2019

ANNUAL REPORT

BERJAYA

BERJAYA FOOD BERHAD

(Company No. 876057-U)

VISION

To be the leading Food and Beverage organisation with a portfolio of reputable brands that will enhance profitable and sustainable growth and stakeholder returns.

MISSION

1 To ensure we provide a people culture that is performance driven and built on the foundations of personal development, diversity and mutual respect for each other.

2 To ensure total customer satisfaction.

3 To generate a profitable rate of return for all our shareholders.

4 To carry out our business in ways that are socially and environmentally responsible.

CONTENTS

CORPORATE PROFILE

BERJAYA FOOD BERHAD

BERJAYA FOOD BERHAD ("BFood") was incorporated in Malaysia on 21 October 2009. It was converted into a public limited company on 3 December 2009 and listed on the Main Market of Bursa Malaysia Securities Berhad on 8 March 2011. As part of The Listing Scheme, Berjaya Roasters (M) Sdn Bhd ("BRoasters") was acquired and became a wholly-owned subsidiary of BFood in January 2011. BRoasters is engaged in the development and operation of the Kenny Rogers Roasters ("KRR") chain of restaurants in Malaysia.

On 26 July 2011, BFood entered into a conditional joint venture agreement with PT Mitra Samaya, Indonesia, PT Harapan Swasti Sentosa, Indonesia and PT Boga Lestari Sentosa, Indonesia ("PT Boga") to develop and operate the KRR franchise in Java Island and Bali, Indonesia under PT Boga. On 24 November 2017, Berjaya Food (International) Sdn Bhd ("BFI"), disposed of its entire stake in PT Boga.

On 19 July 2012, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for a cash consideration of RM71.7 million. The remaining 50% equity interest was held by Starbucks Coffee International, Inc ("SCI"). On 9 August 2012, BFood completed its Rights Issue and the 115,081,760 new shares and 115,081,760 warrants arising from the Rights Issue was listed on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2012. On 18 September 2014, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing the remaining 50% equity interest in BStarbucks not owned by BFood for a total cash consideration of USD88,000,000 (equivalent to about RM279.52 million). BStarbucks is now a 100% owned subsidiary of BFood.

On 7 December 2012, BFood acquired 100% equity interest in Jollibean Foods Pte Ltd, Singapore ("Jollibean Foods") for a cash consideration of RM19.02 million. On 30 January 2018, the Company's wholly-owned subsidiary, BFI completed the disposal of 5% equity interest in Jollibean Foods to Mr Sydney Lawrance Quays for a cash consideration of SGD150,000 (equivalent to about RM445,020).

On 7 October 2013, BFI entered into a Joint Venture Cum Shareholders' Agreement with Deluxe Daily Food Sdn Bhd ("Deluxe") for the subscription of 80% equity interest in Berjaya Food Supreme Sdn Bhd, a Brunei Darussalam-incorporated company to undertake the operations of "Starbucks Coffee" chain of cafes in Brunei Darussalam for a total cash consideration of about BND2.40 million (or about RM6.20 million). The remaining 20% was subscribed by Deluxe.

STARBUCKS

Starbucks Coffee in Malaysia is operated by BStarbucks. From its first store opening in Kuala Lumpur on 17 December 1998, Starbucks is now available in more than 14 states and federal territories in Malaysia. As at 30 June 2019, there are a total of 291 stores nationwide.

Starbucks Nitro Cold Brew Coffee

BStarbucks is also the first coffeehouse in Malaysia to introduce a drive-thru concept store in December 2009 in Johor Bahru. As at 30 June 2019, there are a total of 46 Starbucks drive-thru concept stores across Malaysia. In 2015, BStarbucks opened the first Starbucks Reserve concept store as part of its commitment to push the premium coffee experience even further through the retail of some of the world's most exceptional beans and an immersive coffeehouse experience. As of 30 June 2019, there are 10 Starbucks Reserve stores in Malaysia. The company also operates the world's first Starbucks Signing Store, which promotes accessibility and offers employment and development for the deaf and hard of hearing community. The Starbucks Signing Store is located in Bangsar Village Shopping Centre, Kuala Lumpur.

