2018
ANNUAL REPORT

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BOARD OF DIRECTORS

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

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

Chua Choo Eng
Independent Non-Executive Director

Eugene Lee Cheng Hoe
Independent Non-Executive Director

Kok Sau Chun
Non-Independent Non-Executive Director

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

Margaret Chak Lee Hung
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Eugene Lee Cheng Hoe
Chairman, Independent Non-Executive Director

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

Chua Choo Eng
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

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

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

Chua Choo Eng
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Chua Choo Eng
Chairman, Independent Non-Executive Director

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

Eugene Lee Cheng Hoe
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Chin Mee Foon

Tai Yit Chan

Tan Ai Ning

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: (03) 7720 1188
Fax: (03) 7720 1111

REGISTRARS

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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


HOME

DATO' BAHAR BIN AHMAD, Malaysian (Male)

Dato' Bahar Bin Ahmad, 69, is an Independent Non-Executive Director and Chairman of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad as an Executive Director on 14 April 1997. He was re-designated as Non-Independent Non-Executive Director on 1 April 2016, Independent Non-Executive Director on 2 April 2018 and Chairman of the Board on 28 December 2018. He graduated from University of Malaya, Kuala Lumpur with a Bachelor of Arts (Honours) in 1973.

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

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

Dato' Bahar is the Chairman of the Nomination Committee and a member of the Audit Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. He attended all the four board meetings held during the financial year ended 30 September 2018.

LIM CHOO HONG, Malaysian (Male)

Mr. Lim Choo Hong, 61, is a Non-Independent Executive Director and the Chief Executive Officer/Group Managing Director of Fiamma Holdings Berhad. He is a founder member of the Fiamma Group and was appointed to the Board of Fiamma Holdings Berhad on 16 August 1982. He is a businessman and entrepreneur and has more than 35 years of business experience dealing in home appliances. He also has more than 20 years experience in property development. Prior to his involvement in the Fiamma Group in 1979, he was involved in the retail business in Singapore.

Mr. Lim Choo Hong is a member of the Remuneration Committee. He also sits on the Board of some of the subsidiary companies of Fiamma Group. Other than Fiama Holdings Berhad, he is not a director of any other public company and listed issuer. He is a shareholder of Casa Holdings Limited (a company listed on Singapore Exchange Limited) which is a major shareholder of Fiamma Holdings Berhad. He is the spouse of Madam Kok Sau Chun. He attended all the four board meetings held during the financial year ended 30 September 2018.

CHIN MEE FOON, Malaysian (Female)

Ms. Chin Mee Foon, 64, is a Non-Independent Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 2 April 2018. She is a fellow member of the Association of Chartered Certified Accountants, a member of the Malaysian Institute of Accountants and an associate member of the Institute of Chartered Secretaries and Administrators.

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

She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. She attended two of the four board meetings held during the financial year ended 30 September 2018.

KOK SAU CHUN, Malaysian (Female)

Madam Kok Sau Chun, 59, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 30 March 1992. She has held various administrative positions prior to her appointment.

Madam Kok Sau Chun is the spouse of Mr. Lim Choo Hong. She also sits on the Board of several subsidiary companies of Fiamma Group. Other than Fiama Holdings Berhad, she is not a director of any other public company and listed issuer. She attended all the four board meetings held during the financial year ended 30 September 2018.

MARGARET CHAK LEE HUNG, Malaysian (Female)

Ms. Margaret Chak Lee Hung, 46, is a Non-Independent Non-Executive Director of Fiamma Holdings Berhad. She was appointed to the Board of Fiamma Holdings Berhad on 28 February 2008. She holds a Bachelor of Economics (majoring in Accountancy) Degree from Macquarie University, Sydney, Australia and is a member of the Institute of Singapore Chartered Accountants.

She is the Group Financial Controller and Company Secretary of Casa Holdings Limited (“Casa”), a company listed on Singapore Exchange Limited, and is responsible for all aspects of financial management, accounting and company secretarial functions of the Casa Group. She joined Casa in October 2005 and has more than 20 years of experience in financial management and accounting.

Other than Fiama Holdings Berhad, she is not a director of any other public company and listed issuer. She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad. She attended all the four board meetings held during the financial year ended 30 September 2018.

CHUA CHOO ENG, Singaporean (Male)

Mr. Chua Choo Eng, 68, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 1 October 2018. He graduated from Nanyang University, Singapore with First Class Honours – Accountancy in July 1973 and is also a graduate of the Institute of Cost and Management Accountants, United Kingdom.

He was the Financial Controller of PT Antam Niterra Haltim, Indonesia from 2016 to 2017 and Assistant General Manager of Furnell International (Shenzen) Ltd from 2006 to 2015. He also served as the Chief Financial Officer in Changzhou Casa-Shinco Appliances Co., Ltd, Jiangsu, China from 2002 to 2006 and was the Managing Director of Carpet World Pte Ltd, Singapore from 1984 to 2002. Other than Fiama Holdings Berhad, he is not a director of any other public company and listed issuer.

He is the Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

EUGENE LEE CHENG HOE, Malaysian (Male)

Mr. Eugene Lee Cheng Hoe, 49, is an Independent Non-Executive Director of Fiamma Holdings Berhad. He was appointed to the Board of Fiamma Holdings Berhad on 28 December 2018. He holds a Bachelor of Economics (majoring in Accounting) from Macquarie University, Sydney, Australia. He is a Chartered Accountant (CA) with the Malaysian Institute of Accountants, a Certified Practising Accountant (CPA) with CPA Australia and a Registered Financial Planner (RFP) with the Malaysian Financial Planning Council (MFPC).

He has extensive corporate and financial advisory and strategy consulting experience. He is currently a Principal at Atreus Consulting Sdn Bhd. He was formerly Senior Manager, Corporate Affairs at Hong Leong Group, Director/Executive Vice President at BinaFikir Sdn Bhd (a subsidiary of Maybank Investment Bank Berhad), General Manager, Corporate Planning & Development at MISC Berhad (a subsidiary of PETRONAS), Associate Director, Corporate Finance at AmInvestment Bank Berhad and Audit Semi-Senior at Coopers & Lybrand (now PricewaterhouseCoopers). He was also an Independent Non-Executive Director and Audit Committee Chairman of Ideal Jacobs (Malaysia) Corporation Berhad from March 2013 to October 2015. Other than Fiama Holdings Berhad, he is not a director of any other public company and listed issuer.

He is the Chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

Other Information

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

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

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

CHING WOOI KONG, Malaysian (Male)

Mr. Ching Wooi Kong, 59, is the Managing Director of Fiamma Trading Sdn Bhd ("FTSB"). He sits on the Board of several subsidiary companies of Fiamma Group. He has more than 25 years of working experience in the home appliances and sanitary ware industry. He is responsible for business, product development and all aspects of strategic planning for Rubine and Haustern brands of home appliances. His brand portfolio also includes the agency brand of Whirlpool (USA). Mr. Ching joined Fiamma Group on 2 January 1990 as Project Executive. He also served as Assistant Project Manager and Project Manager. He became the General Manager of FTSB on 1 January 1995 and assumed his current position of Managing Director in April 2007.

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

CHEW LENG HUAT, Malaysian (Male)

Mr. Chew Leng Huat, 55, is the Managing Director of Fimaco Sdn Bhd ("FCSB"). He has more than 25 years of working experience in the home appliances industry. He is responsible for business, product development and all aspects of strategic planning for Faber, MEC and Tuscani homegrown brands of home appliances. His brand portfolios also include the agency brands of Braun (Germany), Oral B (Germany) and Speed Queen (USA). Mr. Chew joined Fiamma Group on 1 September 1989 as Sales Representative. He also served as Area Sales Manager, National Sales Manager and Sales & Marketing Manager. He became General Manager of FCSB on 1 October 1999 and assumed his current position of Managing Director on 15 May 2008. He does not sit on the Board of any public company and listed issuer. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

LING KEAN HONG, Malaysian (Male)

Mr. Ling Kean Hong, 51, is the Managing Director of Fiamma Sdn. Bhd. ("FSB"). He has more than 20 years of working experience in the home appliances industry. He is responsible for business, product development and all aspects of strategic planning for ELBA brand of home appliances. Mr. Ling joined Fiamma Group on 1 April 1994 as Sales Representative. He also served as Area Sales Manager, Regional Sales Manager and Sales & Marketing Manager. He became General Manager of FSB on 1 April 2007 and assumed his current position of Managing Director in April 2012. He does not sit on the Board of any public company and listed issuer. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

CHONG SZE CHUN, Malaysian (Female)

Ms. Chong Sze Chun, 51, is the Managing Director of Ebac Home Sdn Bhd ("EHSB"). She has more than 30 years experience in the home kitchen cabinets and home furnishing industry. She is responsible for the development and strategic planning of the project business of EHSB. Ms. Chong joined EHSB in November 2013 as General Manager and was promoted to Managing Director in April 2018. Prior to this, she was the Head of Project for Aino Kitchen Sdn Bhd from December 2008 to October 2013, where she was involved in building the project business. She also served Fiamma Group as Sales Manager between March 1995 and November 2008 where she was overall in charge of retail sales and project sales of the kitchen and home furnishing business. She does not sit on the Board of any public company and listed issuer. She does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

CHUAH TIAN PONG, Malaysian (Male)

Mr. Chuah Tian Pong, 46, is the General Manager of the Property Division of Fiamma Group. He is a graduate in Architecture and obtained his BSc (Hons) Architecture in 1997 and Post Graduate Diploma in Architecture in 1999 from Robert Gordon University, Aberdeen, Scotland. He has more than 17 years of working experience and his forte is in planning, design and value engineering. He joined Fiamma Group in January 2017 and is involved in property developments undertaken by the Group in Klang Valley, Kota Tinggi, Batu Pahat and Johor Bahru in Johor. He oversees the marketing, sales and project functions of the Property Division. Prior to joining Fiamma Group, he was the Head of Property Development in Mutiara Johan Project Management Sdn Bhd, a subsidiary of Mutiara Johan Group of Companies from September 2012 to December 2016. He also served as the Project Manager and Head of Property Development in Crest Builder Holdings Berhad from November 2007 to August 2012. He does not sit on the Board of any public company and listed issuer. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

LIM CHOON WENG, Malaysian (Male)

Mr. Lim Choon Weng, 47, is the General Manager of Exact Quality Sdn Bhd ("EQSB"). He has more than 22 years of management experience in home appliances, information technology and telecommunication industry. He is responsible for the after sales service of the products of Fiamma Group. He joined Fiamma Group in November 2013. He graduated with a Bachelor Degree in Electrical Engineering in 1996 and Master of Business Administration Degree in 2003, both from University of Malaya. Prior to this, he also served in Canon Maketing (M) Sdn Bhd, Redtone Technology Sdn Bhd and Binariang Berhad (Maxis). He does not sit on the Board of any public company and listed issuer. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

OOI CHOON PEEN, Malaysian (Male)

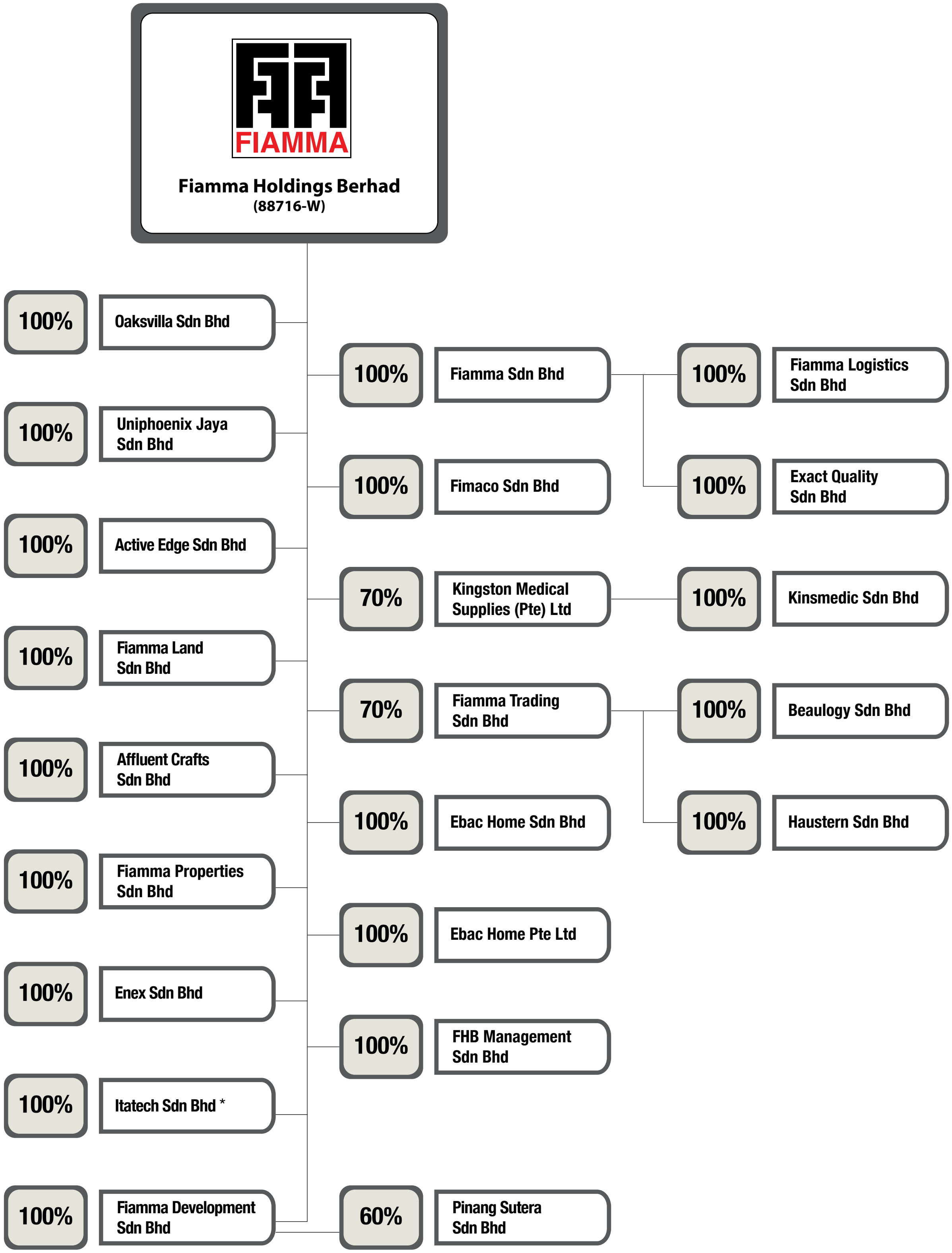
Mr. Ooi Choon Peen, 46, is the General Manager of Fiamma Logistics Sdn Bhd ("FLSB"). He is a graduate of Chartered Institute of Management Accountants (CIMA) and has 20 years of experience in the logistics and supply chain industry. He joined Fiamma Group in November 2016 and is responsible for the overall business logistics and supply chain needs of Fiamma Group. Prior to joining FLSB, he had been with several established multi-national third-party logistics providers namely Keppel Logistics (M) Sdn Bhd, LF Logistics Services (M) Sdn Bhd and CEVA Logistics (M) Sdn Bhd. His focus has been on areas of financial and commercial risk, business development, quality assurance and operational/contract management. He does not sit on the Board of any public company and listed issuer. He does not have any family relationship with any director and/or major shareholder of Fiamma Holdings Berhad.

Other Information

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

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

as at 31 December 2018



* In the process of striking off

Profit for the financial year attributable to owners of the Company (RM'000)

2018	32,597
2017	22,508
2016	23,217
2015	56,538
2014	41,396

Basic Earnings per share (sen)

2018	6.46
2017	4.43
2016	4.57
2015	13.75*
2014	10.16*

Net Assets per share (RM)

2018	0.93
2017	0.88
2016	0.82
2015	0.90*
2014	0.78*

FIVE YEARS GROUP FINANCIAL SUMMARY

	2014 RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000
RESULTS					
Revenue	338,161	333,488	283,813	315,607	339,099
Operating profit before depreciation, finance cost, foreign exchange gain/losses and tax	68,285	82,870	43,911	43,596	58,837
Profit before taxation	63,182	75,415	34,134	33,864	47,173
Profit for the financial year attributable to owners of the Company	41,396	56,538	23,217	22,508	32,597
EQUITY AND ASSETS					
Share capital	144,085	144,725	264,951	265,028	265,028
Total equity attributable to owners of the Company	320,858	369,988	429,775	445,910	467,953
Total assets	471,580	654,346	700,659	726,254	785,101
Cash and bank balances and deposits with financial institutions	114,709	92,210	87,638	78,938	102,645
FINANCIAL STATISTICS					
Basic earnings per share (sen)	10.16*	13.75*	4.57	4.43	6.46
Gross dividend per share (sen)	3.00*	2.50*	1.50	1.75	2.25#
Dividend pay-out	12,355	12,660	7,756	8,862	11,360#
Net assets per share (RM)	0.78*	0.90*	0.82	0.88	0.93

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

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial statements of the Group for the financial year ended 30 September 2018 ("FY2018"). The Group has performed well despite the continued uncertainty of the global economy and volatile foreign currency exchange rates.

FINANCIAL PERFORMANCE

The Group recorded a higher revenue of RM339.10 million in FY2018 compared with RM315.61 million in the financial year ended 30 September 2017 ("FY2017"). This was mainly due to increase in trading sales and higher percentage of completion for its various ongoing developments, with some projects completed in FY2018.

Consequently, the Group recorded a higher profit before taxation ("PBT") of RM47.17 million in FY2018 compared with RM33.86 million in FY2017 in tandem with the increase in revenue.

A detailed discussion on the Group's financial performance is included in the Management Discussion and Analysis section of this annual report.

