends on the Group's expectation of future selling prices.

Valuation of developed properties is identified as a key audit matter because these developed properties were available for sales since the launch of the property development projects in previous years and the challenges faced by the Group in selling these developed properties may indicate that the Group's expectation of future selling prices may not be attainable which increases the uncertainty over the valuation of these developed properties.</td><td>We performed the following audit procedures, amongst others:

• Checked the valuation of developed properties by comparing the carrying amounts of developed properties against the selling prices of similar developed properties sold subsequent to year end or selling prices of similar developed properties sold within the same development project to identify indications whether the net realisable value of developed properties are below their carrying amounts;

• Where there are no similar developed properties sold subsequent to year end, the net realisable values of developed properties were compared with the fair values of the developed properties determined based on valuation performed by the external property valuers engaged by the Group;

• Evaluated the qualifications and competence of the external valuers;

• Evaluated the valuation methodology as stipulated in the valuation report against industry practice and the Malaysian Valuation Standards;

• Evaluated the reliability and accuracy of significant source data used in deriving the fair value of the developed properties by inspecting the valuation report and enquiring the external property valuers with regards to the origin of significant source data; and

• Enquired the external property valuers to assess the impact to the fair value of developed properties in respect of any limitation or restriction of use as stipulated in the valuation report.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT
to the members of Fiamma Holdings Berhad

Key Audit Matters for the Group (continued)

Discounts and rebates payable
Refer to Note 2(h) - Significant accounting policy: Contract liability, Note 10 - Contract with customers and Note 18 - Revenue

The key audit matter	How the matter was addressed in our audit
Included in contract liabilities of the Group are discounts and rebates payable to customers amounting to RM15.0 million. The discounts and rebates payable are variable considerations relating to revenue recognition. Discounts and rebates payable to customers are identified as a key audit matter because accounting for these discounts and rebates payable are highly judgemental and subject to high degree of estimation uncertainty. The discounts and rebates payable are accounted for based on trade agreements and/or verbal commitments by sales representatives of the Group according to internal sales and marketing plans. The subsequent payments of such accrued expenses are primarily subject to claims submitted by customers, the customers meeting the pre-requisite sales target and the Group approving the claims submitted by the customers.	We performed the following audit procedures, amongst others: • Tested the existence of obligation, whether legal or constructive, for the Group to incur the discounts and rebates payable by reviewing agreements with customers. For rebates based on verbal commitments, we have tested the existence of obligation against internal advertising and promotion plans and the historical payment of such verbal rebates; • Assessed the amount of discounts and rebates payable recorded by the Group by inspecting the compilation of sales to the respective customers and comparing the rebate rates used to compute the discounts and rebates payable against the rebate rates stipulated in the trade agreements between the customers and the Group. For rebates based on verbal commitment, we have evaluated the rebate rates used to compute discounts and rebates payable by comparing against the rebate rates based on historical payment trends and the rebate rates as stipulated in internal advertising and promotion plans.

Key Audit Matters for the Company

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

1. As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 October 2018 with a transition date of 1 October 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2018 and 1 October 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 30 September 2018 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 30 September 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2018 do not contain misstatements that materially affect the financial position as of 30 September 2019 and financial performance and cash flows for the year then ended.

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

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

Chew Beng Hong
Approval Number: 02920/02/2020 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 16 December 2019