On 16 February 2014, BStarbucks opened its first store in Brunei Darussalam at Mabohai Shopping Complex. The store features a traditional coffee bar, also known as a "slow bar" to allow customers to savor their favorite Starbucks coffees with a different taste profile using the "pour-over" brewing method. On 7 September 2014, BStarbucks opened its first drive-thru concept store in Beribi, and as at 30 June 2019, there are 4 Starbucks stores in Brunei.

CORPORATE PROFILE

Kenny's Nasi Lemak Double

KENNY ROGERS ROASTERS ("KRR")

BFood's holding company, Berjaya Group Berhad ("BGroup") effectively holds the worldwide KRR franchise following BGroup's acquisition of KRR International Corp, USA in April 2008. As at 30 June 2019, there are a total of 80 KRR restaurants across Malaysia.

KRR restaurants feature rotisserie-roasted chicken as their main core product complemented by a variety of hot and cold side dishes and KRR's famous muffins, vegetable salads, pasta, soups, desserts and beverages served in a friendly and comfortable environment. All KRR restaurants serve their customers in a full service, mid-casual dining setting providing customers with a wholesome dining experience.

JOLLIBEAN

Jollibean Foods was incorporated in November 1993 in Singapore. The brand came to life inspired by a simple goal: to make available traditional drinks and snacks typically found in wet markets by repackaging them in a fuss-free and affordable way for every day customers. Since then, Jollibean Foods has developed from one speciality store to a chain of over 32 outlets under three different brand concepts, including Jollibean with 22 outlets, Sushi Deli with 9 outlets and Kopi Alley with 1 outlet, as of 30 June 2019.

Jollibean's signature products are its fresh daily-made 'Jollibean' soy milk using Grade A, non-genetically modified organism (non-GMO), identity-preserved (IP) Canadian soy beans to ensure the highest quality of its product each time. It also introduced traditional snacks such as the popular street pancake – Mee Chiang Kueh – which complements the soy milk offerings. All of Jollibean's products are prepared fresh at the start of each day, while all unsold food products are discarded or donated.

Its Sushi Deli outlets serve an array of "pick-and-choose" sushi, assorted sashimi sets, sushi & maki sets, Japanese salads, bento sets, party platters and Japanese sweets like Tofu Cheese Cake. In 2006, Jollibean Foods opened its first traditional kopi café concept, Kopi Alley, which offers traditional café foods like toasted bread with kaya, as well as local delights such as nasi lemak and mee siam.

Jollibean T3 outlet Singapore

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Tunku Shazuddin Bin Tunku Sallehuddin
Chairman/ Independent Non-Executive Director

Sydney Lawrance Quays
Chief Executive Officer

Tan Thiam Chai
Chryseis Tan Sheik Ling
Non-Independent Non-Executive Directors

Datuk Zainun Aishah Binti Ahmad
Dato' Mustapha Bin Abd Hamid
Independent Non-Executive Directors

Fine brews from the siphon brewing method at Starbucks Reserve

AUDIT AND RISK MANAGEMENT COMMITTEE
Datuk Zainun Aishah Binti Ahmad
Chairman/Independent Non-Executive Director

Dato' Mustapha Bin Abd Hamid
Independent Non-Executive Director

Tan Thiam Chai
Non-Independent Non-Executive Director

SECRETARIES
Tham Lai Heng Michelle
(MAICSA No. 7013702)

Wong Siew Guek
(MAICSA No. 7042922)

Wong Poo Tyng
(MAICSA No. 7056052)

SHARE REGISTRAR
Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B, Level 10, West
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2145 0533
Fax: 03-2145 9702

AUDITORS
Ernst & Young (AF:0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000
Fax: 03-2095 5332

REGISTERED OFFICE
Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2149 1999
Fax: 03-2143 1685

PRINCIPAL BANKERS
AmBank (M) Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING
Main Market of Bursa Malaysia
Securities Berhad

STOCK SHORT NAME
BJFOOD (5196)

PLACE OF INCORPORATION AND DOMICILE
Malaysia

PROFILE OF DIRECTORS

DATO' TUNKU SHAZUDDIN BIN TUNKU SALLEHUDDIN
49 years of age, Malaysian, Male
Chairman/Independent Non-Executive Director

He was appointed to the Board on 4 December 2017 as the Chairman of the Company. He is a member of the Employees' Share Scheme Committee.

