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Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

HOLDING COMPANIES

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	410,384	269,700
Non-controlling interests	(260)	—
	410,124	269,700

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

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

- i) In respect of the financial year ended 30 September 2019 as reported in the Directors' Report of that financial year:
 - a final ordinary dividend of 33.0 sen per ordinary share totalling RM121,037,000 declared on 19 December 2019 and paid on 13 February 2020.
- ii) In respect of the financial year ended 30 September 2020:
 - an interim ordinary dividend of 27.0 sen per ordinary share totalling RM99,030,000 declared on 4 May 2020 and paid on 12 June 2020.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 30 September 2020 is 33.0 sen per ordinary share totalling RM121,037,000, is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2021.

Directors' Report (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS OF THE COMPANY

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

Tengku Syed Badarudin Jamalullail (Chairman)

Lee Meng Tat

David Siew Kah Toong

Dato' Sri Johan Tazrin bin Hamid Ngo

Tan Fong Sang (appointed as an Alternate Director to Lee Kong Yip on 17 February 2020, ceased as his alternate on 30 September 2020 and was subsequently appointed as a Director on 1 October 2020)

Dato' Jorgen Bornhoft

Hui Choon Kit

Aida binti Md Daud

Faridah binti Abdul Kadir

Datuk Mohd Anwar bin Yahya

Datuk Kamaruddin bin Taib

Lee Kong Yip (retired on 30 September 2020)

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

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

(i) appointed on 7 October 2019

(ii) appointed on 1 November 2019

(iii) appointed on 17 December 2019

(iv) appointed on 28 February 2020

(v) resigned on 1 November 2019

(vi) resigned on 28 February 2020

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

Directors' Report (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS' INTERESTS IN SHARES

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

Companies in which Directors held interest	At 1.10.2019	Number of ordinary shares		At 30.9.2020
		Bought	Sold	
Fraser & Neave Holdings Bhd				
Tengku Syed Badarudin Jamalullail				
– direct interest	2,062,000	–	–	2,062,000
Faridah binti Abdul Kadir				
– direct interest	4,000	–	–	4,000
F&NL				
Hui Choon Kit				
– direct interest	506,682	46,500	–	553,182
Lee Meng Tat				
– direct interest	56,850	47,325	–	104,175

Companies in which Directors held interest	At 1.10.2019	Number of share grants *			At 30.9.2020
		Awarded	Achievement factor	Vested	
F&NL					
Hui Choon Kit					
– F&NL RSP – Year 7	14,650	–	–	(14,650)	–
– F&NL RSP – Year 8	14,000	–	–	(7,000)	7,000
– F&NL RSP – Year 9	35,000	–	14,700	(24,850)	24,850
– F&NL RSP – Year 10	58,000	–	–	–	58,000
– F&NL RSP 2019 – Year 1	–	68,000	–	–	68,000
– F&NL PSP – Year 8	11,000	–	(11,000)	–	–
– F&NL PSP – Year 9	12,000	–	–	–	12,000
– F&NL PSP – Year 10	20,000	–	–	–	20,000
Lee Meng Tat					
– F&NL RSP – Year 7	13,700	–	–	(13,700)	–
– F&NL RSP – Year 8	15,750	–	–	(7,875)	7,875
– F&NL RSP – Year 9	35,000	–	16,500	(25,750)	25,750
– F&NL RSP – Year 10	58,000	–	–	–	58,000
– F&NL RSP 2019 – Year 1	–	68,000	–	–	68,000
– F&NL PSP – Year 8	11,000	–	(11,000)	–	–
– F&NL PSP – Year 9	12,000	–	–	–	12,000
– F&NL PSP – Year 10	20,000	–	–	–	20,000

Directors' Report (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

- * F&NL Remuneration Committee administers the Company's share-based remuneration incentive plans, namely, the F&NL RSP, PSP and the RSP 2019, (collectively, the "F&NL Share Plans"). The F&NL RSP and PSP expired on 21 January 2019, and were replaced by the F&NL RSP 2019. The expiry of the F&NL RSP and PSP does not affect awards granted prior to expiry of these share plans and which are pending final release.

Under the F&NL Share Plans, F&NL grants a base number of conditional share awards (the "Base Awards") to eligible participants annually. The Base Awards represent the right to receive fully paid ordinary shares of the F&NL, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met over the relevant performance periods. The F&NL Remuneration Committee, as the administrator of the F&NL Share Plans, has absolute discretion in granting the Base Awards. The first grant of Base Awards pursuant to the F&NL RSP 2019 was made on 28 August 2020. The performance periods for the F&NL RSP and PSP are two and three years respectively. For the F&NL RSP 2019, the performance period is one year.

Depending on the level of achievement of the pre-determined targets over the respective performance periods for the F&NL RSP and PSP, an achievement factor will be applied to the relevant Base Awards to determine the final number of shares to be awarded at the end of the respective performance periods. The achievement factor ranges from 0% to 150% for the F&NL RSP and RSP 2019, and 0% to 200% for the F&NL PSP. Accordingly, the actual number of shares to be awarded pursuant to the F&NL Share Plans will range from: 0% to 150% of the Base Awards for the F&NL RSP and RSP 2019, and from 0% to 200% of the Base Awards for the F&NL PSP (the "Final Awards").

In respect of the F&NL RSP, the first tranche at 50% of the relevant Final Awards will be vested to participants after the end of the two-year performance period and followed by the balance which will be vested in equal instalments over the next two years. In respect of the F&NL PSP, 100% of the relevant Final Awards will be vested to the participants after the end of the three-year performance period. In respect of the F&NL RSP 2019, Final Awards will be vested in equal instalments over three years after the end of the one-year performance period.

None of the other Directors holding office at 30 September 2020 had any interest in shares, RSP and PSP of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

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

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

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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

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

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

← Number of share grants →							
		At 1.10.2019/ grant date	Adjustment for achievement factor	Vested	* Forfeited	At 30.9.2020	Vesting period
Date of offer							
RSP 2016	5.1.2016	82,575	—	(82,575)	—	—	31.12.2017-31.12.2019
RSP 2017	22.12.2016	129,700	—	(64,375)	(3,375)	61,950	31.12.2018-31.12.2020
RSP 2018	22.12.2017	278,500	(17,400)	(130,550)	(1,650)	128,900	31.12.2019-31.12.2021
RSP 2019	21.12.2018	357,300	(127,300)	—	(16,400)	213,600	31.12.2020-31.12.2022
RSP 2020	23.12.2019	514,400	—	—	(18,500)	495,900	31.12.2021-31.12.2023
		1,362,475	(144,700)	(277,500)	(39,925)	900,350	

* Share grants forfeited upon cessation of employment.

The main features of the Company's RSP and PSP are disclosed in Note 16(D) to the financial statements.

The Directors do not participate in the SGP.

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group were covered by Directors' and Officers' liability insurance for any liability incurred in discharging their duties in their respective capacity, subject to the terms of the insurance policy. The premium paid in respect of the Directors' and Officers' liability insurance for the Directors and Officers of the Group amounted to RM17,641. The policy has an indemnity coverage of RM20,000,000.

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

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of the Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

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

- all known bad debts have been written off and adequate provision made for doubtful debts; and
- any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

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

- 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
- that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- 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
- 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.

Directors' Report (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2020 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

Significant events are disclosed in Note 35 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

Tengku Syed Badarudin Jamalullail

Director

Kuala Lumpur, Malaysia

Lee Meng Tat

Director

Singapore

3 November 2020

Statements of *Financial Position*

AS AT 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
ASSETS					
Property, plant and equipment	3	1,359,893	1,339,180	—	—
Right-of-use assets	4	87,183	—	—	—
Investment properties	5	47,569	48,775	—	—
Properties held for development	6	54,958	56,047	—	—
Intangible assets	7	45,921	120,646	—	—
Investments in subsidiaries	8	—	—	920,043	911,423
Investment in an associate	9	91,261	89,658	68,727	68,727
Investment in a joint venture	10	87,845	87,613	166,114	165,599
Deferred tax assets	11	5,970	6,234	—	—
Total non-current assets		1,780,600	1,748,153	1,154,884	1,145,749
Trade and other receivables	12	589,661	599,996	547,727	469,852
Inventories	13	655,981	578,404	—	—
Current tax assets		200	7,567	—	—
Derivative financial assets	14	4	6	—	—
Cash and cash equivalents	15	493,615	569,719	86,280	40,332
Total current assets		1,739,461	1,755,692	634,007	510,184
Total assets		3,520,061	3,503,845	1,788,891	1,655,933
EQUITY					
Share capital		816,770	816,770	816,770	816,770
Shares held by SGP Trust		(4,688)	(3,904)	(4,688)	(3,904)
Reserves		1,878,519	1,716,458	887,168	836,274
Equity attributable to owners of the Company	16	2,690,601	2,529,324	1,699,250	1,649,140
Non-controlling interests		(161)	99	—	—
Total equity		2,690,440	2,529,423	1,699,250	1,649,140
LIABILITIES					
Loans and borrowings	17	—	95,909	—	—
Lease liabilities		10,785	—	—	—
Employee benefits	18	51,304	49,511	—	—
Deferred tax liabilities	11	48,073	33,994	—	—
Total non-current liabilities		110,162	179,414	—	—
Trade and other payables	19	516,654	664,581	89,316	4,577
Contract liabilities	20	57,787	54,420	—	—
Loans and borrowings	17	91,868	27,402	—	—
Lease liabilities		13,672	—	—	—
Current tax liabilities		39,111	48,469	325	2,216
Derivative financial liabilities	14	367	136	—	—
Total current liabilities		719,459	795,008	89,641	6,793
Total liabilities		829,621	974,422	89,641	6,793
Total equity and liabilities		3,520,061	3,503,845	1,788,891	1,655,933

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Profit or Loss*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Revenue	21	3,988,507	4,077,138	278,256	216,953
Cost of sales		(2,758,139)	(2,810,372)	—	—
Gross profit		1,230,368	1,266,766	278,256	216,953
Other income		23,622	16,184	—	90
Distribution expenses		(339,010)	(350,497)	—	—
Marketing expenses		(260,575)	(272,958)	—	—
Administrative expenses		(129,299)	(128,007)	(3,935)	(3,785)
Other expenses		(9,946)	(11,044)	(1,551)	(33)
Operating profit		515,160	520,444	272,770	213,225
Finance income	22	5,068	15,223	20,315	28,998
Finance costs	23	(4,858)	(4,555)	—	—
Net finance income		210	10,668	20,315	28,998
Share of profit of equity-accounted associate, net of tax	9	7,824	9,139	—	—
Share of loss of equity-accounted joint venture, net of tax	10	(283)	(7,295)	—	—
Profit before tax		522,911	532,956	293,085	242,223
Tax expense	24	(112,787)	(122,732)	(23,385)	(12,946)
Profit for the year	25	410,124	410,224	269,700	229,277
Profit for the year attributable to:					
Owners of the Company		410,384	410,260	269,700	229,277
Non-controlling interests		(260)	(36)	—	—
		410,124	410,224	269,700	229,277
Basic earnings per ordinary share (sen)	27(A)	111.9	111.9		
Diluted earnings per ordinary share (sen)	27(B)	111.7	111.6		

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Other Comprehensive Income*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Profit for the year		410,124	410,224	269,700	229,277
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	26	(1,231)	(5,540)	—	—
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	26	(28,286)	35,155	—	—
Other comprehensive (expense)/income for the year, net of tax		(29,517)	29,615	—	—
Total comprehensive income for the year		380,607	439,839	269,700	229,277
Total comprehensive income attributable to:					
Owners of the Company		380,867	439,875	269,700	229,277
Non-controlling interests		(260)	(36)	—	—
		380,607	439,839	269,700	229,277