LIST OF PROPERTIES OWNED BY THE GROUP

as at 30 September 2019

	Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land Area (Built-Up)	Net Book Value (RM'000)
	Fiamma Holdings Berhad							
1	Lot 13, Jalan E1/5 Usaha Ehsan Industrial Area 52100 Kepong Selangor Darul Ehsan	Office cum service centre	Leasehold (99 years, expiring on 09/07/2078)	20/06/1983	35 years	30/09/2017	19,849 sq. ft.	8,400
	Active Edge Sdn Bhd							
2	No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	Land under development	Leasehold (99 years, expiring on 13/06/2118)	18/10/2013	-	-	147,336 sq. ft.	127,058
	Affluent Crafts Sdn Bhd							
3	HS (D) 490919 PTB 22059 Bandar Johor Bahru Johor	Land held for development**	Leasehold (99 years, expiring on 20/12/2109)	21/09/2012	-	-	198,809 sq. ft.	10,151
	FHB Management Sdn Bhd							
4	No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	11 storey office building	Leasehold (99 years, expiring on 25/08/2114)	16/03/2015*	14 years 10 months	30/09/2017	25,567 sq. ft.	38,820
5	360, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur	15 units office suite and 3 retail lots	Freehold	26/04/2013 & 14/08/2013	4 years 7 months	30/09/2017	61,891 sq. ft.	57,204
	Fiamma Land Sdn Bhd							
6	Bandar Kuala Lumpur Mukim Kuala Lumpur Wilayah Persekutuan KL (Jalan Yap Kwan Seng)	Land held for development	Freehold	03/04/2007	-	-	61,422 sq. ft.	52,451
	Oaksvilla Sdn Bhd							
7	Mukim Kota Tinggi Daerah Kota Tinggi Johor (Taman Kota Jaya 2)	Land under development	Freehold	09/12/2008	-	11/02/2008	185,149 sq. ft.	3,560
8	Mukim Kota Tinggi Daerah Kota Tinggi Johor (Tai Hong Land)	Land held for development ##	Leasehold (expiring on 29/03/2911)	09/12/2008	-	11/02/2008	86 acres	16,837
	Kingston Medical Supplies Private Limited							
9	35, Tannery Road #11-01/02, Tannery Block Ruby Industrial Complex 347740 Singapore	Office and warehouse	Freehold	21/07/2014	36 years 10 months	30/09/2017	4,886 sq. ft.	8,233

LIST OF PROPERTIES OWNED BY THE GROUP (CONTINUED)
as at 30 September 2019

	Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land Area (Built-Up)	Net Book Value (RM'000)
	Fiamma Logistics Sdn Bhd							
10	No. 16, Jalan Astana 1 Bandar Bukit Raja 41050 Klang Selangor	Warehouse	Freehold	16/05/2014	4 years	30/09/2017	273,567 sq. ft.	56,378
	Fiamma Properties Sdn Bhd							
11	Geran 37713, Lot 260, Geran 3240, Lot 3240, Seksyen 92 Town & District of Kuala Lumpur	Land held for development	Freehold	23/12/2014	-	-	113,910 sq. ft.	59,913
	Pinang Sutera Sdn Bhd							
12	Mukim Simpang Kanan Daerah Parit Besar Batu Pahat, Johor	Land under development#	Freehold	25/07/2017, 28/11/2017 & 08/12/2017	-	-	333,254 sq. ft.	14,365
	Fiamma Trading Sdn Bhd							
13	No. 23, Jalan TTR 6A/1 Taman Tasik Residensi Rawang, 48000 Selangor	Landed residential property	Leasehold (99 years, expiring on 11/10/2108)	04/04/2018	3 years	-	1,650 sq. ft.	735
14	No. PS-G-1, Block Pelangi Sentral, Pelangi Damansara, Persiaran Surian 47800 Petaling Jaya, Selangor	Stratified Ground Floor Shop	Leasehold (99 years, expiring on 03/12/ 2102)	04/04/2018	9 years	-	1,582 sq. ft.	920

* Previously acquired by Fiamma Holdings Berhad on 26/06/1996
** Title has not been transferred to Affluent Crafts Sdn Bhd
# Titles have not been transferred to Pinang Sutera Sdn Bhd
Sale and Purchase Agreement for the disposal of this property had been signed on 17 December 2019

ANALYSIS OF SHAREHOLDINGS

as at 31 December 2019

Issued Share Capital : 510,026,884 ordinary shares (including shares held as treasury shares)
Class of Shares : Ordinary Shares
Voting Rights : One vote per share

Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100 shares	152	5.54	2,916	0.00
100 to 1,000 shares	237	8.63	100,784	0.02
1,001 to 10,000 shares	1,387	50.53	6,898,229	1.40
10,001 to 100,000 shares	836	30.46	26,659,600	5.42
100,001 to 24,583,243 shares (*)	125	4.55	136,940,847	27.85
24,583,244 shares and above (**)	8	0.29	321,062,508	65.30
TOTAL	2,745	100.00	491,664,884#	100.00

Notes:

* - Less than 5% of issued shares.
** - 5% and above of issued shares.
# - Excluding a total of 18,362,000 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 31 December 2019.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% *	No. of Shares Held	% *
Casa Holdings Limited	74,889,900	15.23	-	-
Lim Choo Hong	150,390,168	30.59	74,889,900#	15.23
Ngo Wee Bin	84,000,000	17.09	-	-
Perdana Padu Sdn Bhd	28,615,440	5.82	-	-
Kok Sau Chun	-	-	225,280,068^	45.82
Lim Soo Kong (Lim Soo Chong)	14,793,300	3.01	74,889,900#	15.23
Hu Zhong Huai	-	-	74,889,900#	15.23

Notes:

Deemed interested by virtue of their interests in Casa Holdings Limited.
^ Deemed interested through shares held by spouse, Mr. Lim Choo Hong.
* Excluding a total of 18,362,000 shares bought-back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	%*	No. of Shares Held	% *
Dato' Bahar Bin Ahmad	300,000	0.06	-	-
Lim Choo Hong	150,390,168	30.59	74,889,900#	15.23
Kok Sau Chun	-	-	225,280,068^	45.82
Margaret Chak Lee Hung	-	-	-	-
Chin Mee Foon	-	-	-	-
Chua Choo Eng	-	-	-	-
Eugene Lee Cheng Hoe	9,000	0.00	-	-

Notes:

Deemed interested by virtue of his interest in Casa Holdings Limited.
^ Deemed interested through shares held by spouse, Mr. Lim Choo Hong.
* Excluding a total of 18,362,000 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF SHAREHOLDINGS
as at 31 December 2019

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings No. of Shares	% *
1	Lim Choo Hong	62,670,168	12.75
2	Ngo Wee Bin	55,000,000	11.19
3	Casa Holdings Limited	48,489,900	9.86
4	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account - AmBank (M) Berhad for Lim Choo Hong)	42,780,000	8.70
5	RHB Nominees (Asing) Sdn Bhd (Exempt An For RHB Securities Singapore Pte Ltd)	29,000,000	5.90
6	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Perdana Padu Sdn Bhd)	28,615,440	5.82
7	Malaysia Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account for Lim Choo Hong)	28,040,000	5.70
8	CGS-CIMB Nominees (Asing) Sdn Bhd (Exempt an for CGS-CIMB Securities (Singapore) Pte Ltd)	26,467,000	5.38
9	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim Choo Hong)	15,900,000	3.23
10	Teo Kwee Hock	15,135,900	3.08
11	Lim Soo Kong (Lim Soo Chong)	14,793,300	3.01
12	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	12,400,000	2.52
13	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Siew Lai)	9,923,700	2.02
14	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Corak Kukuh Sdn Bhd)	6,384,560	1.30
15	Ng Peck Kee	6,320,496	1.29
16	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	6,042,000	1.23
17	Corak Kukuh Sdn Bhd	5,998,720	1.22
18	Ng Chuei Yeen	5,154,900	1.05
19	CIMB Group Nominees (Asing) Sdn Bhd (Exempt an for DBS Bank Ltd)	4,163,100	0.85
20	Ching Wooi Kong	4,109,000	0.83
21	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chua Eng Ho Wa'a @ Chua Eng Wah)	2,700,000	0.55
22	Chung Shan Kwang	1,020,000	0.21
23	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Lim Choo Hong)	1,000,000	0.20
24	Lee Seak Sung @ Lee Seak Song	914,595	0.19
25	Teo Siew Lai	800,000	0.16
26	Cheng Hon Sang	730,000	0.15
27	Lim See Pek	645,000	0.13
28	Teh Lee Peng	636,100	0.13
29	Lim York Lai	555,000	0.11
30	Chin Kiam Hsung	510,000	0.10
	TOTAL	436,898,879	88.86