He graduated from Kansas Wesleyan University, United States of America, majoring in design and marketing. He began his career with Johan Design Associates and managed numerous design projects from graphic, interior design to branding for various corporate and private clients. He continued his career in the same industry with other companies including Hewlett Packard, Data One and Keppel Group of Singapore until year 2001. In 2002, he ventured into the design business and formed an agency in 2005 and subsequently became a major shareholder for both Rethink Sdn Bhd and Reka 3 Sdn Bhd.

Currently, he is the Chairman and a Director of Naza Italia Sdn Bhd. He is also a shareholder and Managing Director of Seri Libana Sdn Bhd, a company involved in interior fit-outs and project management specifically handling government contracts. He also provided consultancy services to various state and government departments, including acquisition of new technologies and funding for various agricultural and tourism initiatives.

SYDNEY LAWRANCE QUAYS
51 years of age, Malaysian, Male
Chief Executive Officer

He was appointed to the Board on 12 January 2017 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2017. He is the Chairman of the Employees' Share Scheme Committee. He is also a member of the Sustainability Committee.

He graduated with Honors from the American Hotel and Lodging Association, United States of America majoring in Hospitality Management and Marketing in 1988. He started his career in the hotel industry, moving through different divisions and subsequently joined the quick service restaurant industry, working for McDonald's Malaysia as a trainee manager in 1989.

He was a pioneer of Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), holding the position as Marketing and Merchandise Manager when he joined in 1998. Subsequently, he was appointed as Managing Director of BStarbucks on 31 October 2012 and Berjaya Food Supreme Sdn Bhd ("BFood Supreme") on 24 September 2013. He has been awarded "The Asia Pacific Entrepreneurship Award" in the year 2014 and 2016 respectively, and "The Asia Responsible Entrepreneur" in 2016.

Currently, he is overseeing the day-to-day operational decisions for BStarbucks, Berjaya Roasters (M) Sdn Bhd ("BRoasters"), Jollibean Foods Pte Ltd ("JFPL") and BFood Supreme. He is also responsible for developing the business strategies and directions for business growth and new market expansion as well as preparing and implementing comprehensive business and marketing plans, bringing new and innovative ideas to build sales and elevate brand status. In addition, he is also responsible for the financial performance, profitability and future prospects of the business.

He is a Managing Director of Berjaya Food Trading Sdn Bhd ("BFood Trading") and is responsible for the growth of BFood Trading, which operates the fast-moving consumer goods ("FMCG") business, overseeing the expansion of the FMCG business into different channels and other retail sections as well as new products implementation.

He is also a Director of BRoasters, Berjaya Jollibean (M) Sdn Bhd, JFPL, Berjaya Food (International) Sdn Bhd, and holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

PROFILE OF DIRECTORS

TAN THIAM CHAI
60 years of age, Malaysian, Male
Non-Independent Non-Executive Director

He was appointed to the Board on 20 May 2010 as a Non-Independent Non-Executive Director. He is also a member of the Nomination Committee, Audit and Risk Management Committee, Remuneration Committee and Sustainability Committee.

He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman (now known as Tunku Abdul Rahman University College) and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants.

He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong group of companies in Malaysia as well as in Hong Kong for about 8 years. He joined Berjaya group of companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad.