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Changes in Equity*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company									
		Non-distributable					Distributable				
Group	Note	Share capital (Note 16(A)) RM'000	Shares held by SGP Trust (Note 16(C)) RM'000	Loss on purchase of shares for SGP (Note 16(E)) RM'000	Translation reserve RM'000	Share-based payment reserve RM'000	Legal reserve (Note 16(F)) RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 October 2019		816,770	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423
Remeasurement of defined benefit liability	26	–	–	–	–	–	–	(1,231)	(1,231)	–	(1,231)
Foreign currency translation differences for foreign operations	26	–	–	–	(28,286)	–	–	–	(28,286)	–	(28,286)
Total other comprehensive expense for the year		–	–	–	(28,286)	–	–	(1,231)	(29,517)	–	(29,517)
Profit for the year		–	–	–	–	–	–	410,384	410,384	(260)	410,124
Total comprehensive (expense)/income for the year		–	–	–	(28,286)	–	–	409,153	380,867	(260)	380,607
Contributions by and distributions to owners of the Company											
– Share-based payment expense		–	–	–	–	7,661	–	–	7,661	–	7,661
– Shares vested under SGP		–	6,400	(482)	–	(5,918)	–	–	–	–	–
– Purchase of shares by SGP Trust		–	(7,184)	–	–	–	–	–	(7,184)	–	(7,184)
– Dividends to owners of the Company	28	–	–	–	–	–	–	(220,067)	(220,067)	–	(220,067)
Total transactions with owners of the Company		–	(784)	(482)	–	1,743	–	(220,067)	(219,590)	–	(219,590)
At 30 September 2020		816,770	(4,688)	(7,733)	94,284	14,434	9,934	1,767,600	2,690,601	(161)	2,690,440

Statements of *Changes in Equity* (Cont'd.) FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company										
		Non-distributable					Distributable					
Group (continued)	Note	Share capital (Note 16(A)) RM'000	Treasury shares (Note 16(B)) RM'000	Shares held by SGP Trust (Note 16(C)) RM'000	Loss on purchase of shares for SGP (Note 16(E)) RM'000	Translation reserve RM'000	Share-based payment reserve RM'000	Legal reserve (Note 16(F)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2018		816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,384,692	2,303,413	135	2,303,548
Remeasurement of defined benefit liability	26	—	—	—	—	—	—	—	(5,540)	(5,540)	—	(5,540)
Foreign currency translation differences for foreign operations	26	—	—	—	—	35,155	—	—	—	35,155	—	35,155
Total other comprehensive income/(expense) for the year		—	—	—	—	35,155	—	—	(5,540)	29,615	—	29,615
Profit for the year		—	—	—	—	—	—	—	410,260	410,260	(36)	410,224
Total comprehensive income for the year		—	—	—	—	35,155	—	—	404,720	439,875	(36)	439,839
<i>Contributions by and distributions to owners of the Company</i>												
— Share-based payment expense		—	—	—	—	—	1,957	—	—	1,957	—	1,957
— Shares vested under SGP		—	—	6,874	(1,185)	—	(5,689)	—	—	—	—	—
— Purchase of shares by SGP Trust		—	—	(5,023)	—	—	—	—	—	(5,023)	—	(5,023)
— Transfer of treasury shares		—	1,716	(1,716)	—	—	—	—	—	—	—	—
— Dividends to owners of the Company	28	—	—	—	—	—	—	—	(210,898)	(210,898)	—	(210,898)
Total transactions with owners of the Company		—	1,716	135	(1,185)	—	(3,732)	—	(210,898)	(213,964)	—	(213,964)
At 30 September 2019		816,770	—	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423

Statements of *Changes in Equity* (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Company	Note	Share capital (Note 16(A)) RM'000	Treasury shares (Note 16(B)) RM'000	Shares held by SGP Trust (Note 16(C)) RM'000	Loss on purchase of shares for SGP (Note 16(E)) RM'000	Share-based payment reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 October 2019		816,770	—	(3,904)	(7,251)	12,691	830,834	1,649,140
Profit and total comprehensive income for the year		—	—	—	—	—	269,700	269,700
Contributions by and distributions to owners of the Company								
— Share-based payment expense		—	—	—	—	7,661	—	7,661
— Shares vested under SGP		—	—	6,400	(482)	(5,918)	—	—
— Purchase of shares by SGP Trust		—	—	(7,184)	—	—	—	(7,184)
— Dividends to owners of the Company	28	—	—	—	—	—	(220,067)	(220,067)
Total transactions with owners of the Company		—	—	(784)	(482)	1,743	(220,067)	(219,590)
At 30 September 2020		816,770	—	(4,688)	(7,733)	14,434	880,467	1,699,250
At 1 October 2018		816,770	(1,716)	(4,039)	(6,066)	16,423	812,455	1,633,827
Profit and total comprehensive income for the year		—	—	—	—	—	229,277	229,277
Contributions by and distributions to owners of the Company								
— Share-based payment expense		—	—	—	—	1,957	—	1,957
— Shares vested under SGP		—	—	6,874	(1,185)	(5,689)	—	—
— Purchase of shares by SGP Trust		—	—	(5,023)	—	—	—	(5,023)
— Transfer of treasury shares		—	1,716	(1,716)	—	—	—	—
— Dividends to owners of the Company	28	—	—	—	—	—	(210,898)	(210,898)
Total transactions with owners of the Company		—	1,716	135	(1,185)	(3,732)	(210,898)	(213,964)
At 30 September 2019		816,770	—	(3,904)	(7,251)	12,691	830,834	1,649,140

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Cash Flows*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit before tax		522,911	532,956	293,085	242,223
<i>Adjustments for:</i>					
Amortisation of intangible assets	7	1,799	2,353	—	—
Bad debts recovered	25	(30)	(64)	—	—
Change in fair value of investment properties	5	1,206	—	—	—
Depreciation of property, plant and equipment	3	104,907	100,065	—	—
Depreciation of right-of-use assets	4	25,865	—	—	—
Dividend income	21	—	—	(278,256)	(216,953)
Employee benefits expense	18	4,739	6,567	—	—
Finance income	22	(5,068)	(15,223)	(20,315)	(28,998)
Finance costs	23	4,858	4,555	—	—
Gain on disposal of intangible assets	25	(7,805)	(5)	—	—
Gain on lease termination/modification		(32)	—	—	—
Impairment loss:					
— Investments in subsidiaries	8	—	—	1,380	—
— Plant and equipment	3	582	363	—	—
— Trade receivables	25	513	511	—	—
Inventories written down	13	5,215	3,333	—	—
Inventories written off	13	6,498	8,485	—	—
Investment property written off	5	—	543	—	—
Net fair value loss on derivatives	25	233	50	—	—
Net loss on disposal of plant and equipment	25	594	417	—	—
Net unrealised foreign exchange loss/(gain)	25	843	(201)	23	18
Plant and equipment written off	25	458	3,298	—	—
Property development costs written off	6	1,089	—	—	—
Reversal of impairment loss:					
— Plant and equipment	3	(538)	(697)	—	—
— Trade receivables	25	(97)	(199)	—	—
Reversal of inventories written down	13	(298)	(433)	—	—
Share-based payment expense	25	7,952	2,275	—	—
Share of profit of equity-accounted associate, net of tax	9	(7,824)	(9,139)	—	—
Share of loss of equity-accounted joint venture, net of tax	10	283	7,295	—	—
Operating profit/(loss) before changes in working capital		668,853	647,105	(4,083)	(3,710)
<i>Changes in working capital:</i>					
Changes in inventories		(88,992)	(92,624)	—	—
Changes in contract liabilities		3,367	11,369	—	—
Changes in trade and other payables		(149,183)	83,415	84,716	3,701
Changes in trade and other receivables		9,512	2,228	(70,229)	(121,917)
Cash generated from/(used in) operations		443,557	651,493	10,404	(121,926)
Employee benefits paid	18	(3,880)	(5,077)	—	—
Tax paid		(108,574)	(68,805)	(25,276)	(12,281)
Tax refunded		11,500	724	—	—
Net cash from/(used in) operating activities		342,603	578,335	(14,872)	(134,207)

Statements of *Cash Flows* (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	7	(1,796)	(128)	—	—
Acquisition of property, plant and equipment	3	(207,423)	(137,711)	—	—
Dividends received		6,221	3,733	278,256	216,953
Interest received		5,463	9,580	20,315	28,998
Investment in a subsidiary	8	—	—	(10,000)	—
Investment in a joint venture		(500)	—	(500)	—
Proceeds from cancelling ordinary shares in a subsidiary	8	—	—	—	20,000
Proceeds from disposal of intangible assets		83,175	56	—	—
Proceeds from disposal of plant and equipment		242	277	—	—
Net cash (used in)/from investing activities		(114,618)	(124,193)	288,071	265,951
Cash flows from financing activities					
Dividends paid to owners of the Company	28	(220,067)	(210,898)	(220,067)	(210,898)
Drawdown of loans and borrowings		—	54,805	—	—
Interest paid		(4,736)	(7,991)	—	—
Payment of lease liabilities		(24,351)	—	—	—
Purchase of shares by SGP Trust	16(C)	(7,184)	(5,023)	(7,184)	(5,023)
Repayment of loans and borrowings		(26,248)	(280,162)	—	—
Net cash used in financing activities		(282,586)	(449,269)	(227,251)	(215,921)
Net (decrease)/increase in cash and cash equivalents		(54,601)	4,873	45,948	(84,177)
Effects of exchange rate fluctuations on cash and cash equivalents		(21,503)	27,754	—	—
Cash and cash equivalents at 1 October 2019/2018		569,719	537,092	40,332	124,509
Cash and cash equivalents at 30 September	15	493,615	569,719	86,280	40,332

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	25	3,136	—	—	—
Payment relating to leases of low-value assets	25	1,643	—	—	—
Payment relating to variable lease payments not included in the measurement of lease liabilities	25	11,036	—	—	—
Included in net cash from financing activities					
Payment of lease liabilities		24,351	—	—	—
Interest paid in relation to lease liabilities	23	1,197	—	—	—
Total cash outflows for leases		41,363	—	—	—

Statements of *Cash Flows* (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

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

Group	At 1 October 2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 30 September 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 October 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 30 September 2020 RM'000
Lease liabilities	–	–	–	–	29,065	29,065	(25,548)	21,888	(480)	(468)	24,457
Medium Term Note	150,000	(150,000)	–	–	–	–	–	–	–	–	–
Term loan	185,524	(75,357)	13,144	123,311	–	123,311	(26,248)	–	(5,195)	–	91,868
	335,524	(225,357)	13,144	123,311	29,065	152,376	(51,796)	21,888	(5,675)	(468)	116,325

The notes on pages 157 to 221 are an integral part of these financial statements.

Notes to The *Financial Statements*

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

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

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associate and joint venture.

The Company is principally engaged in investment holding activities while the other Group entities are primarily engaged in the manufacture and sale of soft drinks and dairy products, property development activities and the provision of management services. There has been no significant change in the nature of these principal activities during the financial year. Information on the Group's structure is provided in Notes 8, 9 and 10. Information on other related party relationships of the Group is provided in Note 33.

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

These financial statements were authorised for issue by the Board of Directors on 3 November 2020.

1. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

Notes to The *Financial Statements* (Cont'd.)

1. BASIS OF PREPARATION (CONTINUED)

(A) STATEMENT OF COMPLIANCE (CONTINUED)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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:

- 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 and 1 June 2020.
- from the annual period beginning on 1 October 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 October 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 October 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(B) BASIS OF MEASUREMENT

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

(C) FUNCTIONAL AND PRESENTATION CURRENCY

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

(D) USE OF ESTIMATES AND JUDGEMENTS

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

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

Notes to The *Financial Statements* (Cont'd.)**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:

- (i) Note 4 – extension options and incremental borrowing rate in relation to leases
- (ii) Note 5 – valuation of investment properties
- (iii) Note 7 – goodwill
- (iv) Note 16(D) – share-based payments
- (v) Note 18 – employee benefits
- (vi) Note 20 – contract liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 34.