Note :

* Excluding a total of 18,362,000 shares bought-back by the Company and retained as treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting of the Company will be convened and held at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Wednesday, 26 February 2020 at 11.30 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 September 2019 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 7)**

2. To declare a final single tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 30 September 2019. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees payable to the Directors of the Company and its subsidiaries amounting to RM640,250 for the financial year ended 30 September 2019. **Ordinary Resolution 2**

4. To approve the payment of benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM100,000 from 27 February 2020 until the conclusion of the next Annual General Meeting ("AGM") of the Company. **Ordinary Resolution 3**

5. To re-elect the following Directors who are retiring pursuant to Clause 95 of the Constitution of the Company and, being eligible, have offered themselves for re-election:-

   (i) Madam Kok Sau Chun; and **Ordinary Resolution 4**
   (ii) Ms Margaret Chak Lee Hung. **Ordinary Resolution 5**

6. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

AS SPECIAL BUSINESS

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

7. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance." **Ordinary Resolution 7**

8. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

   "THAT, subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and its subsidiaries ("the

Group"), to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.1 of the Circular to Shareholders dated 22 January 2020 which are necessary for the Group's day-to-day operations subject further to the following:-

(a) the transactions are in the ordinary course of business of the Group and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(b) the disclosure of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:-

  (i) the type of recurrent related party transactions entered into; and

  (ii) the names of the related parties involved in each type of the recurrent related party transactions entered into and their relationship with the Company.

That such authority shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the authority is again renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate." **Ordinary Resolution 8**

9. **Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the audited retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);

NOTICE OF ANNUAL GENERAL MEETING

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and

(c) the authority conferred by this resolution shall continue to be in force until:-

   (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

   (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

   (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

   whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

(a) cancel all the ordinary shares so purchased; and/or

(b) retain the ordinary shares so purchased as treasury shares; and/or

(c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company.” **Ordinary Resolution 9**

10. **To transact any other business for which due notice shall have been given.**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Seventh AGM, a final single tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 30 September 2019 will be paid on 3 April 2020 to Depositors whose name appear in the Record of Depositors on 11 March 2020.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

a) Shares transferred to the Depositor's securities account before 4.30 p.m. on 11 March 2020 in respect of ordinary transfers.

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

CHIN MEE FOON (MIA 2191)
TAI YIT CHAN (MAICSA 7009143)
TAN AI NING (MAICSA 7015852)

Secretaries

Selangor Darul Ehsan

Date: 22 January 2020

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 19 February 2020 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

NOTICE OF ANNUAL GENERAL MEETING

7. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.

8. EXPLANATORY NOTES ON SPECIAL BUSINESS

   (i) Ordinary Resolution 7 - Authority under Section 76 of the Act for the Directors to allot and issue shares

   The Company had, at the Thirty-Sixth AGM held on 26 February 2019, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company had not issued any new shares pursuant to that mandate obtained.

   The Ordinary Resolution 7 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The Ordinary Resolution 7, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of working capital or provide funding for future investments or undertakings. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

   (ii) Ordinary Resolution 8 - Proposed Shareholders' Mandate

   The explanatory notes on Ordinary Resolution 8 are set out in the Circular to Shareholders dated 22 January 2020.

   (iii) Ordinary Resolution 9 - Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares

   The explanatory notes on Ordinary Resolution 9 are set out in the Statement to Shareholders dated 22 January 2020.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

CDS account no. authorised nominee:

FIAMMA

FIAMMA HOLDINGS BERHAD
Registration No.: 198201008992 (88716-W)
(Incorporated in Malaysia)

I/We* ____
(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No.* ____________________ of ____________________

____
(full address)

being a member(s) of the Company, hereby appoint ____________________
(name of proxy as per NRIC, in capital letters)

IC No. ____________________ of ____________________

____
(full address)

and/or* failing him/her*, ____________________
(name of proxy as per NRIC, in capital letters)

IC No. ____________________ of ____________________

____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Thirty-Seventh Annual General Meeting of the Company to be held at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Wednesday, 26 February 2020 at 11.30 a.m. and at each and every adjournment thereof.