SUSTAINABLE DEVELOPMENT & CORPORATE SOCIAL RESPONSIBILITY

The Board recognises the importance of sustainability and its increasing impact on the business and is committed to creating a culture of sustainability within the Group and the community with an emphasis on integrating the Economic, Environment and Social ("EES") considerations in decision making. The Group has established a Sustainability Policy, and the Group will set long term and short term targets for its sustainability efforts in order to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

DIVIDENDS

The Company has consistently paid dividends while allocating funds for business growth and investment. For FY2018, the Board is recommending a final single tier dividend of 2.25 sen (FY2017: RM1.75 sen) per ordinary share which will be proposed for approval at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our heartfelt thanks and gratitude to our past Directors, Tan Sri Dato' Azizan Bin Husain, Mr Lim Soo Kong (Lim Soo Chong) and Dr. Teh Chee Ghee for their dedication, invaluable guidance and contribution to the Group. Tan Sri Dato' Azizan Bin Husain, the Chairman of the Board and Independent Non-Executive Director, had served the Board from June 1999 to December 2018. Mr Lim Soo Kong (Lim Soo Chong), the Non-Independent Non-Executive Director, had served the Board from August 1982 to September 2018. Dr. Teh Chee Ghee, the Independent Non-Executive Director and Chairman of Audit Committee, had served the Board from July 2001 to December 2018.

On behalf of the Board, I would like to welcome our new Board members, Mr Chua Choo Eng and Mr Eugene Lee Cheng Hoe, who were appointed as Directors of the Company on 1 October 2018 and 28 December 2018 respectively. Their diverse experience, expertise and knowledge will add value to the Board in decision-making and in upholding good corporate governance standards.

I would like to thank our shareholders for their unwavering support and their faith in the Group, our customers for their trust in our ability to deliver, and our financiers, business associates and regulatory authorities for their continued support and confidence in us.

My warmest appreciation is also extended to my fellow Board members for their continued support and positive contribution.

Last but not least, to the management and all employees, thank you for the dedication, commitment and hard work, which have contributed to the commendable performance for the financial year. The success was also made possible through the effective and strong leadership of the management.

Together we will continue to work together and forge ahead to achieve greater growth and success for the Group.

DATO' BAHAR BIN AHMAD
Chairman

OVERVIEW OF FIAMMA HOLDINGS BERHAD

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

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

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

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

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

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

FINANCIAL REVIEW

The Group recorded a higher revenue of RM339.10 million in FY2018, which constituted an increase of RM23.49 million or 7.4% against the revenue of RM315.61 million in the previous financial year (FY2017). Hence, the Group recorded a higher profit before taxation ("PBT") of RM47.17 million in FY2018 compared with RM33.86 million in FY2017.

The improvement in operating performance of the Group in FY2018 was mainly contributed by Trading and Services Segment and Property Development Segment. This was due to increase in trading sales and higher percentage of completion for its various ongoing developments in Johor and East Parc @ Menjalara project in Kuala Lumpur, with some projects in Johor completed during FY2018.

	FY2018	FY2017	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Trading and Services	**285,182**	272,131	13,051	4.8
Property Development	**48,393**	38,155	10,238	26.8
Investment Holding and Property Investment	**5,524**	5,321	203	3.8
	339,099	315,607	23,492	7.4
Profit before taxation				
Trading and Services	**41,024**	28,960	12,064	41.7
Property Development	**4,259**	3,723	536	14.4
Investment Holding and Property Investment	**1,890**	1,181	709	60.0
	47,173	33,864	13,309	39.3

FY2018 FINANCIAL PERFORMANCE

Trading and Services Segment

Trading and Services Segment remains the key contributor to the Group's top and bottom lines and contributed 84% of the Group's revenue and 87% of the Group's PBT in FY2018. The segment revenue of RM285.18 million in FY2018 was higher than FY2017's revenue of RM272.13 million. Consequently, PBT in FY2018 had gone up to RM41.02 million from RM28.96 million in FY2017, which represented a jump of 41.7%. The increase in revenue and PBT was mainly due to better sales performance in FY2018.

Property Development Segment

In FY2018, 14% of the Group's revenue and 9% of the Group's PBT were contributed by the Property Development Segment. This segment recorded a revenue of RM48.39 million in FY2018 compared with RM38.16 million in FY2017 and PBT had gone up by RM0.54 million or 14.4%. The Property Development Segment saw higher revenue and PBT in FY2018 due to higher percentage of work progress for its various ongoing developments in Johor and East Parc @ Menjalara project in Kuala Lumpur, with some projects in Johor completed during FY2018.

Investment Holding and Property Investment Segment

The remaining of the Group's revenue and bottom line were contributed by the Investment Holding and Property Investment Segment. The segment recorded revenue of RM5.52 million and PBT of RM1.89 million in FY2018 compared with RM5.32 million and RM1.18 million, respectively, in FY2017. The revenue was derived from letting of investment properties at Wisma Fiamma in Bandar Menjalara and Menara Centara in Jalan Tuanku Abdul Rahman, both in Kuala Lumpur.

PROSPECTS & STRATEGIES

The Malaysian economy recorded a sustained growth of 4.4% in the third quarter of 2018 (2Q 2018: 4.5%), supported by expansion in domestic demand amid a decline in net exports growth. Private sector expenditure remained the key driver of growth, expanding at a faster pace of 8.5% (2Q 2018: 7.5%), while public sector expenditure turned around to register a positive growth of 1.1% (2Q 2018: -1.4%).

The Malaysian economy is expected to remain on a steady growth path, with private consumption the main driver of growth, investment activity sustained and exports providing an additional lift to growth, albeit to a lesser extent.

Headline inflation is expected to increase going forward, primarily due to higher projected global oil prices and the prospective floating of fuel prices. Underlying inflation, which excludes the impact of consumption tax policy changes, is expected to remain contained in the absence of strong demand pressures.

Risks to the global growth outlook remain tilted to the downside, which could cause headwinds to the domestic economy.

(Source: Economic and Financial Developments in Malaysia in the Third Quarter of 2018, Bank Negara Malaysia)

Trading and Services Segment

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

Property Development Segment

The 2019 Budget unveiled by the government will serve as a boon to the property market. The exemptions and initiatives, in particular the waiver of stamp duty on the instrument of transfer and loan agreement for residential homes valued up to RM300,000 for a 2-year period and the 6-month waiver of stamp duty charges for properties priced from RM300,001 to RM1.0 million, are expected to kick-start the housing market moving into 2019 and beyond.

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

For the Property Development Segment, the current inventory of the completed projects together with the following ongoing developments will contribute to the revenue and earnings for the financial year 2019 and the coming financial years:

- Service apartments (East Parc @ Menjalara) in Kuala Lumpur
- Landed residential properties in Batu Pahat, Johor

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

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

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

Investment Holding and Property Investment Segment

Both the investment properties of the Group are situated in strategic locations with excellent connectivity. Currently, Wisma Fiamma is 90% occupied and the investment properties in Menara Centara are 83% occupied. This segment will continue to strengthen the Group's annual revenue and profit base with recurring income stream contribution.

STATEMENTS OF FINANCIAL POSITION

The Group's total assets increased from RM726.25 million in FY2017 to RM785.10 million in FY2018 mainly due to the ongoing development projects in Johor and East Parc @ Menjalara project, with some of the projects in Johor completed during FY2018, as well as improvement in cash and bank balances.

The Group's total liabilities increased from RM259.29 million in FY2017 to RM294.30 million in FY2018. The increase of RM35.01 million was mainly due to the purchase of trading stocks and outstanding contract payments for ongoing and recently completed development projects in Johor and East Parc @ Menjalara project.

The Group's net gearing ratio as at 30 September 2018 was lower at 0.17 (FY2017: 0.23) times. The borrowings for both financial years ended 30 September 2018 and 30 September 2017 remain fairly constant and the improvement in net gearing ratio was brought about by the improvement in cash and bank balances.

During FY2018, the Company repurchased 3,794,000 of its issued share capital from the open market at an average price of RM0.508 per share including transaction cost and the total consideration paid was RM1,925,888. At 30 September 2018, the Company held 25,124,000 of its own shares.

STATEMENTS OF CASH FLOW

Operating Activities

Net cash generated from operating activities was RM39.92 million in FY2018 against RM1.90 million in FY2017, an increase of RM38.02 million. This was mainly attributable to better operating performance in FY2018, offset by working capital utilised for Property Development Segment.

Investing Activities

Net cash used in investing activities was RM0.13 million in FY2018 against net cash generated of RM0.75 million in FY2017, mainly due to higher expenditure incurred for property, plant and equipment and investment property, offset by higher interest received.

Financing Activities

Net cash used in financing activities was RM12.61 million in FY2018 against RM28.21 million in FY2017. Lesser cash used in FY2018 was mainly attributable to net proceeds from borrowings in FY2018 as opposed to net repayment in FY2017, lower dividend payout to minority shareholders and less purchase of treasury shares. This was, however, offset by higher dividend payout to the owners of the Company and interest paid on borrowings.

RISK MANAGEMENT

Trading and Services Segment

As the uncertain economic outlook continued to impact consumer purchasing power, trading conditions in FY2019 are expected to remain challenging.

Domestic demand is supported by continued expansion in private sector expenditure and the turnaround in public sector expenditure. Whereas household spending will be sustained by continued wage and employment growth, with the additional boost coming from various policy measures to raise disposable income.

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

Property Development Segment

The decline in market conditions, lacklustre economic growth, stringent loan requirements from the financial institutions and oversupply of property continued to affect the demand for properties during the financial year under review. Despite the challenging economic environment, the property market remains resilient.

The Group has carved its mitigation plans to improve promotional and incentive efforts to enhance the competitive advantage of the Group’s developments.

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

Investment Holding and Property Investment Segment

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

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

The Group remains steadfast in its continued efforts to grow its top and bottom lines whilst boosting the resilience of its businesses and operations. Although the uncertain market sentiments and challenging business environment are likely to continue into FY2019, the Group has strong fundamentals and is cautiously optimistic on the economic prospects and maintains a positive outlook, going forward.

DIVIDENDS

For FY2018, the Board is recommending a final single tier dividend of 2.25 (FY2017: 1.75) sen per share totalling approximately RM11.36 million (FY2017: RM8.86 million), which is subject to shareholders’ approval at the forthcoming Annual General Meeting.

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

Callista Collection
Built-in Oven & Built-in Coffee Machine

Elegant Precision

The latest in technology and design combine to give you kitchen appliances that do their job excellently while looking great at the same time. Purchasing home and electrical appliances that meet our expectations in both performance and appearance used to be a challenge, but not anymore, because ELBA understands that you want a device which will suit your cooking needs while complementing the aesthetic of your beloved home and kitchen.

Designer Hood

Built-in Ceramic Hob

520L

Multi Door Refrigerator

40th Anniversary


FRESHEN UP WITH STYLE
FABER
FABER
FABER
www.faberappliances.com.my

Rubine™

ITALIA

LEAD THE CHANGE

REDEFINE HOME

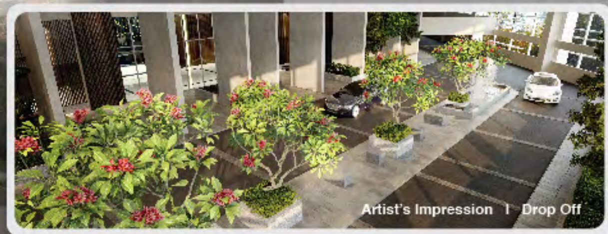
Happiness matters, and happiness comes from a very fundamental place where we call home. A pleasant home creates harmony and harmony produces happiness. In Rubine, we redefine what was a better home used to be to what it is now.


CHOOSE
BIGGEST CAPACITY
LOWEST ENERGY USE
Speed Queen.


HÄUSTER
German Engineered for Excellence
SPAN
www.span.gov.my
CIDB
MALAYSIA
The Perfection of Life. Starts from here.
Rimless™
RIMLESS
EASY
CLEAN
COMPREHENSIVE
FLUSH

Leading the way in health and well being

east parc
@ Menjalara



Sustainability is the ability to meet the profitability and to enjoy continuous growth without compromising the environment, society and the ability of future generations to meet their own needs.

Since the inception of Fiamma Group in 1979, the Group has put customer experience at the forefront of its strategy. This is having a profoundly positive impact on the way the Group runs its business – as well as its approach to sustainability.

The Group's core businesses span across the following segments:

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

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

The Group aspires to provide products and services that offer people an easier and more enjoyable life, while minimising the negative impact of these products and services on the environment or the ecological footprint. Hence, Fiamma Group is committed to product quality, customer satisfaction, a positive work culture and the well-being of its employees. Best corporate governance practice is also very important to the Group.

With over millions of electrical home appliances and bathroom accessories, home furniture and fittings and medical and healthcare products sold over the years and the various residential and commercial property development projects, the Group has recognised the significant impact it has on the environment and society. Therefore, Fiamma Group will ensure that it operates in ethical, sound and responsible manners in the areas of economic, environment and social ("EES").

PRINCIPAL STAKEHOLDERS

The Group has identified the following parties to be its principal stakeholders:

Stakeholder	Issue of Concern	Approach
Customers including consumers, homebuyers, and tenants	• Product quality and workmanship • Product safety • Pricing • Design and features • Facilities management • Customer service and experience • Service quality • Customer satisfaction	Appreciation events Satisfaction survey Sales, marketing and promotion Branding and reputation Collaboration activities Social media Customer / site visit
Vendor / Suppliers / Contractors	• Selection of suppliers and contractors • Product quality • Pricing • Supply chain efficiency • Strategic partnership / alliance	Product innovation and technology Responsible sourcing Contract negotiation Occupational health and safety Certification by authorities
Employees	• Employee welfare • Workplace health and safety • Work-life balance • Learning and development • Succession planning • Equitable reward system	Career development programme Training programme Teambuilding Code of ethics Whistleblowing policy Anti-discrimination

Stakeholder	Issue of Concern	Approach
Investors	• Corporate governance and transparency • Sustainable financial returns • Risk management • Operational efficiency	Annual general meetings Quarterly financial results announcement Press conference Analyst briefing Website updates
Regulators	• Compliance • Approvals • Permits	Regulatory and legal compliance Regulatory disclosure Transparency
Communities	• Infrastructure improvement	Affordable housing Anti-corruptions Public safety Corporate social responsibility programmes
Environment	• Green present and future	Reduce, Reuse, Recycle Waste reduction Electronic documents (brochure, catalogue, leaflet, statement, etc) Electricity consumption Responsible materials Noise and dust pollution prevention measures from construction activities

MATERIALITY MATRIX

ECONOMIC, ENVIRONMENT AND SOCIAL

The Group' core business objective is to provide quality, safe and affordable products and services to its customers as well as to help the customers to live better lives and reduce the environmental footprint. The Group will endeavour to strike a balance between profitability and EES impacts.

Fiamma Group is committed to preventing or minimising its impact on the environment through product innovation, efficient use of natural resources and reducing emissions, waste and noise, in order to preserve the eco-system for future generations. It will look into expanding strategic partnership with the vendors / suppliers / contractors and hold them accountable for their products and services and encourage their involvement in best practices. It may explore and adopt product design to incorporate recycled materials. Hence, preference may be given to those incorporate green practice and environmental-friendly practice in their business activities, including the use of recyclable material, energy-efficient products certifications, etc.

The Group operates within a regulated environment that demands strict adherence to quality and safety, as well as occupational health and safety. Compliance with these regulations is non-negotiable.

As a pillar of sustainability and longevity, the Group ensures equal treatment to all its employees, as they are the backbone of success and the most valuable asset of the Group. The Group is always engaged in ethical business operation to ensure no harm will cause to the community and society.

Good corporate governance is another element towards realising sustainability. The Group strives to maintain high standards of corporate governance throughout the Group by embracing transparency, integrity, accountability and discipline in all the Group's daily activities.

MOVING FORWARD

The Group will place more emphasis on sustainability and assess the EES impacts. Its sustainability agenda and scope will be based on the guidelines of Bursa Malaysia Securities Berhad's Main Market Listing Requirements on sustainability reporting.

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

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

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

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

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

BOARD LEADERSHIP AND EFFECTIVENESS

(I) Board Responsibilities

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

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

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

Group Governance Structure

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

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

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

In view of the developments in Companies Act 2016, the issuance of the revised version of MCCG, the amendments to MMLR and the release of the Corporate Governance Guide (3rd Edition) by Bursa Securities, the Board has reviewed the Group's corporate governance policies and procedures in August 2018 to identify any prevailing gaps in the current framework and subsequently, undertake corrective measures as necessary. As these documents serve as the primary reference point and guide for Directors, the Board is committed to ensuring that they reflect the latest regulatory developments, expectations of stakeholders and the evolving demands and circumstances of the Group.

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

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

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

(II) Board Composition

Presently, the Board comprises seven (7) members:

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

The Board is made up of three (3) Independent Directors. Hence, the composition of the Board complies with Paragraph 15.02 of the MMLR which requires at least two (2) directors or one third (⅓) of the Board, whichever is higher, to be Independent Directors.