(A) BASIS OF CONSOLIDATION**(i) Subsidiaries**

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

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

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

(ii) Business combinations

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

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

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

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

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

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(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) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associate

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

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

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

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

The financial statements of the associate are prepared as of a different reporting date from that of the Group. The share of results of an associate refers to Cocoland Holdings Berhad and is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2020. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

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

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

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

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(A) BASIS OF CONSOLIDATION (CONTINUED)****(vi) Joint venture**

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

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

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

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

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

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

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

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

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

Notes to The *Financial Statements* (Cont'd.)

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 date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

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

(ii) Operations denominated in functional currencies other than RM

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

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

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

(C) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

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

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

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

Notes to The *Financial Statements* (Cont'd.)**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(K)(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 (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

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

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

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial liabilities (continued)

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

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

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

(b) *Amortised cost*

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

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

(iii) 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(C) FINANCIAL INSTRUMENTS (CONTINUED)****(v) Offsetting**

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

(D) PROPERTY, PLANT AND EQUIPMENT**(i) Recognition and measurement**

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

- | | |
|-----------------------|---------------|
| • buildings | 10 – 60 years |
| • plant and machinery | 3 – 15 years |
| • others * | 2 – 12 years |

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

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASES

The Group has applied MFRS 16, *Leases* using the modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 October 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(E) LEASES (CONTINUED)****Current financial year (continued)****(ii) Recognition and initial measurement (continued)****(b) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement**(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Previous financial year**As a lessee****(i) Finance lease**

Leases in terms of which the Group assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASES (CONTINUED)

Previous financial year (continued)

As a lessee (continued)

(ii) Operating lease

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

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

(F) INTANGIBLE ASSETS

(i) Goodwill

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

(ii) Brand

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

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

(iii) Computer software

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

(iv) Subsequent expenditure

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

(v) Amortisation

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

Computer software and computer software license are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives of computer software and computer software license for the current and comparative periods are between 2 to 10 years.

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

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(G) INVESTMENT PROPERTIES****(i) Investment property carried at fair value**

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 which are owned are measured initially at cost. 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

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

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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

(ii) Reclassification to/from investment property

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

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

(H) PROPERTIES HELD FOR DEVELOPMENT

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

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

Cost associated with acquisition of land includes the purchases price of land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(I) INVENTORIES

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) CASH AND CASH EQUIVALENTS

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

(K) IMPAIRMENT

(i) Financial assets

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

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

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience and adjusted for forward-looking factors specific to the trade receivables and the economic environment.

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

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

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

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(K) IMPAIRMENT (CONTINUED)****(ii) Other assets (continued)**

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

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

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

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

(L) EQUITY INSTRUMENTS

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Treasury shares

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

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

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

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

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) EMPLOYEE BENEFITS

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Defined benefit plans

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

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

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

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

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

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

(iv) Share-based payment transactions

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

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

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

(v) Termination benefits

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

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(N) CONTRACT LIABILITIES**

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

(i) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with trade incentives. Trade incentives give rise to variable consideration.

Trade incentives

The Group provides incentives to certain customers based on the achievement of the performance criteria stated in the signed incentive guide. Incentives are credited to the customer's account and available for purchase of products. Trade incentives give rise to variable consideration. To estimate the variable consideration for the expected future incentives, the Group applies the maximum achievement criteria of set targets. The sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future incentives.

(ii) Advances received from customers

Certain customers pay purchase consideration to the Group before the transfer of goods to the customer. The Group concluded that contract liability should be recognised for amount received as advances from customer for which goods are yet to be transferred.

(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 recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) BORROWING COSTS

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

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

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(Q) INCOME TAX

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

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

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

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

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

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

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

Notes to The *Financial Statements* (Cont'd.)**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(R) EARNINGS PER ORDINARY SHARE**

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

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

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

(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 ("CODM"), which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

(T) FAIR VALUE MEASUREMENTS

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

Notes to The *Financial Statements* (Cont'd.)**3. PROPERTY, PLANT AND EQUIPMENT**

Group	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Cost								
At 1 October 2018		96,353	79,487	549,519	1,069,191	106,833	296,956	2,198,339
Additions		—	—	—	1,009	134,236	2,466	137,711
Transfer to intangible assets	7	—	—	—	—	(589)	(321)	(910)
Disposals		—	—	(10)	(612)	—	(7,278)	(7,900)
Written off		—	—	—	(9,975)	(2,842)	(9,168)	(21,985)
Reclassifications		—	106	14,226	102,633	(120,138)	3,173	—
Effect of movements in exchange rates		1,537	—	12,626	23,151	1,503	2,531	41,348
At 30 September 2019, as previously stated		97,890	79,593	576,361	1,185,397	119,003	288,359	2,346,603
Adjustment on initial application of MFRS 16								
— reclassified to right-of-use assets		—	(79,593)	—	—	—	—	(79,593)
At 1 October 2019, as restated		97,890	—	576,361	1,185,397	119,003	288,359	2,267,010
Additions		—	—	133	2,185	201,889	3,216	207,423
Transfer to intangible assets	7	—	—	—	—	(648)	—	(648)
Disposals		—	—	(19)	(4,603)	—	(8,993)	(13,615)
Written off		—	—	—	(720)	—	(4,194)	(4,914)
Reclassifications		—	—	28,250	85,436	(117,054)	3,368	—
Effect of movements in exchange rates		(979)	—	(8,442)	(16,055)	(740)	(1,707)	(27,923)
At 30 September 2020		96,911	—	596,283	1,251,640	202,450	280,049	2,427,333
Accumulated depreciation								
At 1 October 2018		—	(12,093)	(117,169)	(559,414)	—	(214,823)	(903,499)
Depreciation for the year	25	—	(1,102)	(12,208)	(62,622)	—	(24,133)	(100,065)
Transfer to intangible assets	7	—	—	—	—	—	277	277
Disposals		—	—	3	258	—	6,945	7,206
Written off		—	—	—	9,937	—	8,750	18,687
Reclassifications		—	—	211	(13)	—	(674)	(476)
Effect of movements in exchange rates		—	—	(2,676)	(12,730)	—	(1,687)	(17,093)
At 30 September 2019, as previously stated		—	(13,195)	(131,839)	(624,584)	—	(225,345)	(994,963)
Adjustment on initial application of MFRS 16								
— reclassified to right-of-use assets		—	13,195	—	—	—	—	13,195
At 1 October 2019, as restated		—	—	(131,839)	(624,584)	—	(225,345)	(981,768)
Depreciation for the year	25	—	—	(13,416)	(69,895)	—	(21,596)	(104,907)
Disposals		—	—	6	4,097	—	8,676	12,779
Written off		—	—	—	669	—	3,787	4,456
Effect of movements in exchange rates		—	—	1,903	9,057	—	1,256	12,216
At 30 September 2020		—	—	(143,346)	(680,656)	—	(233,222)	(1,057,224)

Notes to The *Financial Statements* (Cont'd.)**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Group (continued)	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Accumulated impairment loss								
At 1 October 2018		(2,216)	(2,220)	(1,430)	(6,380)	—	(915)	(13,161)
Impairment loss	25	—	—	—	(320)	—	(43)	(363)
Reversal of impairment loss	25	—	—	1	230	—	466	697
Reclassifications		—	—	(2)	408	—	70	476
Effect of movements in exchange rates		—	—	(88)	(21)	—	—	(109)
At 30 September 2019, as previously stated		(2,216)	(2,220)	(1,519)	(6,083)	—	(422)	(12,460)
Adjustment on initial application of MFRS 16								
— reclassified to right-of-use assets		—	2,220	—	—	—	—	2,220
At 1 October 2019, as restated		(2,216)	—	(1,519)	(6,083)	—	(422)	(10,240)
Impairment loss	25	—	—	—	(180)	—	(402)	(582)
Reversal of impairment loss	25	—	—	—	115	—	423	538
Effect of movements in exchange rates		—	—	56	12	—	—	68
At 30 September 2020		(2,216)	—	(1,463)	(6,136)	—	(401)	(10,216)
Carrying amount								
At 1 October 2018		94,137	65,174	430,920	503,397	106,833	81,218	1,281,679
At 30 September 2019		95,674	64,178	443,003	554,730	119,003	62,592	1,339,180
At 30 September 2020		94,695	—	451,474	564,848	202,450	46,426	1,359,893

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

3.1 An impairment loss of RM582,000 (2019: RM363,000), representing the write-down of plant and equipment to its recoverable amount, was recognised in "cost of sales" line item of the profit or loss for the financial year ended 30 September 2020. The reversal of the impairment loss in respect of the plant and equipment of RM538,000 (2019: RM697,000) was made during the financial year as those plant and equipment were repaired and refurbished. The carrying amount of the plant and equipment was increased to its recoverable amount of RM538,000 (2019: RM697,000).

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

Notes to The *Financial Statements* (Cont'd.)**4. RIGHT-OF-USE ASSETS**

Group	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Adjustment on initial application of MFRS 16						
– reclassified from property, plant and equipment		64,178	–	–	–	64,178
– others		942	23,547	123	4,478	29,090
At 1 October 2019		65,120	23,547	123	4,478	93,268
Additions		–	8,813	432	12,643	21,888
Depreciation for the year	25	(1,178)	(20,057)	(389)	(4,241)	(25,865)
Terminations/Modifications		–	(402)	–	(1,232)	(1,634)
Effect of movement in exchange rates		(40)	(363)	–	(71)	(474)
At 30 September 2020		63,902	11,538	166	11,577	87,183

Leasehold land relates to the lease of land with lease terms of ten to ninety-nine years for the Group's factory buildings, office buildings and warehouse.

The Group leases various warehouses, office buildings, plant and machinery, and motor vehicles. Rental contracts are typically made for fixed periods of one to ten years with an option to renew the lease after that date. Lease terms are negotiated on an individual basis with different terms and conditions.

4.1 EXTENSION OPTIONS

Some leases of office buildings contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.2 SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS IN RELATION TO LEASE

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. INVESTMENT PROPERTIES

	Group 2020 RM'000	2019 RM'000
At fair value - Buildings	47,569	48,775
At 1 October 2019/2018	48,775	49,318
Change in fair value recognised in profit or loss	(1,206)	–
Written off	–	(543)
At 30 September	47,569	48,775

Notes to The *Financial Statements* (Cont'd.)**5. INVESTMENT PROPERTIES (CONTINUED)**

Investment properties comprise commercial property and car park that are leased to third parties. Each of the lease contains an initial non-cancellable period of two to three years and subsequent renewals are negotiated with the lessee. No contingent rents are charged. The Group does not charge variable lease payments that do not depend on an index or rate.

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

	Group 2020 RM'000	2019 RM'000
Lease income	337	402
Direct operating expenses		
– income generating investment properties	(635)	(714)
– non-income generating investment properties	(482)	(535)

FAIR VALUE INFORMATION

Fair values of investment properties are categorised as follows:

	Group 2020 Level 3 RM'000	2019 Level 3 RM'000
Buildings	47,569	48,775

Level 3 fair value

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

Properties	Valuation technique	Significant unobservable inputs	Range and rate 2020	2019
Commercial property	Investment approach	Estimated rental value per square feet per month (RM)		
		– 1st to 5th year	4.00-5.50	4.00-5.50
		– 6th year onwards	4.00-5.50	4.00-5.50
		Capitalisation rate		
		– 6th year onwards	7.25%	7.25%
		Void factor		
		– 1st to 5th year	50%	50%
		– 6th year onwards	12.50%	10%
		Capital expenditure reserve per square feet (RM)	1.00	1.00
		Discount factor		
Car park	Direct comparison approach	– 1st to 5th year	7.00%	7.00%
		– 6th year onwards	7.25%	7.25%
		Market interruption	20.00%	–
		Value per car park bay	RM30,000	RM30,000

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

Notes to The *Financial Statements* (Cont'd.)**5. INVESTMENT PROPERTIES (CONTINUED)****FAIR VALUE INFORMATION (CONTINUED)****Valuation processes applied by the Group for Level 3 fair value**

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

Highest and best use

The Group's investment properties comprise office building and car park which represented the highest and best use of the properties as they are on prime land in the city centre.