My/our* proxy is to vote as indicated below.

	RESOLUTION		FOR	AGAINST
1.	To declare a final single tier dividend of 2.00 sen per ordinary share in respect of the financial year ended 30 September 2019	**Ordinary Resolution 1**		
2.	To approve the payment of Directors' fees payable to the Directors of the Company and its subsidiaries amounting to RM640,250 for the financial year ended 30 September 2019	**Ordinary Resolution 2**		
3.	To approve the payment of benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM100,000 from 27 February 2020 until the conclusion of the next Annual General Meeting of the Company	**Ordinary Resolution 3**		
4.	Re-election of Madam Kok Sau Chun as Director	**Ordinary Resolution 4**		
5.	Re-election of Ms Margaret Chak Lee Hung as Director	**Ordinary Resolution 5**		
6.	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	**Ordinary Resolution 6**		
7.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	**Ordinary Resolution 7**		
8.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature	**Ordinary Resolution 8**		
9.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares	**Ordinary Resolution 9**		

* Strike out whichever is not desired.

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

____
Signature/Common Seal

Number of shares held : ____________________

Date : ____________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at 19 February 2020 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:

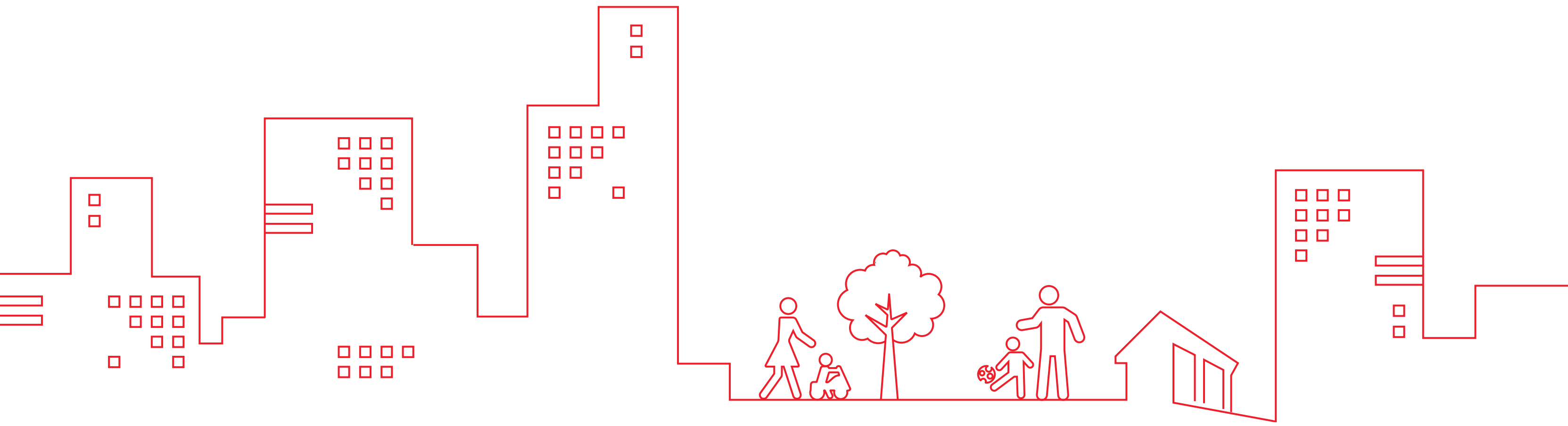
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 January 2020.

Then fold here

AFFIX STAMP

The Secretary
Fiamma Holdings Berhad
Registration No.: 198201008992 (88716-W)
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

1st fold here



Fiamma Holdings Berhad
Registration No.: 198201008992 (88716-W)
Wisma Fiamma,
No. 20, Jalan 7A/62A,
Bandar Menjalara,
52200 Kuala Lumpur.

Tel : 03 62798888
Fax: 03 62798933

www.fiamma.com.my