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

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

All Directors have complied with the 50% attendance requirement in respect of Board meetings for the financial year ended 30 September 2018 as stipulated under Paragraph 15.05(3)(c) of the MMLR. The record of attendance for the Directors who held office during the financial year is as follows:

Directors	No. of Meetings Attended
Tan Sri Dato' Azizan Bin Husain Chairman, Senior Independent Non-Executive Director *(Resigned on 28 December 2018)*	4/4
Dato' Bahar Bin Ahmad Independent Non-Executive Director *(Redesignated as Independent Non-Executive Director on 2 April 2018 and Chairman on 28 December 2018)*	4/4
Lim Choo Hong GMD/CEO, Non-Independent Executive Director	4/4
Lim Soo Kong (Lim Soo Chong) Non-Independent Non-Executive Director *(Resigned on 1 October 2018)*	3/4
Kok Sau Chun Non-Independent Non-Executive Director	4/4
Dr. Teh Chee Ghee Independent Non-Executive Director *(Resigned on 28 December 2018)*	3/4
Margaret Chak Lee Hung Non-Independent Non-Executive Director	4/4
Chin Mee Foon Chief Finance Officer, Non-Independent Executive Director *(Appointed on 2 April 2018)*	2/4
Chua Choo Eng Independent Non-Executive Director *(Appointed on 1 October 2018)*	Not Applicable
Eugene Lee Cheng Hoe Independent Non-Executive Director *(Appointed on 28 December 2018)*	Not Applicable

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

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

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

	No. of Meetings Attended
Dato' Bahar Bin Ahmad Chairman, Independent Non-Executive Director	2/2
Tan Sri Dato' Azizan Bin Husain Member, Senior Independent Non-Executive Director *(Ceased on 28 December 2018)*	2/2
Dr. Teh Chee Ghee Member, Independent Non-Executive Director *(Ceased on 28 December 2018)*	2/2
Chua Choo Eng Member, Independent Non-Executive Director *(Appointed on 1 October 2018)*	Not Applicable
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	Not Applicable

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

During the financial year ended 30 September 2018, the activities carried out by the NC were as follows:

- Recommended to the Board the re-designation of Dato' Bahar Bin Ahmad as Independent Non-Executive Director after having considered the character, experience, qualification, knowledge, integrity, competency, time commitment and independence of Dato' Bahar Bin Ahmad.
- Recommended to the Board the appointment of Ms Chin Mee Foon as Executive Director after having reviewed her profile in detail.
- Considered the nomination of new Independent Non-Executive Directors.
- Performed an assessment on the Board, Board Committees and individual Directors.
- Reviewed and recommended to the Board the re-election of Directors pursuant to the Companies Act 2016 and the Company's Memorandum and Articles of Associations.
- Assessed the independence of Independent Non-Executive Directors.
- Reviewed and recommended to the Board the continuance of Independent Non-Executive Directors who had exceeded 12-year tenure limit.
- Reviewed the mix of skill sets, knowledge, expertise and experience, competence, composition, size, gender, ethnicity and age of the Board.
- Considered the training needs for the Board.
- Reviewed and recommended to the Board the revised Terms of Reference of the NC.

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

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

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

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

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

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

The NC evaluates and determines the training needs of all its Directors on an annual basis. All Directors have completed the Mandatory Accreditation Programme ("MAP"). An in-house training programme on Sustainability Reporting was planned for and held on 23 May 2018 which was attended by most of the Directors. In addition, the Directors are kept informed of all relevant training programmes including courses conducted by Bursa Securities. The Company Secretaries also briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the MMLR, the new requirement of MCCG and the Companies Act 2016. The External Auditors also briefed the Board on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The training programmes attended by the Directors (save for Mr Chua Choo Eng and Mr Eugene Lee Cheng Hoe who were appointed on 1 October 2018 and 28 December 2018 respectively) during the financial year included the following:

Directors	Training Programmes
Lim Choo Hong	Implementation of Sustainability in line with Bursa requirement for Annual Report
Dato' Bahar Bin Ahmad	Implementation of Sustainability in line with Bursa requirement for Annual Report
Kok Sau Chun	Implementation of Sustainability in line with Bursa requirement for Annual Report
Margaret Chak Lee Hung	Implementation of Sustainability in line with Bursa requirement for Annual Report
Chin Mee Foon	• Monash 2018 Management Budget Seminar • MCCG & Bursa's Listing Requirements : Towards Meaningful Disclosure • HSBC Asian Outlook and BRI Forum 2018 • Implementation of Sustainability in line with Bursa Requirement for Annual Report • MFRS 9 (2014) Version and MFRS 15 • Sustainability Reporting Workshops for Practitioners 2018

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

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Memorandum and Articles of Association at the forthcoming AGM:

(1) Lim Choo Hong (Article 89)

(2) Chin Mee Foon (Article 96)

(3) Chua Choo Eng (Article 96)

(4) Eugene Lee Cheng Hoe (Article 96)

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

(III) Remuneration

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

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

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

	No. of Meetings Attended
Lim Soo Kong (Lim Soo Chong) Chairman, Non-Independent Non-Executive Director *(Ceased on 1 October 2018)*	1/1
Chua Choo Eng Chairman, Independent Non-Executive Director *(Appointed on 1 October 2018)*	Not Applicable
Lim Choo Hong Member, GMD/CEO, Non-Independent Executive Director	1/1
Dr. Teh Chee Ghee Member, Independent Non-Executive Director *(Ceased on 28 December 2018)*	1/1
Eugene Lee Cheng Hoe Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	Not Applicable

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

The aggregate Directors' remuneration of the Company and the Group for the financial year ended 30 September 2018 were as follows:

The Company	Fees RM'000	Allowance RM'000	Benefits -In-Kind RM'000	Total RM'000
Executive Directors	93	6	33	132
Non-Executive Directors	335	76	56	467
Total	**428**	**82**	**89**	**599**

The Group	Fees RM'000	Salaries, Allowances and EPF RM'000	Benefits -In-Kind RM'000	Total RM'000
Executive Directors	213	2,120	71	2,404
Non-Executive Directors	575	76	56	707
Total	**788**	**2,196**	**127**	**3,111**

The number of Directors of the Company in each remuneration band is as follows:

	No. of Directors		
Remuneration Band	**Executive**	**Non-Executive**	**Total**
RM1,750,000 – RM1,800,000	1	–	1
RM600,000 – RM650,000	1	–	1
RM150,000 – RM200,000	–	2	2
RM100,000 – RM150,000	–	1	1
RM50,000 – RM100,000	–	3	3
Total	**2**	**6**	**8**

The aggregate remuneration and band of remuneration of the top five (5) Senior Management of the Group for the financial year ended 30 September 2018 were as follows:

Category	Company RM'000	Subsidiaries RM'000	Total RM'000
Salaries, Allowances and EPF	–	1,989	1,989
Benefits-In-Kind	–	807	807
Total	–	**2,796**	**2,796**

Remuneration Band	No. of Personnel
RM850,000 – RM900,000	1
RM700,000 – RM750,000	1
RM500,000 – RM550,000	1
RM300,000 – RM350,000	2
Total	**5**

EFFECTIVE AUDIT AND RISK MANAGEMENT

(I) Audit Committee

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

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

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

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

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

(II) Risk Management and Internal Control

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

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

The Statement on Risk Management and Internal Control of the Group as set out on Pages 37 to 39 of the Annual Report provides an overview of the main features and state of internal controls and risk management within the Group for the financial year.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(I) Communication with Stakeholders

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

(II) Conduct of General Meetings

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

Members of the Board as well as the external auditors were present at the 35th AGM to answer questions raised by the shareholders. The CEO/GMD and/or authorised Senior Management meet occasionally with institutional investors to provide updates on the Group's progress and to address any concerns being raised.

In line with the good governance practice, the notice of the 35th AGM together with the Annual Report were sent out to shareholders at least 28 days prior to the meeting in order to accord shareholders with sufficient time to review the Group's financial and operational performance as well as the resolutions proposed to be tabled at the AGM. The venue of the AGM is in a central location within the Klang Valley area, and the venue is easily accessible to shareholders.

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

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

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group for the financial year 2018 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment. During the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

Corporate governance areas which gained heightened attention from the Board during the financial year ended 30 September 2018 were as follows:

(I) Board Diversity

The Company recognised and embraced the benefits of having a diverse Board, and saw increasing diversity at Board level as an essential element in maintaining a competitive advantage and contributing to sustainable development of the Company.

During the year, the Board has adopted the Diversity Policy.

The Board with the Head of Human Resource will monitor the scope and applicability of the Diversity Policy, from time to time.

(II) Review of Policies and Procedures

The Board has reviewed and updated its existing policies and procedures to ensure they are kept relevant to the Company's needs. The Board will look into the enhancements or developments of corporate governance policies and procedures, as the case may be.

This Statement was approved by the Board on 28 December 2018.

The Board of Directors ("Board") of Fiamma Holdings Berhad is pleased to present the report on the Audit Committee ("AC") for the financial year ended 30 September 2018.

COMPOSITION AND ATTENDANCE

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

	No. of Meetings Attended
Eugene Lee Cheng Hoe Chairman, Independent Non-Executive Director *(Appointed on 28 December 2018)*	Not Applicable
Dato' Bahar Bin Ahmad Member, Independent Non-Executive Director *(Appointed on 28 December 2018)*	Not Applicable
Chua Choo Eng Member, Independent Non-Executive Director *(Appointed on 1 October 2018)*	Not Applicable
Dr. Teh Chee Ghee Chairman, Independent Non-Executive Director *(Ceased on 28 December 2018)*	4/4
Tan Sri Dato' Azizan Bin Husain Member, Independent Non-Executive Director *(Ceased on 28 December 2018)*	4/4
Lim Soo Kong (Lim Soo Chong) Member, Non-Independent Non-Executive Director *(Ceased on 1 October 2018)*	3/4

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

ROLES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

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

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

Financial Reporting and Compliance

1. Reviewed the unaudited quarterly financial results and annual audited financial statements before recommending to the Board for approval, in particular:

    a) Changes in or implementation of new accounting policies and practices;
    b) Compliance with applicable approved accounting standards and other legal or regulatory requirements;
    c) Significant and unusual events; and
    d) Going concern assumption.

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

Risk Management and Internal Audit

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

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

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

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

External Audit

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

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

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

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

11. Met with the External Auditors together with the Head of Internal Audit on 27 November 2017 and 20 August 2018 without the presence of executive board members and management to discuss any key audit concerns and findings of the Group;

Other matters

12. Reviewed the Group's financial budget for the financial year ended 30 September 2018 as tabled by the management and the actual performance against the budget on a quarterly basis;

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

14. Reviewed and recommended to the Board the following reports/statements for approval and inclusion in the Company's 2017 Annual Report:

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

INTERNAL AUDIT FUNCTION

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

The Group's internal audit function adopts a risk-based approach to the implementation and monitoring of the effectiveness of the Group's internal control systems. This monitoring process will form the basis for continually improving the risk management process of the Group in meeting its overall goals.

The main role of the internal audit function is to assist the AC and the Board in monitoring and managing risks and internal controls of all the companies in the Group by undertaking regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. The total cost incurred in managing the internal audit function in financial year 2018 was RM220,000.

This AC Report was approved by the Board on 28 December 2018.

BOARD RESPONSIBILITY

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

RISK MANAGEMENT

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

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

Purpose

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

Risk Management Policy

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

Roles and Responsibilities for Risk Management

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

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

Risk Management Process

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

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

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

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

System of Internal Control

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

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

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

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

- An organisational structure with defined lines of responsibility and delegated authority, which are communicated to all levels. Key responsibilities are segregated to ensure no one staff is in total control of the whole transaction.
- Financial results are reviewed quarterly by the Audit Committee and the Board.
- Key business risks are reviewed by the Board with the assistance of the Audit Committee, the Risk Management Committee and the Internal Auditors.
- The internal audit unit conducts reviews on the adequacy and effectiveness of the internal control system. Control deficiencies are communicated to management and staff to ensure corrective actions are taken. The audit reports and the proposed corrective actions are consolidated and tabled at the quarterly Audit Committee meetings for deliberation and approval. These reports are also presented to the Board by the Audit Committee.
- The CEO meets with the individual heads of business units once a month to discuss business and operational issues and all the heads of business units at least two times a year to discuss group objectives and key management issues.
- The CEO and the CFO meet monthly to review the monthly financial performance and cash flows of the companies in the Group.
- The Group has put in place financial reporting guidelines and policies for the generation of monthly financial information for management review.
- An annual budget is prepared to facilitate monitoring of the Group's financial performance. The Audit Committee reviews the Group's financial performance against the budget on a quarterly basis.

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

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

- The Group has established a Whistleblowing Policy which encourages employees to report any wrongdoings to the proper authorities.

Internal Audit Function

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

Conclusion

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 28 December 2018.

1. Audit and Non-Audit Fees

The audit and non-audit fees payable to the external auditors for the financial year end 30 September 2018 are as follows:

	Company RM'000	Group RM'000
Audit fees	53	377
Non-audit fees	10	10
Total	**63**	**387**

2. Revaluation of Landed Properties

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

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

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

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

Number of Options	Grand Total	Directors
Outstanding as at 1 October 2017	26,795,000	5,700,000*
Granted	–	–
Exercised	–	–
Forfeited	(1,120,000)	–
Outstanding as at 30 September 2018	**25,675,000**	**5,700,000**

*Including 600,000 options given to Ms. Chin Mee Foon as an employee in 2016. Ms. Chin Mee Foon was appointed as Director of the Company on 2 April 2018.

(ii) Percentage of options applicable to Directors and Senior Management under ESOS since the commencement of ESOS up to the financial year ended 30 September 2018 is as follows:

Directors and Senior Management	Percentage of options (%)
Aggregate maximum allocation	50.00
Actual granted	21.39
Actual vested	12.83

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

4. Material Contracts

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

5. Recurrent Related Party Transactions of a Revenue and Trading Nature

Recurrent related party transactions of a revenue and trading nature of the Group conducted during the financial year ended 30 September 2018 were as follows:

Related Parties involved with Fiamma Holdings Berhad ("Fiamma") and/or its subsidiaries	Relationship	Nature of Transactions	RM'000
Fiamma Trading Sdn Bhd ("FTSB")	Note a	Purchases of home appliances	19
		Sales of sanitaryware & products	330
		Rental paid – office & showroom	360
		Warehouse rental & charges paid	2,472
		After-sales service charges paid	616
Kinsmedic Sdn Bhd ("Kinsmedic")	Note b	Rental paid – office & warehouse	183
		Rental income – warehouse	80
Arda (Zhejiang) Electric Co Ltd ("Arda")	Note c	Sales of kitchen appliances	4,606

a) FTSB is a 70% owned subsidiary of Fiamma. Ching Wooi Kong, the other shareholder cum Managing Director of FTSB, reporting to the Chief Executive Officer/Group Managing Director ("CEO/GMD"), Lim Choo Hong ("LCH"). LCH holds 29.19% equity interest in Fiamma Holdings Berhad ("Fiamma") as at 30 September 2018.

b) Kinsmedic is a 100% subsidiary of Kingston Medical Supplies Pte Ltd ("Kingston") which is a 70% subsidiary of Fiamma. Ching Wooi Kong, the other shareholder cum Managing Director of both Kingston and Kinsmedic, reporting to the CEO/GMD, LCH. LCH holds 29.19% equity interest in Fiamma.

c) The shareholders of Arda are Hu Zhong Huai ("HZH") and members of his immediate family. HZH is a Non-Executive Director and substantial shareholder of Casa Holdings Limited ("CHL"). CHL is a substantial shareholder of Fiamma and HZH is a deemed substantial shareholder of Fiamma through CHL by virtue of his substantial interest in CHL.

6. Utilisation of Proceeds

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

In respect of the preparation of the annual audited financial statements

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

The Directors are also responsible for ensuring that the annual audited financial statements of the Group are prepared with reasonable accuracy from the accounting records of the Group so as to give a true and fair view of the financial position of the Group as of 30 September 2018 and of their financial performance and cash flows for the year then ended.

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

(i) selected and applied the appropriate and relevant accounting policies on a consistent basis;

(ii) made judgements and estimates that are reasonable and prudent; and

(iii) prepared the annual audited financial statements on a going concern basis.

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

FINANCIAL STATEMENTS

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 2018.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group	**Company**
	RM'000	**RM'000**
Profit for the financial year attributable to:		
Owners of the Company	32,597	12,198
Non-controlling interest	3,160	–
	35,757	**12,198**

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid a final single tier dividend of 1.75 sen per ordinary share totalling RM8,862,397 in respect of the financial year ended 30 September 2017 on 6 April 2018.

The Directors recommend a final single tier dividend of 2.25 sen per ordinary share totalling RM11,360,220 in respect of the financial year ended 30 September 2018.

DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Azizan bin Husain

Lim Choo Hong

Dato' Bahar bin Ahmad

Kok Sau Chun

Dr Teh Chee Ghee

Margaret Chak Lee Hung

Chin Mee Foon (appointed on 2 April 2018)

Chua Choo Eng (appointed on 1 October 2018)

Lim Soo Kong (Lim Soo Chong) (resigned on 1 October 2018)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
Shares in the Company	**At 1.10.2017**	**Bought**	**Sold**	**At 30.9.2018**
Fiamma Holdings Berhad				
Lim Choo Hong				
- Direct interest	117,390,168	30,000,000	–	**147,390,168**
Dato' Bahar bin Ahmad				
- Direct interest	390,000	–	–	**390,000**
Lim Soo Kong (Lim Soo Chong)				
- Direct interest	14,793,300	–	–	**14,793,300**
Kok Sau Chun				
- Deemed interest	117,390,168	30,000,000	–	**147,390,168**
Deemed interest through Casa Holdings Limited				
- Lim Soo Kong (Lim Soo Chong)	132,889,900	–	(58,000,000)	**74,889,900**
- Lim Choo Hong	132,889,900	–	(58,000,000)	**74,889,900**
- Kok Sau Chun	132,889,900	–	(58,000,000)	**74,889,900**

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

The other Directors holding office at 30 September 2018 do not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 30 to the financial statements.