6. PROPERTIES HELD FOR DEVELOPMENT

	Group 2020 RM'000	2019 RM'000
At cost		
At 1 October 2019/2018	56,047	56,047
Property development cost written off	(1,089)	—
As at 30 September	54,958	56,047
Properties held for development comprise:		
— Freehold land	49,783	49,783
— Development costs	5,175	6,264
	54,958	56,047

Notes to The *Financial Statements* (Cont'd.)**7. INTANGIBLE ASSETS**

Group	Note	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 October 2018		45,929	75,370	43,685	164,984
Additions		—	—	128	128
Transfer from property, plant and equipment	3	—	—	910	910
Disposals		—	—	(1,588)	(1,588)
Written off		—	—	(14,165)	(14,165)
At 30 September 2019/1 October 2019		45,929	75,370	28,970	150,269
Additions		—	—	1,796	1,796
Transfer from property, plant and equipment	3	—	—	648	648
Disposals	35(B)	—	(75,370)	—	(75,370)
At 30 September 2020		45,929	—	31,414	77,343
Accumulated amortisation and impairment loss					
At 1 October 2018					
Accumulated amortisation		—	—	(37,303)	(37,303)
Accumulated impairment loss		(5,392)	—	—	(5,392)
		(5,392)	—	(37,303)	(42,695)
Amortisation for the year	25	—	—	(2,353)	(2,353)
Disposals		—	—	1,537	1,537
Written off		—	—	14,165	14,165
Transfer from property, plant and equipment	3	—	—	(277)	(277)
At 30 September 2019/1 October 2019					
Accumulated amortisation		—	—	(24,231)	(24,231)
Accumulated impairment loss		(5,392)	—	—	(5,392)
		(5,392)	—	(24,231)	(29,623)
Amortisation for the year	25	—	—	(1,799)	(1,799)
At 30 September 2020					
Accumulated amortisation		—	—	(26,030)	(26,030)
Accumulated impairment loss		(5,392)	—	—	(5,392)
		(5,392)	—	(26,030)	(31,422)
Carrying amount					
At 1 October 2018		40,537	75,370	6,382	122,289
At 30 September 2019/1 October 2019		40,537	75,370	4,739	120,646
At 30 September 2020		40,537	—	5,384	45,921

Notes to The *Financial Statements* (Cont'd.)**7. INTANGIBLE ASSETS (CONTINUED)****(A) ALLOCATION OF GOODWILL, BRAND AND COMPUTER SOFTWARE**

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

Group	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
At 30 September 2020				
Dairy products				
– Malaysia	–	–	37	37
– Thailand	999	–	–	999
Soft drinks				
– Malaysia	39,538	–	1,608	41,146
Property/Others	–	–	3,739	3,739
	40,537	–	5,384	45,921
At 30 September 2019				
Dairy products				
– Malaysia	–	75,370	64	75,434
– Thailand	999	–	–	999
Soft drinks				
– Malaysia	39,538	–	1,458	40,996
Property/Others	–	–	3,217	3,217
	40,537	75,370	4,739	120,646

(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS**(i) Goodwill**

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

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

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

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

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

	Terminal growth rate	Average annual growth rate	Pre-tax discount rate
At 30 September 2020			
Dairy products	1.0%	10.1%	7.1%
Soft drinks	0.0%	11.7%	8.4%
At 30 September 2019			
Dairy products	1.0%	7.9%	8.8%
Soft drinks	0.0%	8.4%	9.8%

Notes to The *Financial Statements* (Cont'd.)**7. INTANGIBLE ASSETS (CONTINUED)****(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS (CONTINUED)****(ii) Brand**

During the financial year, the brand was disposed to F&N Global Marketing Pte Limited, a direct wholly owned subsidiary of F&NL for a cash consideration amounting to RM83,175,000 (Note 35(B)). The Group recorded a gain amounting to RM7,805,000 (Note 25) from the disposal thereof.

In the previous financial year, the value in use calculations applied a discounted cash flows model using cash flow projections based on business plan covering three-year period.

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

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

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

(C) SENSITIVITY TO CHANGES IN ASSUMPTIONS

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

8. INVESTMENTS IN SUBSIDIARIES

	Company 2020 RM'000	2019 RM'000
At cost		
Unquoted shares:		
– Ordinary shares	363,201	353,201
– Redeemable non-cumulative convertible preference shares ("RNCCPS")	565,404	565,404
	928,605	918,605
Less: Impairment loss	(8,562)	(7,182)
	920,043	911,423

During the financial year,

- The Company's wholly owned subsidiary, Fraser & Neave (Malaya) Sdn Bhd incorporated a wholly owned subsidiary, Fraser and Neave MENA DWC-LLC ("F&N MENA") with a registered and paid up share capital of AED300,000 comprising 300,000 ordinary shares of AED1 each. F&N MENA was set up to conduct the business of trading in food and beverages and dairy products. It had not commenced operations since its incorporation.
- The Company subscribed additional issued and paid up share capital of RM10,000,000 in its wholly owned subsidiary, F&N AgriValley Sdn Bhd for a total cash consideration of RM10,000,000 comprising 10,000,000 ordinary shares.
- The Company recognised impairment loss of RM1,380,000 for the investments in its subsidiaries, F&N Dairies (Malaysia) Sdn Bhd, F&N Properties Sdn Bhd, Lettricia Corporation Sdn Bhd and Premier Milk (Malaya) Sdn Berhad in "other expenses" as the recoverable amounts are less than the carrying amounts.

Notes to The *Financial Statements* (Cont'd.)**8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

In the previous financial year,

- (a) A wholly owned subsidiary of the Company, F&N Dairies (Malaysia) Sdn Bhd reduced its issued and paid up capital of RM20,000,000 to RM2 by cancelling 19,999,998 ordinary shares, and that the credit of RM19,999,998 arising therefrom was distributed to the Company as capital repayment.
- (b) A wholly owned subsidiary of the Company, Wimanis Sdn Bhd held a final meeting on 8 July 2019 pursuant to its members' voluntary winding up. It was dissolved in accordance with Section 459(5) of the Companies Act 2016 on 7 October 2019.
- (c) The Company incorporated F&N AgriValley Sdn Bhd under the Companies Act 2016 for a total cash consideration of RM100 comprising 100 ordinary shares. It had not commenced operations since its incorporation.

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

	Issue price RM	Number of shares	2020 RM'000	2019 RM'000
Lion Share Management Limited	3,505	21,000	73,604	73,604
Utas Mutiara Sdn Bhd	1,000	17,700	17,700	17,700
Greenclipper Corporation Sdn Bhd	1,000	7,000	7,000	7,000
F&N Properties Sdn Bhd	1,000	57,000	57,000	57,000
Nuvak Company Sdn Bhd	1,000	28,100	28,100	28,100
F&N Dairies Manufacturing Sdn Bhd	1,000	382,000	382,000	382,000
		512,800	565,404	565,404

Details of subsidiaries are as follows:

Name of company	Country of incorporation and place of business	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
			2020	2019
Subsidiaries of Fraser & Neave Holdings Bhd				
F&N Beverages Marketing Sdn Bhd	Malaysia	Distribution and sale of soft drinks and dairy products	100	100
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of soft drinks	100	100
F&N Dairies Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of dairy products	100	100
F&N Dairies (Thailand) Limited ⁽ⁱ⁾	Thailand	Manufacturing, distribution and sale of dairy products	100	100
F&N Dairies Distribution (Singapore) Pte Ltd ⁽ⁱ⁾	Republic of Singapore	Distribution of dairy products	100	100
F&N Marketing (B) Sdn Bhd ⁽ⁱ⁾	Brunei Darussalam	Sale of soft drinks and dairy products	100	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Sale of soft drinks and dairy products, provision of management service and property investment holdings	100	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	100	100
F&N Properties Sdn Bhd	Malaysia	Provision of property management services	100	100
Greenclipper Corporation Sdn Bhd	Malaysia	Property development	100	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development	70	70

Notes to The *Financial Statements* (Cont'd.)**8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Name of company	Country of incorporation and place of business	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
			2020	2019
Subsidiaries of Fraser & Neave Holdings Bhd (continued)				
Tropical League Sdn Bhd	Malaysia	Property development	100	100
Nuvak Company Sdn Bhd	Malaysia	Property development	100	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	100	100
Elsinburg Holdings Sdn Bhd	Malaysia	Inactive	100	100
F&N AgriValley Sdn Bhd	Malaysia	Inactive	100	100
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Inactive	100	100
Lion Share Management Limited	British Virgin Islands	Inactive	100	100
Premier Milk (Malaya) Sdn Berhad	Malaysia	Inactive	100	100
Wimanis Sdn Bhd	Malaysia	Inactive	—	100
Subsidiary of F&N Beverages Manufacturing Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacturing and sale of mineral water, drinking water and rental of dispensers	100	100
Subsidiary of Fraser & Neave (Malaya) Sdn Bhd				
Fraser and Neave MENA DWC-LLC ⁽ⁱⁱ⁾	United Arab Emirates	Inactive	100	—

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

(ii) Not audited by KPMG PLT.

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

9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Quoted shares	68,727	68,727	68,727	68,727
Share of post-acquisition reserves	73,119	65,295	—	—
Dividends received	(50,585)	(44,364)	—	—
	91,261	89,658	68,727	68,727

Notes to The *Financial Statements* (Cont'd.)**9. INVESTMENT IN AN ASSOCIATE (CONTINUED)**

	Group and Company	
	2020	2019
	RM'000	RM'000
Market value		
Quoted shares	107,626	120,690

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

Name of associate	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
		2020	2019
Cocoaland Holdings Berhad ("CHB") (Financial year end: 31 December)	Investment holding company, manufacturing, trading and marketing of processed and preserved foods and fruits of all kinds/Strategic supplier of the Group	27.19	27.19

The share of results of an associate is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2020. It is impracticable to use the financial results of the associate at the same reporting date of the Group because the associate is a public listed company and its financial results has not been announced to the public.

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

	Group	
	2020	2019
	RM'000	RM'000
Summarised financial information		
As at 30 June		
Non-current assets	110,189	102,030
Current assets	192,903	198,113
Non-current liabilities	(5,351)	(6,690)
Current liabilities	(28,880)	(30,487)
Net assets	268,861	262,966
Year ended 30 June		
Revenue	239,359	251,105
Profit for the year	28,774	33,611
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	73,103	71,500
Goodwill	18,158	18,158
Carrying amount in the statement of financial position	91,261	89,658
Group's share of profit for the year	7,824	9,139

Notes to The *Financial Statements* (Cont'd.)

10. INVESTMENT IN A JOINT VENTURE

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
At cost				
Unquoted shares	127,820	500	127,820	500
Share of post-acquisition reserves	(22,977)	(22,694)	—	—
	104,843	(22,194)	127,820	500
Shareholder's loan	—	126,820	—	126,820
Interest on shareholder's loan	38,294	38,279	38,294	38,279
	143,137	142,905	166,114	165,599
Less: Unrealised profit	(55,292)	(55,292)	—	—
	87,845	87,613	166,114	165,599

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

Name of joint venture	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
		2020	2019
Vacaron Company Sdn Bhd ("VCSB") (Financial year end: 30 September)	Property development/Strategic to the property development activities of the Group	50.00	50.00

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

	Group 2020 RM'000	2019 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	11	30
Current assets	286,595	286,169
Current liabilities	(76,939)	(330,606)
Year ended 30 September		
Revenue	—	—
Loss for the year	(566)	(14,589)
Reconciliation of net assets/(liabilities) to carrying amount as at 30 September		
Group's share of net assets/(liabilities)	104,834	(22,203)
Goodwill	9	9
Shareholder's loan	—	126,820
Interest on shareholder's loan	38,294	38,279
Elimination of unrealised profit	(55,292)	(55,292)
Carrying amount in the statement of financial position	87,845	87,613
Group's share of loss for the year	(283)	(7,295)

The joint venture had no other contingent liabilities or capital commitments as at 30 September 2020 and 2019. VCSB cannot distribute its profits without the consent from the two venture partners.