He was previously appointed as the Chief Financial Officer of Berjaya Corporation Berhad ("BCorp") on 18 July 2008 until his retirement on 31 December 2018 and he is currently the Financial Adviser of BCorp. He is also an Executive Director of Berjaya Land Berhad, a Director of Atlan Holdings Bhd, Indah Corporation Berhad, Cosway Corporation Berhad, Berjaya Vacation Club Berhad, Tioman Island Resort Berhad, Berjaya Starbucks Coffee Company Sdn Bhd and Cosway Corporation Limited (Hong Kong).

He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

CHRYSEIS TAN SHEIK LING
30 years of age, Malaysian, Female
Non-Independent Non-Executive Director

She was appointed to the Board on 15 March 2018 as a Non-Independent Non-Executive Director.

She graduated with a Bachelor of Arts in Liberal International Studies from Waseda University, Tokyo in 2012. She also did an exchange programme in Accounting and Finance in London School of Economics, United Kingdom for a year in 2010.

Currently, Ms Chryseis Tan is the Chief Executive Officer of Berjaya Times Square Sdn Bhd, a wholly owned principal subsidiary of Berjaya Assets Berhad, mainly involved in the marketing and overall management of Berjaya Times Square Mall located in Kuala Lumpur.

Ms Chryseis Tan is also a Director of Berjaya Assets Food (BAF) Sdn Bhd ("BAF"), a wholly owned subsidiary of Berjaya Assets Berhad, and she oversees BAF's interest in the Food & Beverage industry. BAF has secured the right to manage the franchise of Greyhound Café from Bangkok, Thailand in Malaysia, with the successful opening of its first outlet at Jalan Bukit Bintang, Kuala Lumpur.

Ms Chryseis Tan is also a Director and Chairman of Natural Avenue Sdn Bhd ("NASB"), a subsidiary of Berjaya Assets Berhad since 1 August 2014. NASB is the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries in Sarawak.

Presently, Ms Chryseis Tan is an Executive Director of Berjaya Assets Berhad and Berjaya Land Berhad as well as the Head of Marketing for Four Seasons Hotel and Residences, Kyoto, Japan, a hotel and residences development project undertaken by Berjaya Kyoto Development (S) Pte Ltd, a subsidiary company of Berjaya Corporation Berhad. She also holds directorships in several other private limited companies.

Her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

PROFILE OF DIRECTORS

DATUK ZAINUN AISHAH BINTI AHMAD
73 years of age, Malaysian, Female
Independent Non-Executive Director

She was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. She is the Chairman of the Audit and Risk Management Committee, Nomination Committee and Sustainability Committee. She is also a member of the Remuneration Committee and Employees' Share Scheme Committee.

She graduated with a Bachelor of Economics degree from University Malaya. She began her career and worked with Malaysian Industrial Development Authority ("MIDA"), the Malaysian government's principal agency for the promotion and coordination of industrial development in the country for 35 years. In her 35 years of service, she has held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as the National Project Director in the formulation of the first Malaysian Industrial Master Plan. She was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years. Whilst in MIDA, she also sat on various committees/ authorities at national level, including being a member of the Industrial Coordination Act Advisory Council, Defence Industry Council and National Committee on Business Competitiveness Council, Malaysia Incorporated and the National Project for Majlis Penyalarasan Perindustrian before retiring in September 2004.

Currently, she is a Director of Degem Berhad, Boustead Holdings Berhad, British American Tobacco (Malaysia) Berhad and Pernec Corporation Berhad.

DATO' MUSTAPHA BIN ABD HAMID
66 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee. He is also a member of the Nomination Committee, Audit and Risk Management Committee and Sustainability Committee.

He graduated from the Royal Military College in 1972 and went on to obtain a Bachelor Degree (Honours) in Social Science from Universiti Sains Malaysia, Penang in 1977, and a Diploma in Public Management from the National Institute of Public Administration Malaysia (more commonly known as INTAN) in 1978. He started his career as an Administrative and Diplomatic Officer of the Research Division in the Prime Minister's Department and was posted as the First Secretary of the Malaysian Embassy in Paris, France (1982-1985). During his 16 years in the public service sector, he was also the Consul of Consulate General Malaysia in Medan, Indonesia (1990-1993) and the Principal Assistant Director in the Prime Minister's Department (1993-1994). He was appointed as Chancellor of Saito University College in April 2018 and at the same time was awarded an Honorary Doctorate in Education.