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

ISSUE OF SHARES

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

TREASURY SHARES

During the financial year, the Company repurchased 3,794,000 of its issued share capital from the open market at an average price of RM0.508 per share including transaction cost and the total consideration paid was RM1,925,888. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

At 30 September 2018, the Company held 25,124,000 of its own shares.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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

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

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

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

    (a) the options exercised by all grantees;

    (b) the remaining options exercisable by all grantees; and

    (c) the unexpired offers pending acceptance by all eligible employees.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

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

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

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

		Number of options over ordinary shares				
Date of offer	Exercise price RM	At 1.10.2017	Granted	Exercised	Forfeited	At 30.9.2018
12 May 2016	0.56	24,890,000	–	–	(880,000)	24,010,000
15 May 2017	0.56	1,905,000	–	–	(240,000)	1,665,000
		26,795,000	–	–	(1,120,000)	25,675,000

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

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

In the opinion of the Directors, except as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 September 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 31 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 32 to the financial statements.

AUDITORS

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

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

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

Lim Choo Hong
Director

Chin Mee Foon
Director

Kuala Lumpur,
Date: 14 December 2018

as at 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	3	**100,641**	103,681	**–**	10
Investment properties	4	**76,419**	75,684	**7,500**	7,500
Intangible assets	5	**–**	500	**–**	–
Land held for property development	6	**27,815**	27,792	**–**	–
Investments in subsidiaries	7	**–**	–	**173,453**	273,269
Amount due from subsidiaries	8	**–**	–	**100,976**	–
Deferred tax assets	9	**2,591**	1,973	**–**	–
Total non-current assets		**207,466**	209,630	**281,929**	280,779
Property development costs	10	**221,093**	200,275	**–**	–
Inventories	11	**147,822**	131,130	**–**	–
Trade and other receivables	12	**102,246**	102,599	**17**	17
Prepayments		**980**	1,038	**15**	41
Tax recoverable		**2,849**	2,644	**184**	–
Cash and cash equivalents	13	**102,645**	78,938	**14,120**	14,001
Total current assets		**577,635**	516,624	**14,336**	14,059
Total assets		**785,101**	726,254	**296,265**	294,838
Equity					
Share capital		**265,028**	265,028	**265,028**	265,028
Treasury shares		**(13,620)**	(11,694)	**(13,620)**	(11,694)
Reserves		**39,648**	39,414	**2,026**	1,542
Retained earnings		**176,897**	153,162	**29,284**	25,948
Total equity attributable to owners of the Company	14	**467,953**	445,910	**282,718**	280,824
Non-controlling interests		**22,847**	21,054	**–**	–
Total equity		**490,800**	466,964	**282,718**	280,824

as at 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Liabilities					
Loans and borrowings	15	**62,101**	97,534	**–**	–
Trade and other payables	16	**7,536**	7,536	**–**	–
Deferred tax liabilities	9	**5,802**	5,552	**–**	–
Total non-current liabilities		**75,439**	110,622	**–**	–
Loans and borrowings	15	**118,506**	83,188	**13,000**	–
Trade and other payables	16	**97,183**	64,549	**547**	13,997
Provision for warranties	17	**570**	590	**–**	–
Taxation		**2,603**	341	**–**	17
Total current liabilities		**218,862**	148,668	**13,547**	14,014
Total liabilities		**294,301**	259,290	**13,547**	14,014
Total equity and liabilities		**785,101**	726,254	**296,265**	294,838

The notes on pages 59 to 120 are an integral part of these financial statements.

for the financial year ended 30 September 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	18	**339,099**	315,607	**10,594**	21,004
Cost of sales		**(230,817)**	(216,112)	**(95)**	(474)
Gross profit		**108,282**	99,495	**10,499**	20,530
Other income		**4,122**	3,203	**5,123**	3,366
Distribution expenses		**(30,909)**	(34,117)	**–**	–
Administrative expenses		**(24,717)**	(27,592)	**(627)**	(602)
Other expenses		**(2,662)**	(2,470)	**(427)**	(745)
Results from operating activities	19	**54,116**	38,519	**14,568**	22,549
Finance costs	20	**(6,943)**	(4,655)	**(1,462)**	–
Profit before taxation		**47,173**	33,864	**13,106**	22,549
Tax expense	23	**(11,416)**	(9,674)	**(908)**	(1,315)
Profit for the financial year		**35,757**	24,190	**12,198**	21,234
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss					
Foreign exchange translation difference		**(369)**	318	**–**	–
Item that will not be reclassified subsequently to profit or loss					
Revaluation of property, plant and equipment		**–**	7,646	**–**	–
Total comprehensive income for the financial year		**35,388**	32,154	**12,198**	21,234
Profit for the financial year attributable to:					
Owners of the Company		**32,597**	22,508	**12,198**	21,234
Non-controlling interests		**3,160**	1,682	**–**	–
Profit for the financial year		**35,757**	24,190	**12,198**	21,234
Total comprehensive income for the financial year attributable to:					
Owners of the Company		**32,347**	30,368	**12,198**	21,234
Non-controlling interests		**3,041**	1,786	**–**	–
Total comprehensive income for the financial year		**35,388**	32,154	**12,198**	21,234
Basic earnings per ordinary share (sen)	24	**6.46**	4.43		
Diluted earnings per ordinary share (sen)	24	**6.46**	4.20		

The notes on pages 59 to 120 are an integral part of these financial statements.

for the financial year ended 30 September 2018

		Non-distributable					Distributable				
Group	Note	Share capital RM'000	Treasury shares RM'000	Capital reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2016		264,951	(4,649)	421	1,712	28,300	630	138,410	429,775	21,123	450,898
Foreign currency translation differences for foreign operation		–	–	–	214	–	–	–	214	104	318
Revaluation of property, plant and equipment		–	–	–	–	7,646	–	–	7,646	–	7,646
Total other comprehensive income for the financial year		–	–	–	214	7,646	–	–	7,860	104	7,964
Profit for the financial year		–	–	–	–	–	–	22,508	22,508	1,682	24,190
Total comprehensive income for the financial year		–	–	–	214	7,646	–	22,508	30,368	1,786	32,154
Contributions by and (distributions to) owners of the Company											
Dividends to owners of the Company	25	–	–	–	–	–	–	(7,756)	(7,756)	–	(7,756)
Own shares acquired	14.2	–	(7,045)	–	–	–	–	–	(7,045)	–	(7,045)
Share option exercised	14.1	67	–	–	–	–	–	–	67	–	67
Share-based payment transactions		–	–	–	–	–	501	–	501	–	501
Total transactions with owners of the Company		67	(7,045)	–	–	–	501	(7,756)	(14,233)	–	(14,233)
Acquisition of a subsidiary		–	–	–	–	–	–	–	–	100	100
Dividends to non-controlling interest		–	–	–	–	–	–	–	–	(1,955)	(1,955)
Transfer to share capital for share options exercised	14.1	10	–	–	–	–	(10)	–	–	–	–
At 30 September 2017		265,028	(11,694)	421	1,926	35,946	1,121	153,162	445,910	21,054	466,964
		Note 14.1	Note 14.2		Note 14.3	Note 14.4	Note 14.5				

for the financial year ended 30 September 2018

		Non-distributable					Distributable			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Capital reserve RM'000**	**Translation reserve RM'000**	**Revaluation reserve RM'000**	**Share option reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 October 2017		265,028	(11,694)	421	1,926	35,946	1,121	153,162	445,910	21,054	466,964
Foreign currency translation differences for foreign operation		–	–	–	(250)	–	–	–	(250)	(119)	(369)
Total other comprehensive income for the financial year		–	–	–	(250)	–	–	–	(250)	(119)	(369)
Profit for the financial year		–	–	–	–	–	–	32,597	32,597	3,160	35,757
Total comprehensive income for the financial year		–	–	–	(250)	–	–	32,597	32,347	3,041	35,388
Contributions by and (distributions to) owners of the Company											
Dividends to owners of the Company	25	–	–	–	–	–	–	(8,862)	(8,862)	–	(8,862)
Own shares acquired	14.2	–	(1,926)	–	–	–	–	–	(1,926)	–	(1,926)
Share-based payment transactions		–	–	–	–	–	484	–	484	–	484
Total transactions with owners of the Company		–	(1,926)	–	–	–	484	(8,862)	(10,304)	–	(10,304)
Dividends to non-controlling interest		–	–	–	–	–	–	–	–	(1,248)	(1,248)
At 30 September 2018		265,028	(13,620)	421	1,676	35,946	1,605	176,897	467,953	22,847	490,800
		Note 14.1	Note 14.2		Note 14.3	Note 14.4	Note 14.5				

for the financial year ended 30 September 2018

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Share option reserve RM'000	Capital reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 October 2016		264,951	(4,649)	630	421	12,470	273,823
Profit and total comprehensive income for the financial year		–	–	–	–	21,234	21,234
Contributions by and (distributions to) owners of the Company							
Dividends to owners of the Company	25	–	–	–	–	(7,756)	(7,756)
Own shares acquired	14.2	–	(7,045)	–	–	–	(7,045)
Share option exercised	14.1	67	–	–	–	–	67
Share-based payment transactions		–	–	501	–	–	501
Total transactions with owners of the Company		67	(7,045)	501	–	(7,756)	(14,233)
Transfer to share capital for share options exercised	14.1	10	–	(10)	–	–	–
At 30 September 2017		265,028	(11,694)	1,121	421	25,948	280,824
		Note 14.1	Note 14.2	Note 14.5			

for the financial year ended 30 September 2018

		Non-distributable				Distributable	
Company	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Share option reserve RM'000**	**Capital reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 October 2017		265,028	(11,694)	1,121	421	25,948	280,824
Profit and total comprehensive income for the financial year		–	–	–	–	12,198	12,198
Contributions by and (distributions to) owners of the Company							
Dividends to owners of the Company	25	–	–	–	–	(8,862)	(8,862)
Own shares acquired	14.2	–	(1,926)	–	–	–	(1,926)
Share-based payment transactions		–	–	484	–	–	484
Total transactions with owners of the Company		–	(1,926)	484	–	(8,862)	(10,304)
At 30 September 2018		265,028	(13,620)	1,605	421	29,284	282,718
		Note 14.1	Note 14.2	Note 14.5			

The notes on pages 59 to 120 are an integral part of these financial statements.

for the financial year ended 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit before taxation		**47,173**	33,864	**13,106**	22,549
Adjustments for:					
Depreciation of property, plant and equipment	3	**4,622**	5,172	**–**	8
Dividend income	18	**–**	–	**(10,162)**	(18,361)
Gain on disposal of property, plant and equipment	19	**(26)**	(284)	**–**	–
Impairment loss on trade receivables	27.4	**901**	3,560	**–**	–
Bad debts written off	19	**150**	1	**–**	–
Bad debts recovery	19	**(81)**	(28)	**–**	–
Impairment loss on intangible assets	5	**500**	–	**–**	–
Interest expense		**6,467**	4,150	**1,461**	–
Interest income	19	**(2,211)**	(1,799)	**(5,123)**	(3,366)
Inventories written down	11	**485**	1,786	**–**	–
Inventories written off	11	**312**	361	**–**	–
Deposit written off		**–**	81	**–**	–
Property, plant and equipment written off	19	**20**	355	**–**	–
Provision for warranties (net)		**352**	540	**–**	–
Reversal of impairment loss on trade receivables	27.4	**(771)**	(68)	**–**	–
Reversal of impairment loss on investment in a subsidiary		**–**	–	**(250)**	–
Share based payment		**484**	501	**484**	501
Unrealised foreign exchange gain (net)		**–**	(12)	**–**	–
Unrealised gain on derivative financial assets/liabilities (net)		**(11)**	(1)	**–**	–
Operating profit/(loss) before changes in working capital		**58,366**	48,179	**(484)**	1,331
Changes in working capital:					
Amount due from subsidiaries		**–**	–	**(900)**	–
Inventories		**(584)**	7,247	**–**	–
Prepayments		**58**	91	**26**	62
Property development costs		**(34,765)**	(21,422)	**–**	–
Trade and other receivables		**(87)**	(17,504)	**–**	8

for the financial year ended 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities (continued)					
Trade and other payables		**32,646**	(2,369)	**(13,450)**	11,530
Cash and bank balance held under Housing Development Account		**(5,616)**	(1,058)	**–**	–
Cash generated from/(used in) operations		**50,018**	13,164	**(14,808)**	12,931
Provision for warranties utilised	17	**(366)**	(350)	**–**	–
Tax paid net of refund		**(9,727)**	(10,917)	**(1,109)**	(1,314)
Net cash generated from/(used in) operating activities		**39,925**	1,897	**(15,917)**	11,617
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash and cash equivalents acquired		**–**	100	**–**	–
Additions of:					
- investment property	4.5	**(494)**	–	**–**	–
- land held for property development	6	**(23)**	–	**–**	–
- property, plant and equipment	3	**(1,850)**	(1,517)	**–**	–
Capital contribution to subsidiaries (net)		**–**	–	**–**	(4,858)
Dividends received		**–**	–	**10,162**	18,361
Interest received		**2,211**	1,799	**5,123**	3,366
Proceeds from disposal of property, plant and equipment		**26**	372	**–**	–
Net cash (used in)/generated from investing activities		**(130)**	754	**15,285**	16,869
Cash flows from financing activities					
Dividends paid to non-controlling interest		**(1,248)**	(1,955)	**–**	–
Dividends paid to owners of the Company	25	**(8,862)**	(7,756)	**(8,862)**	(7,756)
Drawdown/(Repayment) of borrowings (net)	15	**8,851**	(2,945)	**13,000**	–
Interest paid		**(9,425)**	(8,575)	**(1,461)**	–
Purchase of own shares	14.2	**(1,926)**	(7,045)	**(1,926)**	(7,045)
Proceeds from issuance of shares		**–**	67	**–**	67
Net cash (used in)/generated from financing activities		**(12,610)**	(28,209)	**751**	(14,734)

for the financial year ended 30 September 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net increase/(decrease) in cash and cash equivalents		**27,185**	(25,558)	**119**	13,752
Effect of exchange rate fluctuation on cash held		**(128)**	91	**–**	–
Cash and cash equivalents at beginning of year		**60,242**	85,709	**14,001**	249
Cash and cash equivalents at end of year	(i)	**87,299**	60,242	**14,120**	14,001

(i) Cash and cash equivalents

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

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Deposits placed with licensed banks	13	**49,922**	26,811	**12,005**	–
Cash and bank balances	13	**52,723**	52,127	**2,115**	14,001
		102,645	78,938	**14,120**	14,001
Bank balances held under Housing Development Account	13	**(8,603)**	(2,987)	**–**	–
Bank overdraft	15	**(6,743)**	(15,709)	**–**	–
		87,299	60,242	**14,120**	14,001

The notes on pages 59 to 120 are an integral part of these financial statements.

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

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 September 2018 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 14 December 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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

- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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

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

The Group has subsidiaries which fall within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group and these subsidiaries are currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRSs") and is referred to as a "Transitioning Entity".

The Group's financial statements for annual period beginning on 1 October 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 11 - net realisable value of finished goods and developed properties held for sale.
- Note 16 - accrual for selling and promotional expenses.
- Note 18 - calculation of revenue from sales of development properties.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Non-controlling interests

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

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

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

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

(c) Financial instruments

(i) Initial recognition and 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 instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives or financial assets that are specifically designated into this category upon initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

Financial assets (continued)

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

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

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

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

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

(iii) Derecognition

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

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

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

Property, plant and equipment under the revaluation model

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

• Leasehold land	99 years
• Buildings	50 years
• Renovation	3 - 5 years
• Plant and machinery, tools and piping	3 - 15 years
• Office equipment, furniture and fittings	3 - 5 years
• Motor vehicles	4 - 5 years
• Computers	4 years
• Moulds	2 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

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

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

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

(ii) Operating lease

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

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

(f) Investment properties

(i) Investment properties carried at fair value

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment properties (continued)

(ii) Reclassification to/from investment property

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

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

(g) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses, if any.

Land held for property development is 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 Group's normal operating cycle of 2 to 3 years.

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

(h) Property development costs

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

Property development costs not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

(i) Intangible asset

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

Subsequent expenditure

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

Amortisation

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

(j) Inventories

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories (continued)

In respect of developed properties, cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

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.

(k) Cash and cash equivalents

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

(l) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (continued)

(ii) Other assets (continued)

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

(m) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(n) Provisions

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

Warranties

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

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(ii) Property development

Revenue from property development activities is recognised based on the stage of completion measured by survey of work completed.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

The excess of revenue recognised in the profit or loss over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is shown as progress billings under trade and other payables.