Notes to The *Financial Statements* (Cont'd.)**10. INVESTMENT IN A JOINT VENTURE (CONTINUED)****SHAREHOLDER'S LOAN**

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

The Company and FPHM had both granted shareholders' loans to VCSB pursuant to the SSA. The loans were unsecured, borne interest at KLIBOR + 1.25% (2019: KLIBOR + 1.25%) per annum and were denominated in RM.

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

RNCCPS have the following salient terms:

- (i) Non-cumulative preferential dividend, the quantum of which will be at the discretion of the joint venture subject to the applicable laws and regulations governing the joint venture.
- (ii) The RNCCPS shall rank pari passu as between themselves and prior to the ordinary shares and all other classes of shares, if any, for the time being of the joint venture.
- (iii) Each RNCCPS is transferable subject to the Articles of Association and any applicable laws.
- (iv) The registered RNCCPS holder would not have the right to vote at any general meeting of the joint venture.
- (v) Subject to the applicable laws and regulations governing the joint venture, the RNCCPS is redeemable at the discretion of the joint venture.
- (vi) The RNCCPS are convertible into ordinary shares at the option of the joint venture.

UNREALISED PROFIT

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

11. DEFERRED TAX ASSETS/(LIABILITIES)**RECOGNISED DEFERRED TAX ASSETS/(LIABILITIES)**

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Property, plant and equipment	4	228	(84,804)	(78,002)	(84,800)	(77,774)
Right-of-use assets	—	—	(5,475)	—	(5,475)	—
Investment properties	127	—	(651)	(813)	(524)	(813)
Employee benefit plans	10,253	9,368	—	—	10,253	9,368
Tax loss carry-forwards and unutilised capital allowances	5,782	7,803	—	—	5,782	7,803
Unutilised tax incentives	23,220	29,169	—	—	23,220	29,169
Lease liabilities	5,556	—	—	—	5,556	—
Provisions, contract liabilities and others	3,885	4,487	—	—	3,885	4,487
Tax assets/(liabilities)	48,827	51,055	(90,930)	(78,815)	(42,103)	(27,760)
Set off of tax	(42,857)	(44,821)	42,857	44,821	—	—
Net tax assets/(liabilities)	5,970	6,234	(48,073)	(33,994)	(42,103)	(27,760)

Notes to The *Financial Statements* (Cont'd.)**11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)****UNRECOGNISED DEFERRED TAX ASSETS**

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

	Group 2020 RM'000	2019 RM'000
Unutilised reinvestment allowances	79,935	79,935
Unutilised capital allowances	6,220	6,220
Tax loss carry-forwards	3,251	3,251
	89,406	89,406

Deferred tax assets have not been recognised in respect of these temporary differences because it is not probable that future taxable profit will be available against which subsidiaries of the Group can utilise the benefits therefrom.

Unutilised reinvestment allowances and tax loss can only be carried forward up to 7 consecutive years of assessment and will expire in 2025.

Unutilised capital allowances do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is change of 50% or more in the shareholdings thereof.

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

Group	At 1 October 2018 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 24) RM'000	Exchange differences RM'000	At 30 September 2019 RM'000
Property, plant and equipment	(67,013)	(10,776)	—	15	(77,774)
Right-of-use assets	—	—	—	—	—
Investment properties	(704)	(109)	—	—	(813)
Employee benefit plans	6,587	894	1,714	173	9,368
Tax loss carry-forwards and unutilised capital allowances	4,561	3,152	—	90	7,803
Unutilised tax incentives	35,635	(6,466)	—	—	29,169
Lease liabilities	—	—	—	—	—
Provisions, contract liabilities and others	5,288	(950)	—	149	4,487
	(15,646)	(14,255)	1,714	427	(27,760)

Notes to The *Financial Statements* (Cont'd.)**11. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)****MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR (CONTINUED)**

Group (continued)	At 30 September 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 October 2019 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 24) RM'000	Exchange differences RM'000	At 30 September 2020 RM'000
Property, plant and equipment	(77,774)	—	(77,774)	(7,026)	—	—	(84,800)
Right-of-use assets	—	(6,382)	(6,382)	980	—	(73)	(5,475)
Investment properties	(813)	—	(813)	289	—	—	(524)
Employee benefit plans	9,368	—	9,368	487	389	9	10,253
Tax loss carry-forwards and unutilised capital allowances	7,803	—	7,803	(2,021)	—	—	5,782
Unutilised tax incentives	29,169	—	29,169	(5,949)	—	—	23,220
Lease liabilities	—	6,377	6,377	(894)	—	73	5,556
Provisions, contract liabilities and others	4,487	—	4,487	(370)	—	(232)	3,885
	(27,760)	(5)	(27,765)	(14,504)	389	(223)	(42,103)

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Current					
Trade receivables from contracts with customers		446,163	435,216	—	—
Less: Allowance for impairment losses		(2,622)	(2,587)	—	—
		443,541	432,629	—	—
Other receivables					
– Prepayments		10,797	5,241	—	—
– Deposits		3,712	4,897	—	—
– Staff loans		2,094	3,476	—	—
– Sales tax refund receivable		—	1,879	—	—
– Sundry debtors	12.1	24,259	51,610	—	—
– Other tax recoverable		15,949	21,246	—	—
– Interest		194	626	—	—
– Other receivables		510	1,101	—	86
		57,515	90,076	—	86
Amounts due from related parties					
– Subsidiaries	12.2	—	—	547,723	469,762
– Related companies	12.3	88,590	77,255	—	—
– Joint venture	12.4	11	32	—	—
– Associate	12.5	4	4	4	4
		88,605	77,291	547,727	469,766
		589,661	599,996	547,727	469,852

Notes to The *Financial Statements* (Cont'd.)**12. TRADE AND OTHER RECEIVABLES (CONTINUED)**

- 12.1 Included in sundry debtors is mainly downpayment to suppliers of RM23,999,000 (2019: RM44,933,000).
- 12.2 The amounts due from subsidiaries are non-trade in nature, unsecured, receivable on demand and interest free, except for loan portion of RM543,877,000 (2019: RM427,039,000) which bears interest at KLIBOR + 1.25% (2019: KLIBOR + 1.25%) per annum.
- 12.3 The amounts due from related companies are trade in nature, except for non-trade portion of RM39,459,000 (2019: RM16,974,000). Non-trade amounts are unsecured, receivable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, Berli Jucker Public Company Limited ("BJC"), Frasers Property Limited, TCC Land Co., Ltd. and TCC Corporation Limited.
- 12.4 The amounts due from a joint venture are trade in nature, unsecured, interest free and subject to negotiated trade term.
- 12.5 The amounts due from an associate are non-trade in nature, unsecured, receivable on demand and interest free.

13. INVENTORIES

	Note	Group 2020 RM'000	2019 RM'000
Finished goods		184,241	243,425
Raw materials		389,977	275,922
Packaging materials		55,153	43,473
Other inventories	13.1	26,610	15,584
		655,981	578,404
Recognised in profit or loss			
Inventories recognised as cost of sales		2,393,750	2,433,639
Inventories written off	25	6,498	8,485
Inventories written down	25	5,215	3,333
Reversal of inventories written down	25	(298)	(433)

- 13.1 Other inventories comprise engineering spares and machine consumables.

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	2020			2019		
	Nominal value '000	Assets RM'000	Liabilities RM'000	Nominal value '000	Assets RM'000	Liabilities RM'000
Forward foreign exchange contracts (less than 1 year)						
– USD	4,602	1	(302)	2,400	6	(55)
– AUD	1,706	3	(65)	2,042	–	(81)
		4	(367)		6	(136)

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

Notes to The *Financial Statements* (Cont'd.)**15. CASH AND CASH EQUIVALENTS**

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Cash and bank balances	319,306	252,980	86,280	5,332
Short-term deposits	174,309	316,739	—	35,000
	493,615	569,719	86,280	40,332

Included in cash and bank balances of the Company are proceeds received and held on behalf of its subsidiary amounting to RM83,175,000, relating to disposal of "TEAPOT" trademark as disclosed in Note 35(B).

16. CAPITAL AND RESERVES**(A) SHARE CAPITAL**

	2020 Number of shares '000	Group and Company RM'000	2019 Number of shares '000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	366,779	816,770	366,779	816,770

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

(B) TREASURY SHARES

	Group and Company Number of shares '000	RM'000
At 1 October 2018	237	1,716
Transfer to Shares held by SGP Trust (Note 16(C))	(237)	(1,716)
At 30 September 2019	—	—

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

Notes to The *Financial Statements* (Cont'd.)**16. CAPITAL AND RESERVES (CONTINUED)****(C) SHARES HELD BY SGP TRUST**

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2019/2018	204	3,904	131	4,039
Acquired	214	7,184	147	5,023
Transfer from treasury shares (Note 16(B))	—	—	237	1,716
Reissued pursuant to SGP	(278)	(6,400)	(311)	(6,874)
At 30 September	140	4,688	204	3,904

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

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

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

	Share price (RM)			Number of shares '000	Total consideration RM'000
	Lowest	Highest	Average		
2020	31.10	34.86	33.57	214	7,184
2019	33.28	34.60	34.12	147	5,023

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

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

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

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

RSP

Information regarding the RSP:

- Depending on the achievement of pre-determined targets set for a two-year performance period for the RSP, the final number of RSP shares awarded could range between 0% to 150% of the initial grant of the RSP Base Award.
- At the end of the two-year performance period, 50% of the RSP shares under the Final Award will be released to the participants upon vesting. The balance will be released equally over the subsequent two years upon fulfilment of service requirements.

Notes to The *Financial Statements* (Cont'd.)**16. CAPITAL AND RESERVES (CONTINUED)****(D) SHARE GRANTS UNDER RSP AND PSP (COLLECTIVELY, THE “SGP”) (CONTINUED)*****RSP (continued)***

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

	Number of share grants					Vesting period
	At 1.10.2019/ grant date	Adjustment for achievement factor	Vested	* Forfeited	At 30.9.2020	
RSP 2016 (5.1.2016)	82,575	—	(82,575)	—	—	31.12.2017– 31.12.2019
RSP 2017 (22.12.2016)	129,700	—	(64,375)	(3,375)	61,950	31.12.2018– 31.12.2020
RSP 2018 (22.12.2017)	278,500	(17,400)	(130,550)	(1,650)	128,900	31.12.2019– 31.12.2021
RSP 2019 (22.12.2018)	357,300	(127,300)	—	(16,400)	213,600	31.12.2020– 31.12.2022
RSP 2020 (23.12.2019)	514,400	—	—	(18,500)	495,900	31.12.2021– 31.12.2023
	1,362,475	(144,700)	(277,500)	(39,925)	900,350	

* Share grants forfeited upon cessation of employment.

No awards were granted to Directors of the Company.

The estimated fair value of shares granted during the financial year ranges from RM31.62 to RM33.06. The fair value of equity-settled contingent award of shares are determined using the Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	RSP			
	2020	2019	2018	2017
Dividend yield (%)	2.33	2.34	2.72	3.34
Expected volatility (%)	13.30	16.35	11.56	12.67
Risk-free interest rate (%)	2.95-3.14	3.56-3.80	3.21-3.59	3.58-3.87
Expected term (years)	2.02-4.02	2.03-4.03	2.02-4.03	2.02-4.03
Share price at date of grant (RM)	34.66	31.34	26.38	22.86

PSP

Information regarding the PSP:

- (i) Depending on the achievement of pre-determined targets set for a three-year performance period for the PSP, the final number of PSP shares awarded could range between 0% to 200% of the initial grant of the PSP Base Award.
- (ii) All of the PSP shares under the Final Award will be released to the participants at the end of the three-year performance period upon vesting.