Currently, he is a Director of Teo Guan Lee Corporation Berhad, Acmar FHP Group Berhad and Lii Hen Industries Bhd. He also holds directorship positions in several other private limited companies.

Save as disclosed, none of the Directors have :-
1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

KEY SENIOR MANAGEMENT

CHIN WAN CHING (LOUISE)
49 years of age, Malaysian, Female
Vice President, Finance
Berjaya Starbucks Coffee Company Sdn Bhd, Berjaya Food Supreme Sdn Bhd and Berjaya Food Trading Sdn Bhd

Louise graduated with a professional accounting qualification, Association of Chartered Certified Accountants (ACCA) in 1995 and currently is a member of Malaysian Institute of Accountants (MIA).

She joined Starbucks Malaysia in 1 December 2008 as a Financial Analyst and was appointed as the Vice President of Finance on 1 October 2017. With her vast experience in the field of accounting and finance in various service industries, she has grown her career to her current position and spearheads the Finance and Accounts Department, Supply Chain Operations (SCO) Department and Sustainability Department. She also oversees the Finance and Accounts Department in Berjaya Food Supreme Sdn Bhd (Starbucks Brunei) and Berjaya Food Trading Sdn Bhd since its inception.

BEH HARK YIM (JUNE)
44 years of age, Malaysian, Female
Director of Partner Resources & Compliance
Berjaya Starbucks Coffee Company Sdn Bhd and Berjaya Food Supreme Sdn Bhd

June serves as the head of organizational and cultural excellence at Starbucks, responsible for driving the organizational strategy and culture by creating a strong sense of ownership and positive synergy. She also looks after performance management and capability building where she is helping to accelerate transformation through leadership by attracting and developing the best talent and building a culture of engagement, accountability and ownership.

She graduated in Bachelor of Arts majoring in Business Administration from Ottawa University, USA in 2001 and has completed her Diploma in Human Resources Management from MIHRM in 2003.

She received the award for HR Leader – Gold Award 2015 by Malaysia Institute of HRM.

JEFFREY NG TEIK SIN
41 years of age, Malaysian, Male
Director of Real Estate
Berjaya Starbucks Coffee Company Sdn Bhd

Jeffrey holds the Master of Business Administration from the University of Sunderland in 2012 and started his career with Starbucks in 2011 as a Store Development Manager.

He has over 13 years of industry experience in retail outlet development for several companies. His experience allows him to strategize the growth acceleration of Starbucks drive-thru stores and also oversee the growth of other brands in Berjaya Food Berhad.

LUNG HIAN KIAT (JORDAN)
35 years of age, Malaysian, Male
Commercial Director
Berjaya Food Trading Sdn Bhd

Jordan has 12 years of fast moving consumer goods and trading experience in both sales and marketing divisions. He is also a Masters graduate from University of Nottingham Trent UK.

He joined Berjaya Food Trading Sdn Bhd as Senior Business Manager on 11 July 2016 and was promoted as Commercial Director on 1 January 2019 due to the successful launches of Starbucks and Joybean ready to drink series.

He currently heads Berjaya Food Trading Sdn Bhd and expanding its distribution network to other countries such as Singapore, Maldives, etc.

LEE SIEW FEI
54 years of age, Malaysian, Female
General Manager
Berjaya Roasters (M) Sdn Bhd

Siew Fei started her career in 1984 when she joined Golden Arches Restaurant Sdn Bhd as a Purchasing Assistant. After graduating from Informatics College Malaysia, she subsequently joined Berjaya Roasters (M) Sdn Bhd as an Assistant Purchasing Manager in 1994.

She was appointed as General Manager of Berjaya Roasters (M) Sdn Bhd on 1 January 2011 and she currently oversees the Marketing, Product Development, Quality Assurance, Human Resources and Supply Chain departments.