(iii) Rental income

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

(iv) Dividend income

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

(v) Interest income

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

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(iii) Share-based payment transactions (continued)

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

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

(q) Borrowing costs

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

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

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

(r) Tax expense

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Tax expense (continued)

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

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

(s) Earnings per ordinary share

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

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

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

(t) Operating segments

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

(u) Fair value measurements

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Total RM'000
Cost/Valuation										
At 1 October 2016	13,750	31,031	42,937	2,167	16,518	5,963	4,888	6,775	6	124,035
Additions	–	–	92	111	21	430	290	572	1	1,517
Adjustment	–	–	(351)	–	–	–	(18)	–	–	(369)
Disposals	–	–	–	–	–	(19)	(1,567)	–	–	(1,586)
Write off	–	–	–	(245)	(27)	(276)	–	(133)	–	(681)
Exchange difference	–	–	228	–	2	13	14	11	–	268
Revaluation	1,956	5,869	–	–	–	–	–	–	–	7,825
At 30 September 2017/ 1 October 2017	15,706	36,900	42,906	2,033	16,514	6,111	3,607	7,225	7	131,009
Additions	–	–	–	256	90	171	1,130	97	106	1,850
Transfers	–	–	–	–	124	(124)	–	–	–	–
Disposals	–	–	–	–	–	–	(259)	(3)	–	(262)
Write off	–	–	–	(71)	(110)	(171)	(195)	–	–	(547)
Exchange difference	–	–	(258)	–	(2)	(14)	(16)	(12)	–	(302)
At 30 September 2018	**15,706**	**36,900**	**42,648**	**2,218**	**16,616**	**5,973**	**4,267**	**7,307**	**113**	**131,748**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Long term leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Computers RM'000	Moulds RM'000	Total RM'000
Depreciation										
At 1 October 2016	–	–	–	1,383	9,974	4,822	3,625	4,292	5	24,101
Depreciation for the financial year	162	–	1,051	361	1,407	424	525	1,242	–	5,172
Disposals	–	–	–	–	–	(18)	(1,480)	–	–	(1,498)
Write off	–	–	–	(95)	(27)	(73)	–	(131)	–	(326)
Exchange difference	–	–	10	–	–	11	10	10	–	41
Revaluation	(162)	–	–	–	–	–	–	–	–	(162)
At 30 September 2017/ 1 October 2017	–	–	1,061	1,649	11,354	5,166	2,680	5,413	5	27,328
Depreciation for the financial year	263	–	926	190	1,412	354	406	1,022	49	4,622
Transfers	–	–	–	–	400	(400)	–	–	–	–
Disposals	–	–	–	–	–	–	(259)	(3)	–	(262)
Write off	–	–	–	(68)	(110)	(163)	–	(186)	–	(527)
Exchange difference	–	–	(15)	–	(1)	(13)	(13)	(12)	–	(54)
At 30 September 2018	**263**	**–**	**1,972**	**1,771**	**13,055**	**4,944**	**2,814**	**6,234**	**54**	**31,107**
Carrying amounts										
At 1 October 2016	13,750	31,031	42,937	784	6,544	1,141	1,263	2,483	1	99,934
At 30 September 2017/ 1 October 2017	15,706	36,900	41,845	384	5,160	945	927	1,812	2	103,681
At 30 September 2018	**15,443**	**36,900**	**40,676**	**447**	**3,561**	**1,029**	**1,453**	**1,073**	**59**	**100,641**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovation RM'000	Plant and machinery, tools and piping RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
At 1 October 2016/30 September 2017/1 October 2017	18	848	822	1,688
Transfer out	(18)	848	(822)	(1,688)
At 30 September 2018	**–**	**–**	**–**	**–**
Depreciation				
At 1 October 2016	16	848	806	1,670
Depreciation for the financial year	1	–	7	8
At 30 September 2017/1 October 2017	17	848	813	1,678
Transfer out	(17)	(848)	(813)	(1,678)
At 30 September 2018	**–**	**–**	**–**	**–**
Carrying amounts				
At 1 October 2016	2	–	16	18
At 30 September 2017/1 October 2017	1	–	9	10
At 30 September 2018	**–**	**–**	**–**	**–**

3.1 Property, plant and equipment under the revaluation model

Included in the Group's property, plant and equipment in 2017 were land and buildings valued at RM94,451,000 which were revalued in September 2017 by professionally qualified valuers based on comparison method.

The professionally qualified valuers compared the land and buildings with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities. In comparing properties, due consideration was given to factors such as location, size, building differences, improvement and amenities, time element and other relevant factors to arrive at the value.

Had the land and buildings been carried under the cost model, the carrying amounts would have been RM72,405,000 (2017: RM73,381,000).

3.2 Securities

Land and buildings of the Group totalling RM77,473,000 (2017: RM87,113,000) are charged to banks as security for credit facilities granted to subsidiaries of the Group (see Note 15).

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.3 Fair value information

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

Level 3 fair value

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

	Group	
	2018 RM'000	**2017 RM'000**
Opening balance	**94,451**	87,718
Additions	**–**	92
Adjustment	**–**	(351)
Depreciation	**(1,189)**	(1,213)
Change in fair value recognised in other comprehensive income	**–**	7,987
Effect of movements in exchange rates	**(243)**	218
Closing balance	**93,019**	94,451

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The valuation method consider the fair value of similar properties that were listed for sale/sold within the same locality or other comparable localities, size and etc. as compared to the Group's land and buildings.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/(decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower

Valuation processes applied by the Group for Level 3 fair value

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

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

4. INVESTMENT PROPERTIES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Opening balance		**75,684**	75,684	**7,500**	7,500
Addition	4.5	**735**	–	**–**	–
Closing balance		**76,419**	75,684	**7,500**	7,500
Included in the above are:					
At fair value					
Leasehold land		**–**	–	**6,550**	6,550
Buildings		**18,480**	18,480	**950**	950
Freehold land and building		**57,204**	57,204	**–**	–
Leasehold land and building		**735**	–	**–**	–
		76,419	75,684	**7,500**	7,500

4.1 Investment properties under fair value model

Investment properties carried at fair value comprise commercial properties that are leased to third parties (see Note 29). The investment properties are measured at fair value obtained from an external valuation firm. The fair value is determined by the external valuation firm using the comparison method.

4.2 Transactions recognised in profit or loss

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Rental income	**5,524**	5,321	**432**	2,643
Direct operating expenses – income generating investment properties	**(2,257)**	(1,980)	**(95)**	(474)

4.3 Securities

Investment properties of the Group totalling RM75,684,000 (2017: RM75,684,000) are charged to banks as securities for credit facilities granted to subsidiaries of the Group (see Note 15).

4. INVESTMENT PROPERTIES (CONTINUED)

4.4 Fair value information

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

Level 3 fair value

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Opening balance	**75,684**	75,684	**7,500**	7,500
Addition	**735**	–	**–**	–
Closing balance	**76,419**	75,684	**7,500**	7,500

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

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The valuation method consider the fair value of similar properties that were listed for sale/sold within the same locality or other comparable localities, size and etc. as compared to the Group's and the Company's investment properties.	Adjustment to the historical sales transaction price of property in vicinity compared made by the valuer.	The estimated fair value would increase/(decrease) if: • the adjustments made by the valuer were higher or lower • the historical sales transaction prices were higher or lower

Valuation processes applied by the Group for Level 3 fair value

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

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

4. INVESTMENT PROPERTIES (CONTINUED)

4.5 Addition

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

	Group	
	2018 RM'000	**2017 RM'000**
Consideration payable for addition of investment property	**735**	–
Amount settled against trade receivables	**(241)**	–
Cash outflow from addition of investment property	**494**	–

5. INTANGIBLE ASSETS

	Group	
Acquired trademark	**2018 RM'000**	**2017 RM'000**
Cost		
Opening balance/Closing balance	**500**	500
Impairment losses		
Opening balance	**–**	–
Impairment loss recognised during the financial year	**500**	–
Closing balance	**500**	–
Carrying amount	**–**	500

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

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

6. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Group 2018 RM'000	Group 2017 RM'000
Opening balance		**27,792**	27,980
Addition		**23**	–
Transfer to inventories		**–**	(188)
Closing balance		**27,815**	27,792
Included in the above are:			
Freehold land		**16,837**	16,837
Leasehold land	6.1	**10,978**	10,955
		27,815	27,792

6.1 Leasehold land

Leasehold land of the Group was acquired via a joint venture agreement with a third party. The land title for the leasehold land is pending transfer to the Group subject to full settlement of the remaining purchase consideration by the Group.

6.2 Securities

Leasehold land is charged to a bank as security for credit facilities granted to a subsidiary of the Group (see Note 15).

7. INVESTMENTS IN SUBSIDIARIES

	Note	Company 2018 RM'000	Company 2017 RM'000
Cost			
Unquoted shares		**47,425**	47,425
Capital contribution to subsidiaries	7.1	**126,377**	226,444
Less: Accumulated impairment losses		**(350)**	(600)
Closing balance		**173,452**	273,269

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The movement in accumulated impairment losses is as follows:

	Company	
	2018 RM'000	**2017 RM'000**
Opening balance	**600**	600
Reversal during the financial year	**(250)**	–
Closing balance	**350**	600

Details of the subsidiaries are as follows:

Name of subsidiary	**Country of incorporation**	**Principal activities**	**Effective ownership interest and voting interest 2018 %**	**2017 %**
Fiamma Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Fimaco Sdn. Bhd.	Malaysia	Distribution of electrical home appliances	**100**	100
Active Edge Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Trading Sdn. Bhd.	Malaysia	Distribution of electrical home appliances, sanitaryware and bathroom accessories	**70**	70
Itatech Sdn. Bhd.*	Malaysia	Dormant	**100**	100
FHB Management Sdn. Bhd.	Malaysia	Property investment and management	**100**	100
Fiamma Land Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Development Sdn. Bhd.	Malaysia	Property development	**100**	100
Enex Sdn. Bhd.*	Malaysia	Dormant	**100**	100
Kingston Medical Supplies (Private) Limited*	Singapore	Distribution of medical devices and healthcare products	**70**	70
Uniphoenix Jaya Sdn. Bhd.*	Malaysia	Property development	**100**	100
Oaksvilla Sdn. Bhd.*	Malaysia	Property development	**100**	100
Affluent Crafts Sdn. Bhd.	Malaysia	Property development	**100**	100
Fiamma Properties Sdn. Bhd.*	Malaysia	Property development	**100**	100

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2018 %	Effective ownership interest and voting interest 2017 %
Ebac Home Sdn. Bhd.	Malaysia	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Ebac Home Pte Ltd *	Singapore	Distribution of home furniture and electrical home appliances and fittings	**100**	100
Subsidiary of Kingston Medical Supplies (Private) Limited				
Kinsmedic Sdn. Bhd.	Malaysia	Distribution of medical devices and healthcare products	**70**	70
Subsidiaries of Fiamma Sdn. Bhd.				
Fiamma Logistics Sdn. Bhd.	Malaysia	Provision of warehousing and logistics services	**100**	100
Exact Quality Sdn. Bhd.	Malaysia	Provision of after sales services of electrical home appliances	**100**	100
Ebac Kitchen Sdn. Bhd.*#	Malaysia	Dormant	**–**	99.99
Subsidiaries of Fiamma Trading Sdn. Bhd.				
Haustern Sdn. Bhd.*	Malaysia	Dormant	**70**	70
Beaulogy Sdn. Bhd.*	Malaysia	Distribution of cosmetic and beauty care products	**70**	70
Subsidiary of Fiamma Development Sdn. Bhd.				
Pinang Sutera Sdn. Bhd.*	Malaysia	Property development	**60**	60

* *Not audited by KPMG PLT*

Ebac Kitchen Sdn. Bhd. commenced members' voluntary liquidation on 18 October 2016 pursuant to Section 272(5) of the Companies Act, 1965 and was dissolved on 29 October 2018

7.1 Capital contribution

The capital contributions to the subsidiaries have no fixed terms of repayment and any repayment is at the discretion of the subsidiaries upon notification of the subsidiaries to the Company.

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Non-controlling interest in subsidiaries

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

2018	Fiamma Trading Sdn. Bhd. and its subsidiaries RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Pinang Sutera Sdn. Bhd. RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	14,753	7,830	264	22,847
Profit allocated to NCI	2,360	635	165	3,160
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	1,271	9,257	–	
Current assets	60,944	23,606	16,876	
Non-current liabilities	(44)	(7)	–	
Current liabilities	(12,993)	(6,755)	(16,216)	
Net assets	49,178	26,101	660	
Financial year ended 30 September				
Revenue	65,485	14,003	1,734	
Profit for the financial year	7,936	1,950	414	
Total comprehensive income	7,936	1,554	414	
Cash flows from operating activities	612	6,212	(4,247)	
Cash flows from investing activities	202	84	–	
Cash flows from financing activities	(3,014)	(1,890)	4,391	
Net (decrease)/increase in cash and cash equivalents	(2,200)	4,406	144	
Dividends paid to NCI	(1,050)	(198)	–	

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Non-controlling interest in subsidiaries (continued)

2017	Fiamma Trading Sdn. Bhd. and its subsidiaries RM'000	Kingston Medical Supplies (Private) Limited and its subsidiary RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	30%	40%	
Carrying amount of NCI	13,423	7,561	70	21,054
Profit/(Loss) allocated to NCI	1,703	(19)	(2)	1,682
Summarised financial information before intra-group elimination				
As at 30 September				
Non-current assets	615	9,741		
Current assets	51,477	23,868		
Non-current liabilities	(64)	(8)		
Current liabilities	(7,286)	(8,394)		
Net assets	44,742	25,207		
Financial year ended 30 September				
Revenue	66,702	27,063		
Profit/(Loss) for the financial year	5,676	(64)		
Total comprehensive income for the financial year	5,676	85		
Cash flows from operating activities	469	5,851		
Cash flows from investing activities	707	134		
Cash flows from financing activities	(6,806)	(2,932)		
Net (decrease)/increase in cash and cash equivalents	(5,630)	3,053		
Dividends paid to NCI	(1,770)	(185)		

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Non-controlling interest in subsidiaries (continued)

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

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

8. Amount due from subsidiaries

The amount due from subsidiaries are non-trade in nature, unsecured and bear interest at 4.00% - 6.27% per annum. The amount does not have a fixed term of repayment and any repayment is at the discretion of the subsidiaries upon notification of the subsidiaries to the Company.

9. Deferred tax (assets)/liabilities

Recognised deferred tax (assets) and liabilities

	Assets		Liabilities		Net	
Group	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Property, plant and equipment	**(41)**	(33)	**3,172**	2,961	**3,131**	2,928
Investment properties	**–**	–	**1,242**	1,242	**1,242**	1,242
Other items	**(2,550)**	(1,940)	**1,388**	1,349	**(1,162)**	(591)
Net tax (assets)/liabilities	**(2,591)**	(1,973)	**5,802**	5,552	**3,211**	3,579

Movement in temporary differences during the financial year

Group	**At 1.10.2016 RM'000**	**Recognised directly in equity RM'000**	**Recognised in profit or loss RM'000**	**At 30.9.2017 / 1.10.2017 RM'000**	**Recognised in profit or loss RM'000**	**At 30.9.2018 RM'000**
Property, plant and equipment	475	341	2,112	2,928	203	**3,131**
Investment properties	960	–	282	1,242	–	**1,242**
Other items	1,761	–	(2,352)	(591)	(571)	**(1,162)**
	3,196	341	42	3,579	(368)	**3,211**
		Note 9.1	Note 23		Note 23	

9.1 Deferred tax expense recognised directly in equity related to tax effect of the revaluation surpluses of property, plant and equipment.

10. PROPERTY DEVELOPMENT COSTS

	Note	Group 2018 RM'000	Group 2017 RM'000
Opening balance		**200,275**	242,902
Addition		**73,640**	55,590
Adjustment to land cost	10.1	**–**	(5,213)
Transfer to inventories		**(16,905)**	(68,474)
Charged to profit or loss		**(35,917)**	(24,530)
Closing balance		**221,093**	200,275
Included in the above are:			
Freehold land	10.2	**89,226**	82,568
Leasehold land		**32,572**	31,442
Development costs		**121,918**	93,971
Borrowing cost capitalised		**11,737**	8,605
Accumulated costs charged to profit or loss		**(34,360)**	(16,311)
		221,093	200,275

10.1 Adjustment to land cost

In 2017, the Group recorded an adjustment to the cost of a plot of leasehold land amounting to RM5,213,000 following a revision of the estimated profit arising from the development of the leasehold land. This leasehold land was acquired via a joint development agreement ("JDA") with a third party ("landowner") and the cost is recorded in accordance with the terms of the JDA, which is subject to the final profit arising from the development of the leasehold land.

10.2 Freehold land

Included in property development costs are freehold lands amounting to RM12,760,000 (2017: RM4,320,000) of which the land titles have yet to be transferred to the Group. These freehold lands were acquired via joint development agreements ("JDAs") with third parties and the land titles will only be issued pursuant to the terms of the JDAs.

10.3 Securities

Freehold land and leasehold land amounting to RM81,544,000 (2017: RM80,281,000) are charged to banks as security for credit facilities granted to subsidiaries of the Group (see Note 15).

11. INVENTORIES

	Group	
	2018 RM'000	**2017 RM'000**
Spare parts and consumables	**469**	562
Work-in-progress	**3,072**	418
Finished goods	**50,477**	52,930
Developed properties held for sale	**93,804**	77,220
	147,822	131,130
Recognised in profit or loss:		
Inventories recognised as cost of sales	**179,745**	172,144
Write-down to net realisable value (net)	**485**	1,786
Inventories written off	**312**	361

The inventories written down and written off are included in cost of sales.

Included in developed properties held for sale amounting to RM68,474,000 (2017: RM68,474,000) are developed properties of which the land titles have not been issued to the Group. These developed properties were developed on a plot of leasehold land that was acquired via a joint development agreement ("JDA") with a third party and the land titles will only be issued pursuant to the terms of the JDA.

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

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Trade					
Trade receivables	27.4	**99,053**	93,089	**–**	–
Accrued billings		**–**	5,764	**–**	–
		99,053	98,853	**–**	–

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-trade					
Other receivables and deposits	12.1	**3,167**	3,745	**17**	17
Derivative financial assets	12.2	**26**	1	**–**	–
		3,193	3,746	**17**	17
		102,246	102,599	**17**	17
Included in the above are:					
Loans and receivables		**100,687**	101,778	**17**	17
Financial assets at fair value through profit or loss - held for trading, including derivatives	12.2	**26**	1	**–**	–
Other assets		**1,533**	820	**–**	–
		102,246	102,599	**17**	17

12.1 Other receivables and deposits

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

12.2 Derivative financial assets

Group	Nominal value 2018 RM'000	Assets 2018 RM'000	Nominal value 2017 RM'000	Assets 2017 RM'000
Derivatives held for trading at fair value through profit or loss - Forward exchange contract	**1,856**	**26**	147	1

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

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits placed with licensed banks	**49,922**	26,811	**12,005**	–
Cash and bank balances	**52,723**	52,127	**2,115**	14,001
	102,645	78,938	**14,120**	14,001

Included in cash and bank balances of the Group is RM8,603,000 (2017: RM2,987,000) held under Housing Development Account, the utilisation of which is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2015.