As at 30 September 2020, no shares were granted under the PSP.

Notes to The *Financial Statements* (Cont'd.)**16. CAPITAL AND RESERVES (CONTINUED)****(E) LOSS ON PURCHASE OF SHARES FOR SGP**

Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust (Note 16(C)) to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be included in the Group's and the Company's financial statements as a deduction from equity and classified as "Loss on purchase of shares for SGP".

(F) LEGAL RESERVE

Non-distributable legal reserve amounting to RM9,934,000 (2019: RM9,934,000) relates to a subsidiary in Thailand. Under the provision of Thailand Civil and Commercial Code, the subsidiary is required to set aside at least 5% of its net income after accumulated deficit (if any) as a legal reserve until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable as dividends.

17. LOANS AND BORROWINGS

	Currency	Group 2020 RM'000	2019 RM'000
Non-current			
Term loan – unsecured	Thai Baht ("THB")	—	95,909
Current			
Term loan – unsecured	THB	91,868	27,402
		91,868	123,311

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

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

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

As at 30 September 2020, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2019: RM1,500,000,000). The CP programme of RM750,000,000 has expired on 14 October 2020 whilst the tenure of the MTN Programme is up to 28 September 2028.

TERM LOAN OF THB1,000,000,000

On 1 December 2015 and 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDDT"), was granted term loans of THB1,000,000,000 each with the tenure of three (3) years from the issued date and interest rates of 2.35% and 2.44% per annum respectively. As at 30 September 2020, the outstanding balance for the term loans amounted to THB700,000,000 (2019: THB900,000,000).

On 7 June 2018 and 10 January 2019, FNDDT was granted short-term loans of THB200,000,000 and THB400,000,000 with the tenure of six (6) months and interest rates of 1.83% and 2.20% per annum respectively. These term loans were fully repaid in the previous financial year.

Notes to The *Financial Statements* (Cont'd.)**18. EMPLOYEE BENEFITS**

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

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

MOVEMENT IN THE NET DEFINED BENEFIT LIABILITY

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

	Note	Group 2020 RM'000	2019 RM'000
Balance at 1 October 2019/2018		49,511	40,176
Included in profit or loss			
Current service cost		3,251	2,404
Past service (credit)/cost		(17)	2,667
Interest cost		1,505	1,496
	25	4,739	6,567
Included in other comprehensive income			
Remeasurement loss/(gain)			
– Actuarial loss/(gain) arising from:			
– demographic assumptions		–	224
– financial assumptions		2,793	5,667
– experience adjustments		(1,173)	1,363
Effect of movements in exchange rates		(686)	898
		934	8,152
Others			
Benefits paid		(3,880)	(5,077)
Transfers		–	(307)
		(3,880)	(5,384)
Balance at 30 September		51,304	49,511
Principal actuarial assumptions used			
Discount rate (%)		1.34-3.50	1.34-4.50
Rate of increase in salaries (%)		4.00-7.00	4.00-7.00
Mortality rate (%)		0.02-0.44	0.03-0.44
Disability rate (%)		0.00-0.04	0.00-0.04
Retirement age (years)			
– Malaysia		60	60
– Thailand		60	60

The average duration of the defined benefit plan obligation at the end of the financial year is 10 years (2019: 11 years).

Notes to The *Financial Statements* (Cont'd.)**18. EMPLOYEE BENEFITS (CONTINUED)****SENSITIVITY ANALYSIS**

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

Group	Discount rate		Rate of change in salaries	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
2020				
(Decrease)/Increase in defined benefit obligation	(4,570)	5,354	5,157	(4,497)
2019				
(Decrease)/Increase in defined benefit obligation	(4,199)	4,916	4,604	(4,026)

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

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade payables		224,547	278,621	—	—
Other payables					
– Accrued expenses		43,080	51,346	1,367	965
– Advertising and promotion		49,904	72,288	—	—
– Deposits	19.1	20,354	22,087	—	—
– Distributor incentives, discounts and rebates		25,731	39,859	—	—
– Interest		1,127	1,006	—	—
– Staff costs		26,698	50,892	—	—
– Sundry creditors		43,074	49,895	—	—
– Others		41,134	52,129	—	—
		251,102	339,502	1,367	965
Amounts due to related parties					
– Subsidiaries	19.2	—	—	87,932	3,581
– Related companies	19.3	41,005	46,458	17	31
		41,005	46,458	87,949	3,612
		516,654	664,581	89,316	4,577

Notes to The *Financial Statements* (Cont'd.)**19. TRADE AND OTHER PAYABLES (CONTINUED)**

- 19.1 Included in deposits are amounts received from dealers which bear interest at rate of 2.40% (2019: 3.15%) per annum.
- 19.2 The amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest free.
- 19.3 The amounts due to related companies are trade in nature, except for non-trade portion for the Group and the Company amounting to RM17,369,000 (2019: RM19,766,000) and RM17,000 (2019: RM31,000) respectively. Non-trade amounts are unsecured, repayable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, BJC, Frasers Property Limited, Thai Group Holdings Public Company Limited and TCC Corporation Limited.

20. CONTRACT LIABILITIES

Certain liabilities arose as a result of the Group's contracts with the customers as analysed below.

	Group 2020 RM'000	2019 RM'000
Trade incentives	51,749	50,844
Customers' down payments	6,038	3,576
	57,787	54,420

21. REVENUE

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Revenue from contracts with customers	3,987,622	4,076,074	—	—
Other revenue				
Rental income	885	1,064	—	—
Dividend income				
— from subsidiaries	—	—	272,035	213,220
— from an associate	—	—	6,221	3,733
	885	1,064	278,256	216,953
Total revenue	3,988,507	4,077,138	278,256	216,953

Notes to The *Financial Statements* (Cont'd.)**21. REVENUE (CONTINUED)****(A) DISAGGREGATION OF REVENUE**

Group	F&B Malaysia		F&B Thailand		Property		Others		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets										
Malaysia	1,603,184	1,763,283	—	—	120	129	916	788	1,604,220	1,764,200
Thailand	—	—	1,586,570	1,580,913	—	—	—	—	1,586,570	1,580,913
Cambodia	—	—	215,457	208,874	—	—	—	—	215,457	208,874
Singapore	103,487	185,729	27,461	26,844	—	—	1,852	745	132,800	213,318
Africa	75,742	35,222	—	—	—	—	—	—	75,742	35,222
Hong Kong	57,088	37,169	13,548	11,698	—	—	—	—	70,636	48,867
Indonesia	35,063	12,576	33,431	21,169	—	—	206	—	68,700	33,745
Philippines	43,120	19,452	9,530	11,811	—	—	—	—	52,650	31,263
Laos	—	—	37,878	36,902	—	—	—	—	37,878	36,902
Myanmar	30,035	39,821	—	—	—	—	23	47	30,058	39,868
China	23,919	10,351	—	—	—	—	—	—	23,919	10,351
Brunei	19,625	17,940	—	—	—	—	—	—	19,625	17,940
Vietnam	12,498	11,165	4,697	1,952	—	—	—	—	17,195	13,117
Others	36,988	32,128	15,184	9,366	—	—	—	—	52,172	41,494
	2,040,749	2,164,836	1,943,756	1,909,529	120	129	2,997	1,580	3,987,622	4,076,074
Timing and recognition										
At a point in time	2,040,749	2,164,836	1,943,756	1,909,529	120	129	2,997	1,580	3,987,622	4,076,074
Revenue from contracts with customers	2,040,749	2,164,836	1,943,756	1,909,529	120	129	2,997	1,580	3,987,622	4,076,074
Other revenue	—	—	—	—	756	924	129	140	885	1,064
Total revenue	2,040,749	2,164,836	1,943,756	1,909,529	876	1,053	3,126	1,720	3,988,507	4,077,138

(B) NATURE OF GOODS AND SERVICES

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

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

Notes to The *Financial Statements* (Cont'd.)**21. REVENUE (CONTINUED)****(C) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATIONS**

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

(D) SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS ARISING FROM REVENUE RECOGNITION

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

22. FINANCE INCOME

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Interest income of financial assets calculated using the effective interest method that are:				
– at amortised cost	5,068	15,196	20,315	28,998
– other finance income	–	27	–	–
	5,068	15,223	20,315	28,998
Recognised in profit or loss	5,068	15,223	20,315	28,998

23. FINANCE COSTS

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– bank borrowings	2,868	4,271	–	–
Interest expense on lease liabilities	1,197	–	–	–
Other finance costs	793	284	–	–
	4,858	4,555	–	–
Recognised in profit or loss	4,858	4,555	–	–

Notes to The *Financial Statements* (Cont'd.)**24. TAX EXPENSE****RECOGNISED IN PROFIT OR LOSS**

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Current tax expense					
Current year		97,621	107,954	23,372	12,943
Prior years		662	523	13	3
		98,283	108,477	23,385	12,946
Deferred tax expense					
Origination and reversal of temporary differences		14,535	14,946	—	—
Over provision in prior year		(31)	(691)	—	—
	11	14,504	14,255	—	—
Total income tax expense		112,787	122,732	23,385	12,946
Deferred tax related to items recognised in other comprehensive income					
Net actuarial gains or losses	11	(389)	(1,714)	—	—
Reconciliation of tax expense					
Profit before tax		522,911	532,956	293,085	242,223
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)		125,499	127,909	70,340	58,134
Effect of tax rates in foreign jurisdictions		(19,290)	(16,577)	—	—
Tax exempt income		(22,732)	(53)	(66,782)	(52,069)
Non-deductible expenses		10,114	4,607	772	378
Deferred tax assets recognised		—	(625)	—	—
Under/(Over) provided in prior years		631	(168)	13	3
Foreign withholding tax		20,375	8,081	19,042	6,500
Others		(1,810)	(442)	—	—
Total income tax expense		112,787	122,732	23,385	12,946
Effective income tax rate		22%	23%	8%	5%

Notes to The *Financial Statements* (Cont'd.)**25. PROFIT FOR THE YEAR**

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Profit for the year is arrived at after charging/(crediting):					
Auditors' remunerations					
Audit fees:					
– KPMG PLT		480	461	90	90
– Overseas affiliates of KPMG PLT		256	240	–	–
– Other auditors		14	–	–	–
Non-audit fees:					
– KPMG PLT		124	179	124	179
– Overseas affiliates of KPMG PLT		68	105	–	–
Material expenses/(income)					
Advertising and promotion expenses		174,125	208,698	–	–
Amortisation of intangible assets	7	1,799	2,353	–	–
Bad debts recovered		(30)	(64)	–	–
Depreciation of property, plant and equipment	3	104,907	100,065	–	–
Depreciation of right-of-use assets	4	25,865	–	–	–
Distributor incentives, discounts and rebates		713,683	744,967	–	–
Impairment loss:					
– Investments in subsidiaries	8	–	–	1,380	–
– Plant and equipment	3	582	363	–	–
– Trade receivables		513	511	–	–
Inventories written down	13	5,215	3,333	–	–
Inventories written off	13	6,498	8,485	–	–
Gain on disposal of intangible assets	7	(7,805)	(5)	–	–
Net fair value loss on derivatives		233	50	–	–
Net loss on disposal of plant and equipment		594	417	–	–
Net realised foreign exchange (gain)/loss		(203)	1,734	149	14
Net unrealised foreign exchange loss/(gain)		843	(201)	23	18
Plant and equipment written off		458	3,298	–	–
Rental income from premises		(999)	(1,177)	–	–
Reversal of impairment loss:					
– Plant and equipment	3	(538)	(697)	–	–
– Trade receivables		(97)	(199)	–	–
Reversal of inventories written down	13	(298)	(433)	–	–
Royalties:					
– Holding company		–	3,221	–	–
– Related companies		49,477	50,898	–	–
– Third parties		91,388	91,070	–	–
Personnel expenses (including compensation of key management personnel)					
– Contributions to state plans		25,963	26,698	–	–
– Expenses related to defined benefit plans	18	4,739	6,567	–	–
– Share-based payment expense		7,952	2,275	–	–
– Wages, salaries and others		258,749	270,184	–	–
– Restructuring costs		–	2,109	–	–
Expenses arising from leases:					
Expenses relating to short-term leases	a	3,136	–	–	–
Expenses relating to leases of low-value assets	a	1,643	–	–	–
Expenses relating to variable lease payments not included in the measurement of lease liabilities		11,036	–	–	–
Rental expense		306	43,616	–	–