HOW SENG HUAT (ANDY)
48 years of age, Malaysian, Male
Director of Real Estate & Operations
Berjaya Roasters (M) Sdn Bhd

Andy started his career with Starbucks as a Store Manager in 2000 and was promoted to Senior Store Development Manager. He has contributed significantly in store growth and expansion particularly with the Starbucks Drive-Thru and Reserve concept stores. Given his strong leadership skills and solid business acumen, he was promoted to his current role in early 2018. In his role, Andy oversees the Operations and Restaurant Development Department in Kenny Rogers Roasters.

Andy graduated from McDonalds Hamburger University in 1996 and is a graduate of Inaugural Berjaya Advance Leadership programme 2013. He has over 20 years of experience in the QSR and Cafe Industry.

Save as disclosed, none of the Key Senior Management have :-
1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial period.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Berjaya Food Berhad ("BFood"), I am pleased to present the Annual Report and Financial Statements for the financial period ended 30 June 2019.

A barista crafts his signature beverage at the Starbucks Malaysia Barista Championship 2018

Financial Results

For the financial period ended 30 June 2019, BFood registered a higher revenue of RM788.98 million as compared to a revenue of RM639.7 million recorded in the previous financial year mainly due to additional Starbucks cafés operating since the beginning of the financial period under review as well as recording same-store-sales growth in Malaysia. Pre-tax profit was higher at RM46.56 million in the financial period under review as compared to RM19.2 million in the previous financial year.

Dividend

For the financial period ended 30 June 2019, the Group had declared and paid a total dividend of 4.0 cents single-tier dividend per share (4.0 cents single-tier dividend per share for the previous financial year ended 30 April 2018).

The total dividend paid was approximately RM14.48 million which represented 59.40% of the attributable profit of the Group for the financial period ended 30 June 2019.

Sustainability

In line with the sustainability reporting requirements from Bursa Malaysia Securities Berhad, a Sustainability Statement is included as part of the BFood Annual Report. BFood's Sustainability Statement (page 19 to page 27) highlights the Company's commitment to undertaking business in a responsible and sustainable manner. Its scope covers material issues arising from the daily business operations of Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), Berjaya Roasters (M) Sdn Bhd ("BRoasters") in Malaysia, and Jollibean Foods Pte Ltd ("Jollibean Foods") in Singapore, and focuses on the economic, environmental, and social considerations of sustainability for the Company.

Future Prospects

The Malaysian economy registered a growth of 4.9% in the second quarter of 2019, a faster growth compared to 4.5% in the first quarter of 2019, mainly driven by continued expansion in private sector activities and net exports, and is expected to remain favourable throughout the year.

The respective brands under the Group will continue to leverage on the wide reach and strong engagement power of digital platforms to interact with their customers and build a stronger customer base especially with the younger generation. This will create more engagement for the respective brands' marketing and promotional initiatives and strengthen brand affiliation among customers.

Operating in a very competitive and evolving food and beverage industry, the respective brands are committed to continuously developing innovative and enticing menu items and introducing attractive seasonal promotions to cater to the varied tastes of their customers. The respective brands will also offer more attractive rewards and value-for-money promotions through their loyalty cards, to appreciate their loyal customers, as well as attract potential customers in order to expand their loyalty card membership base.

CHAIRMAN'S STATEMENT


Jollibean's Peanut Mee Chiang Kueh

The Group will continue to leverage on the strength of Starbucks as the premium coffee player in the market. The introduction of new products for the retail market through Berjaya Food Trading Sdn Bhd such as the range of bottled Joybean soy milk drinks, and Starbucks Doubleshot Espresso canned drinks, as well as the reintroduction of Jollibean food and beverage products under the international brand name, Joybean, is creating additional revenue streams for the Company.