14. CAPITAL AND RESERVES

14.1 Share capital

Group and Company	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Ordinary shares				
Issued and fully paid:				
Opening balance	**265,028**	**530,022**	264,951	529,902
Issue of shares under ESOS	**–**	**–**	67	120
Transfer to share capital for share options exercised	**–**	**–**	10	–
Closing balance	**265,028**	**530,022**	265,028	530,022

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

At 30 September 2018, there were 607,713 (2017: 607,713) units of warrant which remained unexercised. Subsequent to the financial year end, 603,516 units of the unexercised warrants expired on 26 November 2018 and were delisted from Bursa Securities on 27 November 2018.

14. CAPITAL AND RESERVES (CONTINUED)

14.2 Treasury shares

Group and Company	Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Ordinary shares				
Opening balance	**11,694**	**21,330**	4,649	8,800
Own shares acquired	**1,926**	**3,794**	7,045	12,530
Closing balance	**13,620**	**25,124**	11,694	21,330

Details of the repurchase of treasury shares were as follows:

2018	Average repurchase price RM	Highest repurchase price RM	Lowest repurchase price RM	Number of treasury shares repurchased '000	Total consideration paid RM'000
November	0.510	0.510	0.510	30	15
December	0.516	0.516	0.510	250	129
January	0.518	0.520	0.505	830	430
February	0.506	0.510	0.505	840	425
March	0.506	0.510	0.490	710	360
April	0.480	0.495	0.455	49	23
May	0.476	0.480	0.455	20	10
September	0.505	0.505	0.505	1,065	534
				3,794	1,926

14. CAPITAL AND RESERVES (CONTINUED)

14.2 Treasury shares (continued)

2017	Average repurchase price RM	Highest repurchase price RM	Lowest repurchase price RM	Number of treasury shares repurchased '000	Total consideration paid RM'000
November	0.563	0.564	0.562	420	237
December	0.556	0.560	0.545	1,920	1,067
January	0.564	0.565	0.560	830	468
February	0.582	0.600	0.575	80	46
March	0.588	0.600	0.575	2,468	1,452
April	0.580	0.580	0.580	242	141
May	0.577	0.580	0.565	850	491
June	0.556	0.560	0.550	2,700	1,501
July	0.544	0.545	0.535	3,000	1,631
August	0.550	0.550	0.550	20	11
				12,530	7,045

14.3 Translation reserve

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

14.4 Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment at interval of 5 years. The previous revaluation was carried out in September 2017, which is a shorter interval as the fair value of the revalued assets differs materially from their carrying amount.

14.5 Share option reserve

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

15. LOANS AND BORROWINGS

	Group		Company	
Non-current	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Secured:				
Term loans	**62,101**	97,534	**–**	–
Current				
Unsecured:				
Bankers' acceptances	**36,286**	26,988	**–**	–
Revolving credits	**–**	13,000	**–**	–
Secured:				
Bank overdraft	**6,743**	15,709	**–**	–
Revolving credits	**55,000**	8,000	**13,000**	–
Term loans	**20,477**	19,491	**–**	–
	118,506	83,188	**13,000**	–
	180,607	180,722	**13,000**	–

Securities

The loans and borrowings are secured over:

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

ii) investment properties (see Note 4.3);

iii) land held for property development (see Note 6.2); and

iv) land and buildings in property development costs (see Note 10.3).

15. LOANS AND BORROWINGS (CONTINUED)

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

Group	At 1.10.2017 RM'000	Net (repayment)/ drawdown of borrowings RM'000	At 30.9.2018 RM'000
Secured:			
Term loans	117,025	(34,447)	**82,578**
Revolving credits	8,000	47,000	**55,000**
Unsecured:			
Bankers' acceptances	26,988	9,298	**36,286**
Revolving credits	13,000	(13,000)	**–**
	165,013	8,851	**173,864**

Company			
Secured revolving credit	–	13,000	**13,000**

16. TRADE AND OTHER PAYABLES

		Group		Company	
Non-current	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-trade					
Other payables	16.1	**7,536**	7,536	**–**	–
Current					
Trade					
Trade payables		**50,858**	28,585	**–**	–
Progress billings		**2,683**	–	**–**	–
		53,541	28,585	**–**	–

16. TRADE AND OTHER PAYABLES (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-trade					
Other payables	16.2	**11,316**	6,974	**–**	1
Deposit received		**2,592**	1,636	**–**	–
Accrued expenses	16.3	**28,009**	27,354	**547**	496
Amount due to a subsidiary	16.4	**–**	–	**–**	13,500
Amount due to a related company	16.5	**1,710**	–	**–**	–
Derivative financial liabilities	16.6	**15**	–	**–**	–
		43,642	35,964	**547**	13,997
		97,183	64,549	**547**	13,997
		104,719	72,085	**547**	13,997
Included in the above are:					
Financial liabilities measured at amortised cost		**104,663**	70,972	**547**	13,964
Other liabilities		**41**	1,113	**–**	33
Financial liabilities at fair value through profit or loss -Held for trading, including derivatives		**15**	–	**–**	–
		104,719	72,085	**547**	13,997

16.1 Non-current other payables

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

16.2 Goods and services tax payable

Included in other payables of the Group and of the Company are goods and services tax payable of RM41,000 (2017: RM1,113,000) and NIL (2017: RM33,000) respectively.

16.3 Accrued expenses

Included in accrued expenses of the Group are accrual for selling and promotional expenses amounting to RM18,036,000 (2017: RM16,799,000). The accounting for these accruals are judgemental and subject to estimation uncertainty. The accruals are accounted for based on trade agreements and/or verbal commitments according to internal sales and marketing plans.

16. TRADE AND OTHER PAYABLES (CONTINUED)

16.4 Amount due to a subsidiary

In 2017, non-trade amount due to a subsidiary was unsecured, interest free and repayable on demand.

16.5 Amount due to a related company

The non-trade amount due to a related company is unsecured, interest free and repayable on demand.

16.6 Derivative financial liabilities

	Nominal value 2018 RM'000	Liabilities 2018 RM'000	Nominal value 2017 RM'000	Liabilities 2017 RM'000
Derivatives held for trading at fair value through profit or loss				
- Forward exchange contracts	**3,399**	**15**	–	–

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

17. PROVISION FOR WARRANTIES

	Note	Group 2018 RM'000	Group 2017 RM'000
Opening balance		**590**	400
Provisions made during the financial year	19	**412**	540
Reversal during the financial year		**(60)**	–
Provisions used during the financial year		**(366)**	(350)
Exchange difference		**(6)**	–
Closing balance		**570**	590

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

18. REVENUE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Sales of goods	**285,182**	272,131	**–**	–
Property development	**48,393**	38,155	**–**	–
Rental income from investment properties	**5,524**	5,321	**432**	2,643
Dividends	**–**	–	**10,162**	18,361
	339,099	315,607	**10,594**	21,004

Included in the property development revenue is revenue from sales of development properties amounting to RM31,175,000 (2017: RM25,486,000). Revenue from sales of development properties is recognised based on the stage of completion by reference to the proportion that property development costs incurred for property development works performed to-date bear to the estimated total property development costs.

In determining the stage of completion for revenue recognition, management has estimated the total property development costs based on the best available information as at year end. The Group has also assessed and is of the view that property buyers in respect of development properties sold are not expected to default which will lead to termination of sales for development properties sold.

19. RESULTS FROM OPERATING ACTIVITIES

		Group		Company	
	Note	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Results from operating activities are arrived at after charging:					
Auditors' remuneration:					
- Audit fees KPMG PLT		**308**	292	**53**	50
Other auditors		**69**	67	**–**	–
- Non-audit fees KPMG PLT		**10**	18	**10**	18
Bad debts written off		**150**	1	**–**	–
Depreciation of property, plant and equipment	3	**4,622**	5,172	**–**	8
Impairment loss on:					
- Trade receivables	27.4	**901**	3,560	**–**	–
- Intangible assets	5	**500**	–	**–**	–
Inventories written down	11	**485**	1,786	**–**	–

19. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Results from operating activities are arrived at after charging: (continued)					
Inventories written off	11	**312**	361	**–**	–
Deposit written off		**–**	81	**–**	–
Losses on derivative financial instruments					
- Realised		**1**	64	**–**	–
- Unrealised		**24**	–	**–**	–
Personnel expenses (including key management personnel):					
- Contributions to Employees Provident Fund		**4,046**	3,844	**–**	–
- Wages, salaries and others		**32,108**	30,234	**–**	–
- Share-based payment		**484**	501	**484**	501
Property, plant and equipment written off		**20**	355	**–**	–
Provision for warranties	17	**412**	540	**–**	–
Realised losses on foreign exchange		**289**	10	**–**	–
Rental expenses:					
- Property		**12**	70	**–**	–
- Plant and machinery		**34**	36	**–**	–

19. RESULTS FROM OPERATING ACTIVITIES (CONTINUED)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
and after crediting:					
Bad debts recovery		**81**	28	**–**	–
Rental income		**5,974**	5,393	**432**	2,643
Dividend income from subsidiaries	18	**–**	–	**10,162**	18,361
Gain on disposal of property, plant and equipment		**26**	284	**–**	–
Gains on foreign exchange:					
- Realised		**180**	156	**–**	–
- Unrealised		**–**	12	**–**	–
Interest income of financial assets that are not at fair value through profit or loss		**2,211**	1,799	**5,123**	3,366
Reversal of impairment losses on:					
- Trade receivables	27.4	**771**	68	**–**	–
- Investment in a subsidiary	7	**–**	–	**250**	–
Reversal of provision for warranties	17	**60**	–	**–**	–
Unrealised gains on derivative financial assets		**35**	1	**–**	–

20. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Amount due to a subsidiary	**–**	–	**584**	–
- Bankers' acceptance	**1,351**	1,076	**–**	–
- Bank overdraft	**402**	75	**–**	–
- Revolving credits	**2,071**	1,094	**877**	–
- Trust receipts	**–**	26	**–**	–
- Term loan	**5,601**	6,304	**–**	–
	9,425	8,575	**1,461**	–
Other finance costs	**476**	505	**1**	–
	9,901	9,080	**1,462**	–
Recognised in profit or loss	**6,943**	4,655	**1,462**	–
Capitalised on qualifying assets - property development costs	**2,958**	4,425	**–**	–
	9,901	9,080	**1,462**	–

21. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive:				
- Fees	**213**	182	**93**	62
- Remuneration	**1,828**	1,335	**6**	5
- Defined contribution plan	**292**	213	**–**	–
- Share options granted under ESOS	**33**	23	**33**	23
- Estimated monetary value of benefits-in-kind	**38**	35	**–**	–
	2,404	1,788	**132**	90
Non-Executive:				
- Fees	**575**	562	**335**	322
- Remuneration	**76**	78	**76**	78
- Share options granted under ESOS	**56**	56	**56**	56
	707	696	**467**	456
	3,111	2,484	**599**	546

22. KEY MANAGEMENT PERSONNEL COMPENSATION

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

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Remuneration	**2,585**	1,846	**–**	–
Share options granted under ESOS	**41**	37	**–**	–
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**773**	642	**–**	–
	3,399	2,525	**–**	–

23. TAX EXPENSE

Recognised in profit or loss	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Tax expense	**11,416**	9,674	**908**	1,315

Major components of income tax expense include:

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Income tax expense				
Malaysian - current year	**11,471**	9,460	**908**	1,297
- prior year	**(52)**	36	**–**	18
Overseas - current year	**404**	160	**–**	–
- prior year	**(39)**	(24)	**–**	–
Total income tax recognised in profit or loss	**11,784**	9,632	**908**	1,315
Deferred tax expense (Note 9)				
Origination and reversal of temporary differences	**(340)**	42	**–**	–
Prior year	**(28)**	–	**–**	–
Total deferred tax recognised in profit or loss	**(368)**	42	**–**	–
Total tax expense	**11,416**	9,674	**908**	1,315
Reconciliation of tax expense				
Profit before taxation	**47,173**	33,864	**13,106**	22,549
Income tax using Malaysian tax rate of 24%	**11,321**	8,127	**3,145**	5,412
Effect of tax rates in foreign jurisdiction *	**(207)**	(117)	**–**	–
Non-deductible expenses	**834**	1,834	**202**	292
Tax exempt income	**(208)**	(182)	**(2,439)**	(4,407)
Tax incentive	**(205)**	–	**–**	–
	11,535	9,662	**908**	1,297
(Over)/Under provision in prior year	**(119)**	12	**–**	18
	11,416	9,674	**908**	1,315

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

24. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September 2018 was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Profit for the financial year attributable to owners of the Company	**32,597**	22,508

	2018 '000	**2017 '000**
Weighted average number of ordinary shares at 30 September net of treasury shares	**504,898**	508,645

	2018 Sen	**2017 Sen**
Basic earnings per ordinary share	**6.46**	4.43

Diluted earnings per ordinary share

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

	Group	
	2018 '000	**2017 '000**
Weighted average number of ordinary shares at 30 September (basic)	**504,898**	508,645
Effect of exercise of warrants	**– ***	71
Effect of share options on issue	**– ***	26,720
Weighted average number of ordinary shares at 30 September (diluted)	**504,898**	535,436

	2018 Sen	**2017 Sen**
Diluted earnings per ordinary share	**6.46**	4.20

* At 30 September 2018, the effect on the earnings per share in respect of potential ordinary shares from the exercise of warrants and share options is anti-dilutive and therefore excluded from the calculation of diluted earnings per ordinary share.

25. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2018			
Final 2017 ordinary (single tier)	**1.75**	**8,862**	**6 April 2018**
2017			
Final 2016 ordinary (single tier)	1.5	7,756	7 April 2017

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

	Sen per share	Total amount RM'000
Final 2018 ordinary (single tier)	2.25	11,360

26. OPERATING SEGMENTS

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

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

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

Other non-reportable segments comprise operations related to corporate assets.

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

26. OPERATING SEGMENTS (CONTINUED)

Segment assets

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

Segment liabilities

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

	Trading and services		Property development		Investment holding and property investment		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Segment profit	**44,021**	37,209	**6,125**	3,374	**15,056**	24,794	**65,202**	65,377
Included in the measure of segment profit are:								
Revenue from external customers	**285,182**	272,131	**48,393**	38,155	**5,524**	5,321	**339,099**	315,607
Inter-segment revenue	**22,506**	24,740	**–**	–	**12,137**	22,587	**34,643**	47,327
Inventories written down and written off	**(797)**	(2,147)	**–**	–	**–**	–	**(797)**	(2,147)
Not included in the measure of segment profit but provided to Group Managing Director:								
Depreciation	**(3,684)**	(4,033)	**(165)**	(299)	**(773)**	(840)	**(4,622)**	(5,172)
Interest expense	**(2,727)**	(2,781)	**(1,615)**	(378)	**(2,125)**	(991)	**(6,467)**	(4,150)
Interest income	**1,991**	1,462	**213**	278	**7**	59	**2,211**	1,799
Segment assets	**370,331**	342,993	**390,049**	347,160	**394,585**	393,158	**1,154,965**	1,083,311
Included in the measure of segment assets are:								
Deferred tax assets	**816**	685	**1,775**	1,288	**–**	–	**2,591**	1,973
Tax recoverable	**336**	642	**2,329**	2,002	**184**	–	**2,849**	2,644
Segment liabilities	**(113,931)**	(108,615)	**(242,425)**	(137,438)	**(95,821)**	(59,397)	**(452,177)**	(305,450)

26. OPERATING SEGMENTS (CONTINUED)

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

Profit or loss	2018 RM'000	2017 RM'000
Total profit or loss for reportable segments	**65,202**	65,377
Elimination of inter-segment profits	**(9,151)**	(23,990)
Depreciation	**(4,622)**	(5,172)
Interest expense	**(6,467)**	(4,150)
Interest income	**2,211**	1,799
Consolidated profit before tax	**47,173**	33,864

2018	External revenue RM'000	Depreciation RM'000	Interest expense RM'000	Interest income RM'000	Segment assets RM'000	Segment liabilities RM'000
Total reportable segments	**339,099**	**(4,622)**	**(6,467)**	**2,211**	**1,154,965**	**(452,177)**
Other non-reportable segments	**–**	**–**	**–**	**–**	**5,440**	**(8,405)**
Elimination of inter-segment transactions and balances	**–**	**–**	**–**	**–**	**(375,304)**	**166,281**
Consolidated total	**339,099**	**(4,622)**	**(6,467)**	**2,211**	**785,101**	**(294,301)**

2017	External revenue RM'000	Depreciation RM'000	Interest expense RM'000	Interest income RM'000	Segment assets RM'000	Segment liabilities RM'000
Total reportable segments	315,607	(5,172)	(4,150)	1,799	1,083,311	(305,450)
Other non-reportable segments	–	–	–	–	4,617	(5,893)
Elimination of inter-segment transactions and balances	–	–	–	–	(361,674)	52,053
Consolidated total	315,607	(5,172)	(4,150)	1,799	726,254	(259,290)

Geographical segments

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

Major customers

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

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

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

(a) Loans and receivables (“L&R”);
(b) Financial liabilities measured at amortised cost (“FL”); and
(c) Fair value through profit or loss (“FVTPL”)
- Held for trading, including derivatives (“HFT”).