Note a

The Group leases photocopier and others with contract terms of 1 to 5 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to The *Financial Statements* (Cont'd.)**26. OTHER COMPREHENSIVE INCOME**

Group	2020			2019		
	Before tax RM'000	Tax benefit RM'000	Net of tax RM'000	Before tax RM'000	Tax benefit RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(1,620)	389	(1,231)	(7,254)	1,714	(5,540)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(28,286)	—	(28,286)	35,155	—	35,155

27. EARNINGS PER ORDINARY SHARE**(A) BASIC EARNINGS PER ORDINARY SHARE**

The calculation of basic earnings per ordinary share at 30 September 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit for the year attributable to owners of the Company	410,384	410,260
	2020 '000	2019 '000
Weighted average number of ordinary shares net of shares held by SGP Trust	366,653	366,735
Basic earnings per ordinary share (sen)	111.9	111.9

Notes to The *Financial Statements* (Cont'd.)**27. EARNINGS PER ORDINARY SHARE (CONTINUED)****(B) DILUTED EARNINGS PER ORDINARY SHARE**

The calculation of diluted earnings per ordinary share at 30 September 2020 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group 2020 RM'000	2019 RM'000
Profit for the year attributable to owners of the Company	410,384	410,260
	2020 '000	2019 '000
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust	366,653	366,735
Adjustment for dilutive potential shares under SGP plan	900	840
Adjusted weighted average number of ordinary shares net of shares held by SGP Trust	367,553	367,575
Diluted earnings per ordinary share (sen)	111.7	111.6

28. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 2019 ordinary	33.0	121,037	13 February 2020
Interim 2020 ordinary	27.0	99,030	12 June 2020
		220,067	
2019			
Final 2018 ordinary	30.5	111,867	15 February 2019
Interim 2019 ordinary	27.0	99,031	13 June 2019
		210,898	

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

	Sen per share	Total amount RM'000
Final 2020 ordinary	33.0	121,037

Notes to The *Financial Statements* (Cont'd.)**29. OPERATING SEGMENTS**

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

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

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

Financial year ended 30 September 2020	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		2,040,749	1,970,889	3,345	88,860	4,103,843
Inter-segment		—	(27,133)	(2,469)	(85,734)	(115,336)
External		2,040,749	1,943,756	876	3,126	3,988,507
Results						
Operating profit/(loss)		144,932	381,017	(1,957)	(8,832)	515,160
Finance income	29.1	—	—	—	—	5,068
Finance costs	29.1	—	—	—	—	(4,858)
Share of profit of equity-accounted associate, net of tax		—	—	—	7,824	7,824
Share of loss of equity-accounted joint venture, net of tax		—	—	(283)	—	(283)
Income tax expense		(36,149)	(53,185)	191	(23,644)	(112,787)
Profit for the year						410,124
Other information						
Segment assets		1,879,085	837,480	114,153	10,452	2,841,170
Investment in an associate		—	—	—	91,261	91,261
Investment in a joint venture		—	—	87,845	—	87,845
Deferred tax assets		—	5,190	133	647	5,970
Current tax assets		191	—	9	—	200
Cash and cash equivalents	29.1	—	—	—	—	493,615
Total assets						3,520,061
Segment liabilities		333,466	313,086	843	3,174	650,569
Loans and borrowings	29.1	—	—	—	—	91,868
Deferred tax liabilities		47,422	—	651	—	48,073
Current tax liabilities		12,746	25,858	35	472	39,111
Total liabilities						829,621
Others						
Purchase of property, plant and equipment and intangible assets		177,945	30,925	—	349	209,219
Depreciation of property, plant and equipment and amortisation of intangible assets		74,261	31,690	303	452	106,706
Purchase of right-of-use assets		17,258	4,630	—	—	21,888
Depreciation of right-of-use assets		18,052	7,742	—	71	25,865

Notes to The *Financial Statements* (Cont'd.)**29. OPERATING SEGMENTS (CONTINUED)**

Financial year ended 30 September 2019	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		2,164,836	1,924,557	3,337	95,398	4,188,128
Inter-segment		—	(15,028)	(2,284)	(93,678)	(110,990)
External		2,164,836	1,909,529	1,053	1,720	4,077,138
Results						
Operating profit/(loss)		161,059	361,955	(142)	(2,428)	520,444
Finance income	29.1	—	—	—	—	15,223
Finance costs	29.1	—	—	—	—	(4,555)
Share of profit of equity-accounted associate, net of tax		—	—	—	9,139	9,139
Share of loss of equity-accounted joint venture, net of tax		—	—	(7,295)	—	(7,295)
Income tax expense		(37,013)	(71,341)	(245)	(14,133)	(122,732)
Profit for the year						410,224
Other information						
Segment assets		1,792,899	822,398	116,656	11,101	2,743,054
Investment in an associate		—	—	—	89,658	89,658
Investment in a joint venture		—	—	87,613	—	87,613
Deferred tax assets		626	5,513	—	95	6,234
Current tax assets		7,541	—	26	—	7,567
Cash and cash equivalents	29.1	—	—	—	—	569,719
Total assets						3,503,845
Segment liabilities		427,495	336,858	810	3,485	768,648
Loans and borrowings	29.1	—	—	—	—	123,311
Deferred tax liabilities		33,182	—	812	—	33,994
Current tax liabilities		7,031	38,450	21	2,967	48,469
Total liabilities						974,422
Others						
Purchase of property, plant and equipment and intangible assets		91,138	46,488	—	213	137,839
Depreciation of property, plant and equipment and amortisation of intangible assets		74,137	27,300	306	675	102,418

29.1 Group financing (including finance costs), cash and cash equivalents, and loans and borrowings are managed on a group basis and are not allocated to operating segments.

Notes to The *Financial Statements* (Cont'd.)**29. OPERATING SEGMENTS (CONTINUED)****GEOGRAPHICAL SEGMENTS**

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

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

Geographical information

	Revenue		Non-current assets	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,605,105	1,765,264	1,231,195	1,116,469
Thailand	1,586,570	1,580,913	363,974	372,726
Cambodia	215,457	208,874	—	—
Singapore	132,800	213,318	—	—
Africa	75,742	35,222	—	—
Hong Kong	70,636	48,867	—	—
Indonesia	68,700	33,745	—	—
Philippines	52,650	31,263	—	—
Laos	37,878	36,902	—	—
Myanmar	30,058	39,868	—	—
China	23,919	10,351	—	—
Brunei	19,625	17,940	185	83
Vietnam	17,195	13,117	—	—
Others	52,172	41,494	170	75,370
	3,988,507	4,077,138	1,595,524	1,564,648

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

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	1,359,893	1,339,180
Right-of-use assets	87,183	—
Investment properties	47,569	48,775
Properties held for development	54,958	56,047
Intangible assets	45,921	120,646
	1,595,524	1,564,648

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 30 September 2020 and 2019.

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS****(A) CATEGORIES OF FINANCIAL INSTRUMENTS**

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

- (i) Fair value through profit or loss ("FVTPL") – Mandatorily required by MFRS 9; and
- (ii) Amortised cost ("AC").

2020	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables	30.1	559,203	–	559,203
Derivative financial assets	14	4	4	–
Cash and cash equivalents	15	493,615	–	493,615
		1,052,822	4	1,052,818
Company				
Other receivables	12	547,727	–	547,727
Cash and cash equivalents	15	86,280	–	86,280
		634,007	–	634,007
Financial liabilities				
Group				
Trade and other payables	30.2	510,980	–	510,980
Derivative financial liabilities	14	367	367	–
Loans and borrowings	17	91,868	–	91,868
		603,215	367	602,848
Company				
Other payables	19	89,316	–	89,316

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(A) CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)**

2019	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables	30.1	566,733	—	566,733
Derivative financial assets	14	6	6	—
Cash and cash equivalents	15	569,719	—	569,719
		1,136,458	6	1,136,452
Company				
Other receivables	12	469,852	—	469,852
Cash and cash equivalents	15	40,332	—	40,332
		510,184	—	510,184
Financial liabilities				
Group				
Trade and other payables	30.2	662,050	—	662,050
Derivative financial liabilities	14	136	136	—
Loans and borrowings	17	123,311	—	123,311
		785,497	136	785,361
Company				
Other payables	19	4,577	—	4,577

30.1 Trade and other receivables amounting to RM30,458,000 (2019: RM33,263,000) are not regarded as financial assets. These include prepayments, deposits paid, sales tax refund receivable and other tax recoverable.

30.2 Trade and other payables amounting to RM5,674,000 (2019: RM2,531,000) are not regarded as financial liabilities. These include provision for unconsumed annual leave and other tax payable.

(B) NET GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Net (losses)/gains on:				
Fair value through profit or loss				
— Mandatorily required by MFRS 9	(233)	(50)	—	—
Financial assets at amortised cost	4,855	13,177	20,166	28,984
Financial liabilities at amortised cost	(3,661)	(4,555)	—	—
	961	8,572	20,166	28,984

Notes to The *Financial Statements* (Cont'd.)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

(D) CREDIT RISK

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

Trade receivables

Risk management objectives, policies and processes for managing the risk

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

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

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

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

Exposure to credit risk, credit quality and collateral

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

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM161,333,000 (2019: RM161,240,000) in respect of RM435,793,000 (2019: RM425,376,000) trade receivables. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

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

- a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit management team; and
- b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(D) CREDIT RISK (CONTINUED)****Trade receivables (continued)****Recognition and measurement of impairment losses (continued)**

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

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

Loss rates are based on actual credit loss experience over the past three 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 not material for the purpose of impairment calculation for the financial year.

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

Group	2020			2019		
	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Current (not past due)	387,007	(607)	386,400	375,732	(508)	375,224
1-30 days past due	46,733	(187)	46,546	53,868	(230)	53,638
31-60 days past due	5,293	(382)	4,911	3,723	(325)	3,398
61-90 days past due	656	(187)	469	234	(34)	200
	439,689	(1,363)	438,436	433,557	(1,097)	432,460
Credit impaired						
More than 90 days past due	5,855	(640)	5,215	1,075	(906)	169
Individually impaired	619	(619)	—	584	(584)	—
	446,163	(2,622)	443,541	435,216	(2,587)	432,629

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

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

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 October 2018	2,003	503	2,506
Amount written off	—	(231)	(231)
Net remeasurement of loss allowance	—	312	312
Balance at 30 September 2019/1 October 2019	2,003	584	2,587
Amount written off	—	(381)	(381)
Net remeasurement of loss allowance	—	416	416
Balance at 30 September 2020	2,003	619	2,622

As at 30 September 2020, RM381,000 (2019: RM231,000) of trade receivables were written off but they are still subject to enforcement activity.