Group	Note	Carrying amount RM’000	L&R RM’000	FL RM’000	FVTPL-HFT RM’000
Financial assets					
2018					
Trade and other receivables	12	**100,713**	**100,687**	**–**	**26**
Cash and cash equivalents	13	**102,645**	**102,645**	**–**	**–**
		203,358	**203,332**	**–**	**26**
2017					
Trade and other receivables	12	101,779	101,778	–	1
Cash and cash equivalents	13	78,938	78,938	–	–
		180,717	180,716	–	1
Financial liabilities					
2018					
Loans and borrowings	15	**(180,607)**	**–**	**(180,607)**	**–**
Trade and other payables	16	**(104,678)**	**–**	**(104,663)**	**(15)**
		(285,285)	**–**	**(285,270)**	**(15)**
2017					
Loans and borrowings	15	(180,722)	–	(180,722)	–
Trade and other payables	16	(70,972)	–	(70,972)	–
		(251,694)	–	(251,694)	–

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

Company	Note	Carrying amount RM'000	L&R RM'000	FL RM'000
Financial assets				
2018				
Amount due from subsidiaries	8	**100,976**	**100,976**	**–**
Trade and other receivables	12	**17**	**17**	**–**
Cash and cash equivalents	13	**14,120**	**14,120**	**–**
		115,113	**115,113**	**–**
2017				
Trade and other receivables	12	17	17	–
Cash and cash equivalents	13	14,001	14,001	–
		14,018	14,018	–
Financial liabilities				
2018				
Loans and borrowings	15	**(13,000)**	**–**	**(13,000)**
Trade and other payables	16	**(547)**	**–**	**(547)**
		(13,547)	**–**	**(13,547)**
2017				
Trade and other payables	16	(13,964)	–	(13,964)
		(13,964)	–	(13,964)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Net gains/(losses) arising on:				
Loans and receivables	**2,012**	(1,747)	**5,123**	3,366
Financial liabilities measured at amortised cost	**(6,576)**	(3,992)	**(1,461)**	–
Fair value through profit or loss - held for trading, including derivatives	**10**	(63)	**–**	–
	(4,554)	(5,802)	**3,662**	3,366

27.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

27.4 Credit risk

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

Trade receivables

Risk management objectives, policies and processes for managing the risk

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

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

For property development segment, vacant possession of properties sold are not delivered until full settlement of the purchase consideration. In the event of a default by the purchaser, the sales and purchase agreement for the property sold would be terminated and the subject property will be resold to other purchasers.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Exposure to credit risk, credit quality and collateral

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

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

For the trading and services segment, the Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, trade receivables amounting to RM53,745,000 (2017: RM49,620,000) are supported by financial guarantees given by banks, shareholders or directors of the customers.

For the property development segment, trade receivables amounting to RM2,102,000 (2017: RM1,405,000) are owing from buyers that are backed by financiers.

The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

The exposure of credit risk for trade receivables as at the end of the reporting period mainly arose domestically.

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2018			
Not past due	**77,432**	**–**	**77,432**
Past due 1 - 60 days	**17,791**	**–**	**17,791**
Past due 61 - 90 days	**1,568**	**(182)**	**1,386**
Past due more than 90 days	**5,744**	**(3,300)**	**2,444**
	102,535	**(3,482)**	**99,053**
			Note 12

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables (continued)

Impairment losses (continued)

Group	Gross RM'000	Individual impairment RM'000	Net RM'000
2017			
Not past due	70,238	–	70,238
Past due 1 - 60 days	17,429	–	17,429
Past due 61 - 90 days	2,721	(75)	2,646
Past due more than 90 days	6,395	(3,619)	2,776
	96,783	(3,694)	93,089
			Note 12

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

Group	Note	2018 RM'000	2017 RM'000
Opening balance		**3,694**	209
Impairment loss recognised	19	**901**	3,560
Impairment loss reversed	19	**(771)**	(68)
Impairment loss written off		**(342)**	(7)
Closing balance		**3,482**	3,694

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the results of the subsidiaries and repayments of banking facilities made by the subsidiaries on an ongoing basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk as represented by the outstanding banking facilities of the subsidiaries is as follows:

	Company	
	2018 RM'000	**2017 RM'000**
Guarantees issued to financial institutions for bank facilities granted to subsidiaries	**154,607**	167,722

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

The financial guarantees have not been recognised as the fair value on initial recognition was not material.

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 results of the subsidiaries on an on-going 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 are only provided to subsidiaries which are wholly-owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of advances to subsidiaries. Nevertheless, these advances are not overdue.

27.5 Liquidity risk

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

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

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Liquidity risk (continued)

Maturity analysis

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

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2018						
Non-derivative financial liabilities						
Revolving credit - secured	55,000	5.36 - 6.27	55,000	55,000	–	–
Bank overdraft - secured	6,743	6.95 - 7.20	6,743	6,743	–	–
Bankers' acceptances - unsecured	36,286	4.00 - 4.69	36,286	36,286	–	–
Term loans - secured	82,578	4.90 - 7.00	94,240	24,345	59,266	10,629
Trade and other payables	104,663	–	104,663	97,127	7,536	–
	285,270		296,932	219,501	66,802	10,629
Derivative financial assets						
Forward exchange contracts (gross settled):						
Inflow	(11)		(5,266)	(5,266)	–	–
Outflow	–		5,255	5,255	–	–
	285,259		296,921	219,490	66,802	10,629

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2017						
Non-derivative financial liabilities						
Revolving credit - secured	8,000	5.01 - 5.36	8,000	8,000	–	–
- unsecured	13,000	5.27	13,000	13,000	–	–
Bank overdraft - secured	15,709	7.10	15,709	15,709	–	–
Bankers' acceptances - unsecured	26,988	3.84 - 4.85	26,988	26,988	–	–
Term loans - secured	117,025	2.44 - 6.50	137,974	45,696	70,900	21,378
Trade and other payables	70,972	–	70,972	63,436	7,536	–
	251,694		272,643	172,829	78,436	21,378
Derivative financial assets						
Forward exchange contracts (gross settled):						
Inflow	(1)	–	(148)	(148)	–	–
Outflow	–	–	147	147	–	–
	251,693		272,642	172,828	78,436	21,378

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2018						
Non-derivative financial liabilities						
Revolving credit - secured	**13,000**	**5.57 - 6.27**	**13,000**	**13,000**	**–**	**–**
Financial guarantee	**–**	**–**	**154,607**	**154,607**	**–**	**–**
Trade and other payables	**547**	**–**	**547**	**547**	**–**	**–**
	13,547		**168,154**	**168,154**	**–**	**–**

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 5 years RM'000	More than 5 years RM'000
2017						
Non-derivative financial liabilities						
Financial guarantee	–	–	167,722	167,722	–	–
Trade and other payables	13,964	–	13,964	13,964	–	–
	13,964		181,686	181,686	–	–

27.6 Market risk

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

27.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

	2018		2017	
Group	USD RM'000	CNY RM'000	USD RM'000	CNY RM'000
Balances recognised in the statement of financial position				
Trade payables	**(1,882)**	**(307)**	(1,654)	(1,166)
Foreign exchange contracts	**35**	**(24)**	1	–
Net exposure	**(1,847)**	**(331)**	(1,653)	(1,166)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

27.6.1 Currency risk (continued)

Currency risk sensitivity analysis

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

A 10% (2017: 10%) weakening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
Group	**2018 RM'000**	**2017 RM'000**
USD	**140**	126
CNY	**25**	88
	165	214

A 10% (2017: 10%) strengthening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

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

27.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Market risk (continued)

27.6.2 Interest rate risk (continued)

Exposure to interest rate risk

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed rate instruments				
Financial assets	**49,922**	26,811	**12,005**	–
Financial liabilities	**(91,286)**	(47,988)	**(13,000)**	–
	(41,364)	(21,177)	**(995)**	–
Floating rate instruments				
Financial liabilities	**(89,321)**	(132,734)	**–**	–

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

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

(b) *Cash flow sensitivity analysis for variable rate instruments*

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

	Profit or loss and equity	
Group	2018 RM'000	2017 RM'000
100 bp increase	**(679)**	(1,009)
100 bp decrease	**679**	1,009

27.7 Fair value information

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
2018					
Financial instruments carried at fair value					
Forward exchange contracts	**–**	**11**	**–**	**11**	**11**
Financial instruments not carried at fair value					
Financial liabilities					
Other payables - non-current	**–**	**–**	**(6,782)**	**(6,782)**	**(7,536)**
Term loans	**–**	**–**	**(82,578)**	**(82,578)**	**(82,578)**
	–	**11**	**(89,360)**	**(89,349)**	**(90,103)**
2017					
Financial instruments carried at fair value					
Forward exchange contracts	–	1	–	1	1
Financial instruments not carried at fair value					
Financial liabilities					
Other payables - non-current	–	–	(6,782)	(6,782)	(7,536)
Term loans	–	–	(117,025)	(117,025)	(117,025)
	–	1	(123,807)	(123,806)	(124,560)

Policy on transfer between levels

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

Level 2 fair value

Derivatives

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 Fair value information (continued)

Transfers between Level 1 and Level 2 fair values

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

Level 3 fair value

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

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

28. CAPITAL MANAGEMENT

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

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

Group	2018 RM'000	2017 RM'000
Total loans and borrowings (Note 15)	**180,607**	180,722
Less: Cash and cash equivalents	**(102,645)**	(78,938)
Net debt	**77,962**	101,784
Total equity attributable to owners of the Company	**467,953**	445,910
Gearing ratio (times)	**0.17**	0.23

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

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

Certain subsidiaries are required to maintain a gearing ratio of not exceeding 1.5:1 to comply with a bank covenant; failing which, the bank may call an event of default. These subsidiaries have complied with this covenant at the end of the reporting period.

29. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Group	2018 RM'000	2017 RM'000
Less than one year	**34**	48
Between one and five years	**86**	121
	120	169

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

Leases as lessor

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

Group	2018 RM'000	2017 RM'000
Less than one year	**4,501**	4,204
Between one and ten years	**5,913**	8,912
	10,414	13,116

Each of the leases contains an initial non-cancellable period ranging between 1 to 5 years (2017: 1 to 10 years). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

30. RELATED PARTIES

Identity of related parties

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

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

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

30. RELATED PARTIES (CONTINUED)

Significant related party transactions

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

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
A. Companies in which key management personnel have interest				
Sales	**67**	9	**–**	–
Purchases	**4,606**	3,684	**–**	–
B. Subsidiaries				
Dividend income received	**–**	–	**10,162**	18,361
Rental income received	**–**	–	**432**	2,643

Directors' remuneration and key management compensation are disclosed in Note 21 and Note 22 respectively.

31. SIGNIFICANT EVENTS

(i) Joint development of 1.7107 acres land in Batu Pahat, Johor

On 28 November 2017, Pinang Sutera Sdn. Bhd. ("PSSB"), a 60%-owned subsidiary of Fiamma Development Sdn. Bhd., which in turn is wholly-owned by the Company, entered into a Joint Venture Agreement ("JVA") with Puncak Hartamas Sdn Bhd ("PHSB"), a 40% shareholder of PSSB, for the joint development of one (1) parcel of freehold land ("Land") with total gross area of 0.6923 hectare or 1.7107 acres in Batu Pahat, Johor. Under the terms of the JVA, PHSB shall contribute the Land and PSSB shall bear the entire costs and expenses including the absolute control and management of the development.

In consideration of the grant of rights to develop the Land by PHSB, PSSB agreed to pay a total consideration of RM2,850,000.

(ii) Joint development of 4.125 acres land in Batu Pahat, Johor

On 8 December 2017, PSSB entered into a Joint Venture Agreement ("JVA") with four (4) individual landowners ("Landowners") for the joint development of one (1) parcel of freehold land measuring approximately 1.6693 hectare or 4.125 acres in Batu Pahat, Johor ("Land"). Under the terms of the JVA, the Landowners shall contribute the Land and PSSB shall bear the entire costs and expenses including the absolute control and management of the development.

In consideration of the grant of rights to develop the Land by the Landowners, PSSB agreed to pay a total consideration of RM5,400,000.

32. SUBSEQUENT EVENTS

(i) Dissolution of a subsidiary

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

(ii) Repurchase of the Company's shares

Subsequent to the financial year end, the Company repurchased 630,000 of its issued share capital from the open market at an average price of RM0.50 per share including transaction costs. The total consideration paid was RM316,340.

(iii) Warrants

Subsequent to the financial year end, 603,516 units of unexercised warrants had expired on 26 November 2018 and were delisted from Bursa Securities on 27 November 2018.

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 49 to 120 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2018 and of their financial performance and cash flows for the financial year then ended.

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

Lim Choo Hong
Director

Chin Mee Foon
Director

Kuala Lumpur,
Date: 14 December 2018

STATUTORY DECLARATION

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

I, Chin Mee Foon, the Director primarily responsible for the financial management of Fiamma Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 120 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chin Mee Foon, MIA: CA 2191, at Kuala Lumpur in the Federal Territory on 14 December 2018.

Chin Mee Foon

Before me:

KAPT. (B) JASNI BIN YUSOFF

Registered No.: W 465
Commissioner for Oaths

Report On The Audit Of The Financial Statements

Opinion

We have audited the financial statements of Fiamma Holdings Berhad, which comprise the statements of financial position as at 30 September 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 120.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the Group

Accuracy of sales close to year end
Refer to Note 2(o) - Significant accounting policy: Revenue and Note 18 - Revenue

The key audit matter	How the matter was addressed in our audit
Revenue of the Group comprised of sales of goods derived from the trading and services segment. This segment was the largest revenue contributor to the Group for the year ended 30 September 2018. Sales volume for trading and services segment tends to be higher towards the end of the financial year as customers make purchases to qualify for trade rebates and incentives. We focused on proper sales cut off as there could be a potential misstatement from sales transactions occurring close to the year end that they were not recorded in the correct financial year.	Our audit procedures included, amongst others: • Evaluated the effectiveness of the Group's internal controls over revenue recognition on a sampling basis; • Inspected evidence for delivery of goods and sales invoices in respect of samples selected from sales transacted immediately before and after the end of the reporting period to assess whether the revenue were recorded in the correct financial year; • Inspected samples of credit notes issued by the Group subsequent to year end to ascertain whether they relate to return of goods or sales cancellation in respect of revenue recognised before the year end; and • Obtained written confirmations from customers of the Group on a sampling basis to test that revenue recognised close to the year end in respect of those customers were recorded in the correct financial year.

Key Audit Matters (continued)

Key Audit Matters for the Group (continued)

Valuation of finished goods
Refer to Note 2(j) - Significant accounting policy: Inventories and Note 11 - Inventories

The key audit matter	How the matter was addressed in our audit
Included in inventories of the Group are finished goods which are measured at the lower of cost and net realisable value. Valuation of finished goods is identified as a key audit matter because the determination of net realisable values and inventory write down for old and slow-moving finished goods involve estimating future demand from customers and future selling prices, and such estimation involves judgement.	We performed the following audit procedures, amongst others: • Recomputed inventory written down by the Group based on inventory aging in accordance with the Group policy; • Tested the accuracy of inventory aging used by the Group in determining inventory to be written down; • Evaluated the judgement made by the Group in determining the inventory write down policy, including assessment of the nature of finished goods, market conditions and past sales performance of the finished goods; • Compared the carrying amounts of finished goods against their net realisable values that were estimated based on selling prices from sales achieved subsequent to year end or the last quarter of the year; • In respect of finished goods samples which have indicators of being slow-moving, we have: (a) compared the approved selling price of the finished goods sampled against the discount given for past sales; and (b) evaluated the Group's action plan to materialise the sales of the slow-moving finished goods.

Key Audit Matters (continued)

Key Audit Matters for the Group (continued)

Valuation of developed properties
Refer to Note 2(j) - Significant accounting policy: Inventories and Note 11 - Inventories

The key audit matter	How the matter was addressed in our audit
Included in inventories of the Group as at 30 September 2018 are unsold completed properties amounting to RM93.8 million. Developed properties are measured at lower of cost and net realisable value. The determination of the estimated net realisable value for these developed properties depends on the Group's expectation of future selling prices. Valuation of developed properties is identified as a key audit matter because these developed properties were available for sales since the launch of the property development projects in previous years and the challenges faced by the Group in selling these developed properties may indicate that the Group's expectation of future selling prices may not be attainable which increases the uncertainty over the valuation of these developed properties.	We performed the following audit procedures, amongst others: • Checked the valuation of developed properties by comparing the carrying amounts of developed properties against the selling prices of similar developed properties sold subsequent to year end or selling prices of similar developed properties sold within the same development project to identify indications whether the net realisable value of developed properties are below their carrying amounts; • Where there are no similar developed properties sold subsequent to year end, the net realisable values of developed properties were compared with the fair values of the developed properties determined based on valuation performed by the external property valuers engaged by the Group; • Evaluated the qualifications and competence of the external valuers; • Considered the valuation methodology as stipulated in the valuation report against industry practice and the Malaysian Valuation Standards; • Evaluated the reliability and accuracy of significant source data used in deriving the fair value of the developed properties by inspecting the valuation report and enquiring the external property valuers with regards to the origin of significant source data; and • Enquired the external property valuers to assess the impact to the fair value of developed properties in respect of any limitation or restriction of use as stipulated in the valuation report.

Accruals for selling and promotional expenses
Refer to Note 16 - Trade and other payables

The key audit matter	How the matter was addressed in our audit
Included in trade and other payables of the Group are accruals for selling and promotional expenses. Accruals for selling and promotional expenses are identified as a key audit matter because determination of these accruals are judgemental and subject to estimation uncertainty. The accruals are accounted for based on trade agreements and/or verbal commitments according to internal sales and marketing plans.	We performed the following audit procedures, amongst others: • Assessed the accruals for selling and promotional expenses recorded by the Group by inspecting the compilation of sales to the respective customers and comparing the selling and promotional rebate rates used to compute the accrual against the rebate rates stipulated in the trade agreements between the customers and the Group; • For rebates based on verbal commitment, we have evaluated the rebate rates used to compute accruals for selling and promotional expenses by comparing against historical payment trends and internal advertising and promotion plans.

Key Audit Matters (continued)

Key Audit Matters for the Company

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

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, Malaysia

Date: 14 December 2018

Lam Shuh Siang

Approval Number: 03045/02/2019 J
Chartered Accountant

as at 30 September 2018

	Location	Description/ Existing Use	Tenure	Date of Acquisition	Age of Building	Date of Last Revaluation	Approximate Land Area (Build Up)	Net Book Value (RM'000)
1.	**Fiamma Holdings Berhad** Lot 13, Jalan E1/5 Usaha Ehsan Industrial Area 52100 Kepong Selangor Darul Ehsan	Office cum service centre	Leasehold (99 years, expiring on 09/07/2078)	20/06/1983	34 years	30/09/2017	19,849 sq. ft.	7,176
2.	**Active Edge Sdn Bhd** No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	Land under development	Leasehold (99 years, expiring on 25/8/2114)	18/10/2013	–	–	147,336 sq. ft.	92,062
3.	**Affluent Crafts Sdn Bhd** HS (D) 490919 PTB 22059 Bandar Johor Bahru Johor	Land held for development**	Leasehold (99 years, expiring on 20/12/2109)	21/09/2012	–	–	198,809 sq. ft.	10,978
4.	**FHB Management Sdn Bhd** No. 20, Jalan 7A/62A Bandar Menjalara 52200 Kuala Lumpur	11 storey office building	Leasehold (99 years, expiring on 25/08/2114)	16/03/2015*	13 years 10 months	30/09/2017	25,567 sq. ft.	39,245
5.	360, Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur	15 units office suite and 3 retail lots	Freehold	26/04/2013 & 14/08/2013	3 years 7 months	30/09/2017	61,891 sq. ft.	57,204
6.	**Fiamma Land Sdn Bhd** Bandar Kuala Lumpur Mukim Kuala Lumpur Wilayah Persekutuan KL (Jalan Yap Kwan Seng)	Land under development	Freehold	03/04/2007	–	–	61,422 sq. ft.	51,527
7.	**Oaksvilla Sdn Bhd** Mukim Kota Tinggi Daerah Kota Tinggi Johor (Taman Kota Jaya 2)	Land under development	Freehold	09/12/2008	–	11/02/2008	185,149 sq. ft.	4,144
8.	Mukim Kota Tinggi Daerah Kota Tinggi Johor (Tai Hong Land)	Land held for development	Leasehold (expiring 29/03/2911)	09/12/2008	–	11/02/2008	86 acres	16,837
9.	**Kingston Medical Supplies Private Limited** 35, Tannery Road #11-01/02, Tannery Block Ruby Industrial Complex Singapore 347740	Office and warehouse	Freehold	21/07/2014	35 years 10 months	30/09/2017	4,886 sq. ft.	8,371
10.	**Fiamma Logistics Sdn Bhd** No. 16, Jalan Astana 1 Bandar Bukit Raja 41050 Klang Selangor	Warehouse	Freehold	16/05/2014	3 years	30/09/2017	273,567 sq. ft.	56,708
11.	**Fiamma Properties Sdn Bhd** Geran 37713, Lot 260, Seksyen 92 Geran 3240, Lot 3240, Seksyen 92 Town & District of Kuala Lumpur	Land under development	Freehold	23/12/2014	–	–	113,910 sq. ft.	58,367
12.	**Pinang Sutera Sdn Bhd** Mukim Simpang Kanan Daerah Parit Besar Batu Pahat, Johor	Land under development#	Freehold	25/07/2017, 28/11/2017 & 08/12/2017	–	–	333,254 sq. ft.	14,845
13.	**Fiamma Trading Sdn Bhd** No. 23, Jalan TTR 6A/1 Taman Tasik Residensi Rawang, 48000 Selangor	Landed residential property	Leasehold (99 years, expiring on 11/10/2108)	04/04/2018	2 years	–	153 sq. meter	735

* Previously acquired by Fiamma Holdings Berhad on 26/06/1996
** Title has not been transferred to Affluent Crafts Sdn Bhd
# Titles have not been transferred to Pinang Sutera Sdn Bhd

as at 31 December 2018

Issued Share Capital : **530,026,884 ordinary shares (including shares held as treasury shares)**
Class of Shares : **Ordinary Shares**
Voting Rights : **One vote per share**

Holdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Capital
Less than 100 shares	150	5.27	2,866	0.00
100 to 1,000 shares	220	7.74	90,734	0.02
1,001 to 10,000 shares	1,437	50.55	7,189,429	1.43
10,001 to 100,000 shares	895	31.48	28,185,300	5.59
100,001 to 25,183,193 shares (*)	133	4.68	149,133,047	29.61
25,183,194 shares and above (**)	8	0.28	319,062,508	63.35
TOTAL	2,843	100.00	503,663,884#	100.00

Notes: * - Less than 5% of issued shares
** - 5% and above of issued shares
# - Excluding a total of 26,363,000 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 31 December 2018.

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares Held	Direct Interest %*	Indirect Interest No. of Shares Held	Indirect Interest %*
Casa Holdings Limited	74,889,900	14.87	–	–
Lim Choo Hong	147,390,168	29.26	74,889,900#	14.87
Ngo Wee Bin	84,000,000	16.68	–	–
Perdana Padu Sdn Bhd	28,615,440	5.68	–	–
Kok Sau Chun	–	–	222,280,068^	44.13
Lim Soo Kong (Lim Soo Chong)	14,793,300	2.94	74,889,900#	14.87
Hu Zhong Huai	–	–	74,889,900#	14.87

Notes: # Deemed interested by virtue of their interests in Casa Holdings Limited.
^ Deemed interested through shares held by spouse, Mr Lim Choo Hong.
* Excluding a total of 26,363,000 shares bought-back by the Company and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS

Name	Direct Interest No. of Shares Held	Direct Interest %*	Indirect Interest No. of Shares Held	Indirect Interest %*
Dato' Bahar Bin Ahmad	390,000	0.08	–	–
Lim Choo Hong	147,390,168	29.26	74,889,900#	14.87
Kok Sau Chun	–	–	222,280,068^	44.13
Margaret Chak Lee Hung	–	–	–	–
Chin Mee Foon	–	–	–	–
Chua Choo Eng	–	–	–	–
Eugene Lee Cheng Hoe	9,000	0.00	–	–

Notes: # Deemed interested by virtue of their interests in Casa Holdings Limited.
^ Deemed interested through shares held by spouse, Mr Lim Choo Hong.
* Excluding a total of 26,363,000 shares bought-back by the Company and retained as treasury shares.

as at 31 December 2018

THIRTY LARGEST SHAREHOLDERS

No.	Name	Holdings No. of Shares	%*
1	Lim Choo Hong	62,670,168	12.44
2	Ngo Wee Bin	55,000,000	10.92
3	Casa Holdings Limited	48,489,900	9.63
4	AMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account - AmBank (M) Berhad for Lim Choo Hong)	40,780,000	8.10
5	Affin Hwang Nominees (Asing) Sdn Bhd (Exempt an for DBS Vickers Securities (Singapore) Pte Ltd)	29,000,000	5.76
6	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Perdana Padu Sdn Bhd)	28,615,440	5.68
7	Malaysia Nominees (Tempatan) Sendirian Berhad (Pledged Securities Account for Lim Choo Hong)	28,040,000	5.57
8	CIMSEC Nominees (Asing) Sdn Bhd (Exempt an for CGS-CIMB Securities (Singapore) Pte Ltd)	26,467,000	5.25
9	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim Choo Hong)	15,900,000	3.16
10	Lim Soo Kong (Lim Soo Chong)	14,793,300	2.94
11	Teo Kwee Hock	14,029,600	2.79
12	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	12,400,000	2.46
13	Corak Kukuh Sdn Bhd	10,998,720	2.18
14	Cartaban Nominees (Tempatan) Sdn Bhd (RHB Trustees Berhad for Manulife Investment Shariah Progressfund)	10,290,000	2.04
15	UOB Kay Hian Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teo Siew Lai)	9,223,700	1.83
16	Ng Peck Kee	6,320,496	1.25
17	Citigroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Ng Hook)	6,042,000	1.20
18	Ng Chuei Yeen	5,154,900	1.02
19	Citigroup Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Persaraan (Diperbadankan))	4,300,000	0.85
20	Ching Wooi Kong	4,109,000	0.82
21	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chua Eng Ho Wa'a @ Chua Eng Wah)	2,700,000	0.54
22	CIMB Group Nominees (Asing) Sdn Bhd (Exempt an for DBS Bank Ltd)	2,143,100	0.43
23	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Corak Kukuh Sdn Bhd)	1,384,560	0.27
24	Hoo Ting Yen	1,304,700	0.26
25	Chung Shan Kwang	1,020,000	0.20
26	Lee Seak Sung @ Lee Seak Song	914,595	0.18
27	Maybank Nominees (Tempatan) Sdn Bhd (Chua Eng Ho Wa'a @ Chua Eng Wah)	822,600	0.16
28	Lim See Pek	645,000	0.13
29	Teh Lee Peng	586,100	0.12
30	Lim York Lai	555,000	0.11
	TOTAL	444,699,879	88.29

Note:

* Excluding a total of 26,363,000 shares bought-back by the Company and retained as treasury shares.

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth Annual General Meeting of the Company will be convened and held at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Tuesday, 26 February 2019 at 11.30 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 September 2018 together with the Reports of the Directors and the Auditors thereon.

   (Please refer to Note 7)

2. To declare a final single tier dividend of 2.25 sen per ordinary share in respect of the financial year ended 30 September 2018.

   Ordinary Resolution 1

3. To approve the payment of Directors' fees payable to the Directors of the Company and its subsidiaries amounting to RM788,000 for the financial year ended 30 September 2018.

   Ordinary Resolution 2

4. To approve the payment of benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM200,000 from 26 February 2019 until the conclusion of the next Annual General Meeting ("AGM") of the Company.

   Ordinary Resolution 3

5. To approve the payment of Directors' fees payable to Tan Sri Dato' Azizan Bin Husain and Dr Teh Chee Ghee amounting to RM31,500 for the period from 1 October 2018 to 28 December 2018.

   Ordinary Resolution 4
   (Please refer to Note 8)

6. To re-elect Mr Lim Choo Hong who is retiring pursuant to Article 89 of the Articles of Association of the Company and, being eligible, has offered himself for re-election.

   Ordinary Resolution 5

7. To re-elect the following Directors who are retiring pursuant to Article 96 of the Articles of Association of the Company and, being eligible, have offered themselves for re-election:

   (i) Ms Chin Mee Foon; **Ordinary Resolution 6**

   (ii) Mr Chua Choo Eng; and **Ordinary Resolution 7**

   (iii) Mr Eugene Lee Cheng Hoe. **Ordinary Resolution 8**

8. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

   Ordinary Resolution 9

As Special Business

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

9. **Authority under Section 76 of the Companies Act 2016 ("the Act") for the Directors to allot and issue shares**

   "THAT pursuant to Section 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."

   Ordinary Resolution 10

10. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

"THAT, subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given for the Company and its subsidiaries ("the Group"), to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.1 of the Circular to Shareholders dated 28 January 2019 which are necessary for the Group's day-to-day operations subject further to the following:

(a) the transactions are in the ordinary course of business of the Group and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company; and

(b) the disclosure of the breakdown of the aggregate value of the recurrent related party transactions conducted pursuant to the Proposed Shareholders' Mandate in the Annual Report of the Company based on the following information:

(i) the type of recurrent related party transactions entered into; and

(ii) the names of the related parties involved in each type of the recurrent related party transactions entered into and their relationship with the Company.

That such authority shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the authority is again renewed;

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

Ordinary Resolution 11

11. **Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares ("Proposed Renewal of Share Buy-Back Authority")**

"THAT subject to the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to utilise an amount not exceeding the audited retained profits of the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

(a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company at the time of purchase; and

(c) the authority conferred by this resolution shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting, whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:

(a) cancel all the ordinary shares so purchased; and/or

(b) retain the ordinary shares so purchased as treasury shares; and/or

(c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including executing all such documents as may be required) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the said Directors may deem fit and expedient in the best interests of the Company."

Ordinary Resolution 12

12. **Proposed adoption of new Constitution of the Company ("Proposed Adoption of New Constitution")**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in Part B of the Circular to Shareholders dated 28 January 2019 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full powers to assent to any conditions, modifications and/or amendments as may be required by any authorities to give effect to the Proposed Adoption of New Constitution."

Special Resolution

13. To transact any other business for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Thirty-Sixth AGM, a final single tier dividend of 2.25 sen per ordinary share in respect of the financial year ended 30 September 2018 will be paid on 5 April 2019 to Depositors whose name appear in the Record of Depositors on 13 March 2019.

A Depositor shall qualify for entitlement to the Dividend only in respect of:

a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 13 March 2019 in respect of ordinary transfers.

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

CHIN MEE FOON (MIA 2191)

TAI YIT CHAN (MAICSA 7009143)

TAN AI NING (MAICSA 7015852)

Secretaries

Selangor Darul Ehsan

Date: 28 January 2019

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.

6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 19 February 2019 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

7. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.

8. Tan Sri Dato' Azizan Bin Husain and Dr Teh Chee Ghee have resigned as Independent Non-Executive Directors of the Company on 28 December 2018. The proposed Ordinary Resolution 4 is to approve the payment of their Directors' fees from 1 October 2018 to 28 December 2018.

9. EXPLANATORY NOTES ON SPECIAL BUSINESS

   (i) Ordinary Resolution 10 - Authority under Section 76 of the Act for the Directors to allot and issue shares

   The Company had, at the Thirty-Fifth AGM held on 26 February 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company had not issued any new shares pursuant to that mandate obtained.

   The Ordinary Resolution 10 proposed under item 9 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The Ordinary Resolution 10, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of working capital or provide funding for future investments or undertakings. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

   At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

   (ii) Ordinary Resolution 11 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The explanatory notes on Ordinary Resolution 11 are set out in the Circular to Shareholders dated 28 January 2019.

(iii) Ordinary Resolution 12 - Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares

The explanatory notes on Ordinary Resolution 12 are set out in the Statement to Shareholders dated 28 January 2019.

(iv) Special Resolution – Proposed adoption of new Constitution of the Company

The Special Resolution, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Securities and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity. Details were set out in the Circular to Shareholders dated 28 January 2019.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

CDS account no. of authorised nominee

FIAMMA HOLDINGS BERHAD
(Company No. 88716-W)
(Incorporated in Malaysia)

I/We* ____
(name of shareholder as per NRIC, in capital letters)

IC No./ID No./Company No.* ____________________ of ____________________

____
(full address)

being a member(s) of the Company, hereby appoint ____
(name of proxy as per NRIC, in capital letters)

IC No. ____________________ of ____________________

____
(full address)

and/or* failing him/her*, ____
(name of proxy as per NRIC, in capital letters)

IC No. ____________________ of ____________________

____
(full address)

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Thirty-Sixth Annual General Meeting of the Company to be held at the Main Board Room, Level 10, Wisma Fiamma, No. 20, Jalan 7A/62A, Bandar Menjalara, 52200 Kuala Lumpur on Monday, 26 February 2019 at 11.30 a.m. and at each and every adjournment thereof.

My/our* proxy is to vote as indicated below.

	RESOLUTION		FOR	AGAINST
1.	To declare a final single tier dividend of 2.25 sen per ordinary share in respect of the financial year ended 30 September 2018	**Ordinary Resolution 1**		
2.	To approve the payment of Directors' fees payable to the Directors of the Company and its subsidiaries amounting to RM788,000 for the financial year ended 30 September 2018	**Ordinary Resolution 2**		
3.	To approve the payment of benefits payable to Directors of the Company and its subsidiaries up to an aggregate amount of RM200,000 from 26 February 2019 until the conclusion of the next Annual General Meeting of the Company	**Ordinary Resolution 3**		
4.	To approve the payment of Directors' fees payable to Tan Sri Dato' Azizan Bin Husain and Dr Teh Chee Ghee amounting to RM31,500 for the period from 1 October 2018 to 28 December 2018	**Ordinary Resolution 4**		
5.	Re-election of Mr Lim Choo Hong as Director	**Ordinary Resolution 5**		
6.	Re-election of Ms Chin Mee Foon as Director	**Ordinary Resolution 6**		
7.	Re-election of Mr Chua Choo Eng as Director	**Ordinary Resolution 7**		
8.	Re-election of Mr Eugene Lee Cheng Hoe as Director	**Ordinary Resolution 8**		
9.	To appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	**Ordinary Resolution 9**		
10.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	**Ordinary Resolution 10**		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	**Ordinary Resolution 11**		
12.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares	**Ordinary Resolution 12**		
13.	Proposed Adoption of New Constitution of the Company	**Special Resolution**		

* Strike out whichever is not desired.

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature/Common Seal : ____

Number of shares held : ____

Date : ____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member of the Company may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney. The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power or authority, shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
5. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of the general meeting will be put to vote by way of poll.
6. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 19 February 2019 and only a Depositor whose name appears in such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 January 2019.

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Affix
Stamp

The Secretary
Fiamma Holdings Berhad (88716-W)
Lot 6.05, Level 6
KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Fold Here

www.fiamma.com.my

FIAMMA HOLDINGS BERHAD (88716-W)
Wisma Fiamma, No. 20, Jalan 7A/62A,
Bandar Menjalara, 52200 Kuala Lumpur.
Tel: 03-6279 8888   Fax: 03-6279 8933