Notes to The *Financial Statements* (Cont'd.)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(D) 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 unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM93,944,000 (2019: RM128,317,000) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

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

Recognition and measurement of impairment loss

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

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

Recognition and measurement of impairment loss

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

(E) LIQUIDITY RISK

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

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

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

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(E) 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:

2020	Note	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
Group							
Interest-bearing borrowings	17	91,868	2.44	93,944	93,944	—	—
Financial guarantees		—	—	15,591	15,591	—	—
Trade and other payables	30(A)	510,980	—	510,980	510,980	—	—
Lease liabilities		24,457	3.67	25,667	14,092	10,738	837
Derivative financial liabilities	14	367	—	367	367	—	—
		627,672		646,549	634,974	10,738	837
Company							
Financial guarantees		—	—	93,944	93,944	—	—
Other payables	19	89,316	—	89,316	89,316	—	—
		89,316		183,260	183,260	—	—

2019	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000
Group						
Interest-bearing borrowings	17	123,311	2.44	128,317	30,241	98,076
Financial guarantees		—	—	12,229	12,229	—
Trade and other payables	30(A)	662,050	—	662,050	662,050	—
Derivative financial liabilities	14	136	—	136	136	—
		785,497		802,732	704,656	98,076
Company						
Financial guarantees		—	—	128,317	128,317	—
Other payables	19	4,577	—	4,577	4,577	—
		4,577		132,894	132,894	—

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(F) MARKET RISK**

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

(i) Currency risk

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

Risk management objectives, policies and processes for managing the risk

The Group hedges a portion of its foreign currency denominated trade payables. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

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

Group	Denominated in USD RM'000	SGD RM'000
2020		
Cash and cash equivalents	24,868	7,891
Receivables	53,295	4,574
Payables	—	(4,244)
Net exposure	78,163	8,221
2019		
Cash and cash equivalents	5,754	7,954
Receivables	74,844	21,751
Payables	(1,709)	(4,963)
Net exposure	78,889	24,742

Currency risk sensitivity analysis

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

A 10% (2019: 10%) strengthening of the following currencies against RM at the end of the reporting period would have increased or decreased, respectively pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group 2020 RM'000	2019 RM'000
USD	7,816	7,889
SGD	822	2,474

A 10% (2019: 10%) weakening of the above currencies against RM at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(F) MARKET RISK (CONTINUED)****(ii) Interest rate risk**

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

Exposure to interest rate risk

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

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Fixed rate instruments					
Short-term deposits	15	174,309	316,739	—	35,000
Loans and borrowings	17	(91,868)	(123,311)	—	—
Lease liabilities		(25,667)	—	—	—
		56,774	193,428	—	35,000
Floating rate instruments					
Shareholders' loan to a joint venture	10	—	126,820	—	126,820
Loan to a subsidiary	12.2	—	—	543,877	427,039
		—	126,820	543,877	553,859

Interest rate risk sensitivity analysis*Fair value sensitivity analysis for fixed rate instruments*

The Group does 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.

Cash flow sensitivity analysis for variable rate instruments

A change in 100 basis points in interest rates would have decreased or increased pre-tax profit or loss of the Group and of the Company by the amounts shown below.

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
Floating rate instruments	—	1,268	5,439	5,539

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(G) FAIR VALUE INFORMATION**

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

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2020											
Group											
Financial asset											
Derivative financial assets	14	—	4	—	4	—	—	—	—	4	4
Financial liability											
Derivative financial liabilities	14	—	367	—	367	—	—	—	—	367	367
2019											
Group											
Financial asset											
Derivative financial assets	14	—	6	—	6	—	—	—	—	6	6
Financial liabilities											
Derivative financial liabilities	14	—	136	—	136	—	—	—	—	136	136
Loans and borrowings	17	—	—	—	—	—	—	123,594	123,594	123,594	123,311
		—	136	—	136	—	—	123,594	123,594	123,730	123,447

Level 2 fair value**Derivatives**

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

Notes to The *Financial Statements* (Cont'd.)**30. FINANCIAL INSTRUMENTS (CONTINUED)****(G) FAIR VALUE INFORMATION (CONTINUED)****Level 3 fair value**

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

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows method using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

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

31. CAPITAL MANAGEMENT

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

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

The Group has complied with this requirement.

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

	Note	Group 2020 RM'000	2019 RM'000
Total loans and borrowings	17	91,868	123,311
Equity attributable to owners of the Company		2,690,601	2,529,324
Debt to equity ratio		3%	5%

32. CAPITAL AND OTHER COMMITMENTS**CAPITAL EXPENDITURE COMMITMENTS**

	Group 2020 RM'000	2019 RM'000
Property, plant and equipment		
Contracted but not provided for	109,441	206,831

Notes to The *Financial Statements* (Cont'd.)**33. RELATED PARTIES****IDENTITY OF RELATED PARTIES**

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

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

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associate, joint venture and key management personnel.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions had been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 12 and 19.

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
A. F&NL Group					
Sales of goods		269,561	266,876	—	—
Purchases of goods		(169,306)	(184,210)	—	—
Royalties paid		(49,477)	(54,119)	—	—
Internal audit fees paid		—	(1,275)	—	—
Receipt of corporate service fees		3,211	1,581	—	—
Proceeds from disposal of intangible assets	35(B)	83,175	—	—	—
B. Subsidiaries					
Dividend income	21	—	—	272,035	213,220
Finance income		—	—	19,678	21,338
Management fees		—	—	(407)	(410)
C. CHB Group					
Dividend income		6,221	3,733	6,221	3,733
D. VCSB					
Finance income		15	5,814	15	5,814
E. Thai Beverage Public Company Limited Group	33.1				
Sales of goods		2,553	1,747	—	—
Purchases of goods		(6,019)	(2,845)	—	—
Marketing expenses		(20,887)	(18,223)	—	—
Corporate service fees paid		(2,274)	(1,999)	—	—
Purchase of plant and machinery		(4,023)	—	—	—
Other income/(expenses)		1,967	(483)	—	—
F. BJC Group	33.1				
Sales of goods		69,410	68,099	—	—
Purchases of goods		(18,116)	(20,237)	—	—
Other expenses		(10,599)	(10,254)	—	—

Notes to The *Financial Statements* (Cont'd.)**33. RELATED PARTIES (CONTINUED)****SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**

	Note	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
G. Other related parties of TCC Group	33.1				
Purchases of goods		(57,045)	(42,925)	—	—
Management fees		(307)	(2,026)	—	—
Insurance premium paid		(3,192)	(3,093)	—	—
H. Key management personnel					
Non-Executive Directors					
Fees		1,296	1,275	1,296	1,275
Estimated monetary value of benefits-in-kind		39	47	39	47
		1,335	1,322	1,335	1,322
Other key management personnel					
Remuneration		12,760	12,950	—	—
Contributions to defined contribution plan		704	828	—	—
Share-based payments		1,138	541	—	—
		14,602	14,319	—	—
		15,937	15,641	1,335	1,322

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

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

Remuneration (RM)	Non-Executive Directors	
	2020	2019
0 – 50,000	1	—
50,001 – 100,000	4	3
100,001 – 150,000	6	7
150,001 – 200,000	—	—
200,001 – 250,000	1	1

Notes to The *Financial Statements* (Cont'd.)

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group adopted MFRS 16.

DEFINITION OF A LEASE

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

AS A LESSEE

Where the Group is a lessee, the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that the right-of-use assets are equivalent to the lease liabilities as at 1 October 2019.

At 1 October 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 October 2019. The weighted-average rate applied is 3.67%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 October 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 October 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 October 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

AS A LESSOR

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

Notes to The *Financial Statements* (Cont'd.)**34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)****34.1 IMPACTS ON FINANCIAL STATEMENTS**

Since the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that right-of-use assets are equivalent to lease liabilities as at 1 October 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 September 2019, and lease liabilities recognised in the statement of financial position at 1 October 2019.

	RM'000
Operating lease commitments at 30 September 2019 as disclosed in the Group's consolidated financial statements	43,481
Discounted using the incremental borrowing rate at 1 October 2019	42,077
Recognition exemption for short-term leases	(5,558)
Recognition exemption for leases of low-value assets	(2,274)
Variable lease payments based on an index or a rate	(2,592)
Others	(2,588)
Lease liabilities recognised at 1 October 2019	29,065

35. SIGNIFICANT EVENTS

Significant events during the financial year are as follows:

(A) Conditional sale and purchase agreement (the "SPA") in relation to the proposed acquisition of approximately 4,453.92 hectares of leasehold land located in Mukim Chuping, Daerah Perlis, Negeri Perlis ("Ladang Chuping") for a cash consideration of RM156,000,000

The Company's direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd had on 8 October 2019 entered into a SPA with MSM Perlis Sdn Bhd ("MSM Perlis"), a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad.

On 9 April 2020, the Board of the Company announced that MSM Perlis had informed F&N AgriValley Sdn Bhd that MSM Perlis had not granted any extension of time for the satisfaction of conditions precedent under the SPA and MSM Perlis had then rescinded the SPA.

F&N AgriValley Sdn Bhd had received the refund of the deposit paid under the SPA. The Company and F&N AgriValley Sdn Bhd have decided that the Group will pursue and evaluate other opportunities for its proposed integrated crop and dairy farming project when such opportunities arise.

(B) SPA relating to the disposal of the "TEAPOT" trademark for a cash consideration of RM83,175,000

The Board of Directors of the Company had on 29 July 2020 announced that its direct wholly-owned subsidiary, Lion Share Management Limited entered into a SPA with F&N Global Marketing Pte Limited, a direct wholly-owned subsidiary of F&N, in relation to the disposal of the "TEAPOT" trademark as disclosed in Note 7 for a total cash consideration of RM83,175,000.

Completion of the Sale and Purchase Agreement occurred on 30 September 2020.

At completion, F&N Global Marketing Pte Limited entered into Trade Mark Licence Agreements ("TMLAs") with F&N Beverages Marketing Sdn Bhd, F&N Dairies (Thailand) Limited and F&N Dairies Distribution (Singapore) Pte Ltd. respectively, all of whom are wholly-owned subsidiaries of the Company ("F&NHB Subsidiaries"), granting the F&NHB Subsidiaries a non-exclusive, non-transferable licence to use the "TEAPOT" trademark for the sole purpose of preparing, packaging, manufacturing, marketing, distributing, and selling products under the "TEAPOT" trademark in the respective territories to which each of the F&NHB Subsidiaries have been licensed.

Statement by *Directors*

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

In the opinion of the Directors, the financial statements set out on pages 148 to 221 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2020 and of their financial performance and cash flows for the financial year then ended.

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

Tengku Syed Badarudin Jamalullail

Director

Kuala Lumpur, Malaysia

Lee Meng Tat

Director

Singapore

3 November 2020

Statutory *Declaration*

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

I, **Lai Kah Shen**, of F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia, being the Chief Financial Officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 148 to 221 are, to the best of my knowledge and belief, correct and I make this solemn declaration by virtue of the Oaths and Declarations Act (Cap 211), subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Subscribed and solemnly declared by the abovenamed **Lai Kah Shen, Passport No: K1667052B**, at the Republic of Singapore on 3 November 2020.

Lai Kah Shen

Before me:

Commissioner for Oaths
Singapore

Independent *Auditors' Report*

TO THE MEMBERS OF FRASER & NEAVE HOLDINGS BHD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the statements of financial position as at 30 September 2020 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 148 to 221.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities* for the *Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. This matter was 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 this matter.

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

Refer to Note 19 – Trade and other payables, Note 20 – Contract liabilities and Note 25 – Profit for the year of the financial statements.

THE KEY AUDIT MATTER

During the financial year, the Group incurred advertising and promotion expenses, and distributor incentives, discounts and rebates of RM174 million and RM714 million respectively. A total of RM76 million and RM52 million of these expenses were included in accruals and contract liabilities respectively as at financial year end. The advertising and promotion expenses, and distributor incentives, discounts and rebates are relating to food and beverages business, to support, promote and develop the Group's brands.

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

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following audit procedures, among others:

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

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

Independent *Auditors' Report* (Cont'd.)

TO THE MEMBERS OF FRASER & NEAVE HOLDINGS BHD

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent *Auditors' Report* (Cont'd.)
TO THE MEMBERS OF FRASER & NEAVE HOLDINGS BHD

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matter. We describe this matter 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 subsidiary of which we have not acted as auditors is disclosed in Note 8 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya
3 November 2020

Chong Dee Shiang
Approval Number: 02782/09/2022 J
Chartered Accountant