The Board of Directors expects BStarbucks to maintain its revenue growth momentum in the financial year 2020. The Group will expand its income streams from new franchise business and its existing business to remain competitive amongst the growing number of food and beverage players in the market. With these measures in place, the Directors anticipate that the operating results of the Group will remain satisfactory in the ensuing financial year ending 30 June 2020.

Appreciation

On behalf of the Board, I would like to express our sincere thanks and appreciation to our management team and employees for their dedication and efforts throughout the year.

Our deepest gratitude to all our loyal customers and business partners for your unwavering support and trust in our businesses. Your confidence motivates us to work harder so that we grow further, and I am excited about what we can achieve together in future.

I would like to record my heartfelt thanks and appreciation to my fellow colleagues on the Board for your support and commitment. I look forward to us working together again in the coming years.

Dato' Tunku Shazuddin Bin Tunku Sallehuddin

Chairman
8 October 2019

"Our deepest gratitude to all our loyal customers and business partners for your unwavering support and trust in our businesses."

MANAGEMENT DISCUSSION & ANALYSIS

BERJAYA STARBUCKS COFFEE COMPANY SDN BHD

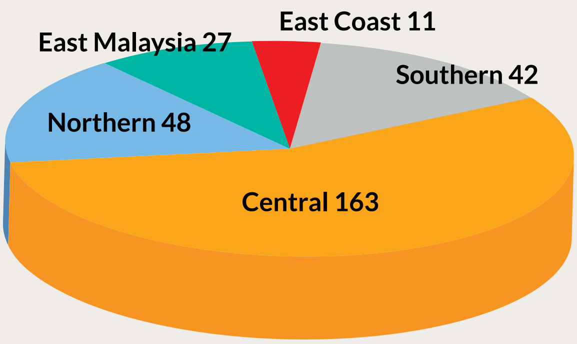
Overview

Berjaya Starbucks Coffee Company Sdn. Bhd. ("BStarbucks") was incorporated in Malaysia on 7 May 1998 under the name of Berjaya Coffee Company (M) Sdn. Bhd. and assumed its present name on 16 September 2004.

BStarbucks is a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"). The nature of BStarbucks' business is to sell high-quality whole bean coffees, along with freshly brewed coffees, Italian-style espresso beverages, cold blended beverages, a variety of pastries and confectionery, coffee-related equipment and accessories, and a selection of premium teas, among others.

The first Starbucks retail store in Malaysia was opened in KL Plaza (now known as Fahrenheit 88) on 17 December 1998. As at 30 June 2019, BStarbucks has 291 stores located throughout Malaysia, except in the state of Perlis and Terengganu.

Store Location by Region



TOTAL : 291 Stores

Central 163
- Kuala Lumpur 82
- Selangor 81

Northern 48
- Penang 27
- Kedah 9
- Perak 12

East Malaysia 27
- Sabah 13
- Sarawak 14

East Coast 11
- Pahang 9
- Kelantan 2

Southern 42
- Malacca 8
- Seremban 5
- Johor 29

During the period under review, BStarbucks won the following awards:-

2018 — **Asia Responsible Entrepreneurship Awards (AREA)**
Investment in People Category
(Starbucks Signing Store)

2018 — **CSR Malaysia Awards**
Company of the Year (Connecting Communities & Starbucks Signing Store)

2018 — **Putra Brand Awards (PBA) 2018**
Top 3, Restaurant & Fast Food Category

2018 — **AMCHAM Cares**
Recognition Achievement Award (Connecting Communities & Starbucks Signing Store)

2018 — **Golden Bull Awards**
Outstanding Business Award

2019 — **CSR Malaysia Awards**
Company of the Year
(Food & Beverage Category)

2019 — **Malaysian e-Payments Excellence Awards**
Top MyDebit Merchant

MANAGEMENT DISCUSSION & ANALYSIS

Revenue

For the 14-month financial period ended 30 June 2019, BStarbucks registered an increase in revenue to RM650.2 million from RM504.9 million in the previous financial year mainly contributed by the revenue from rapid expansion and store growth from 260 stores in the previous financial period to 291 stores in the financial period ended 30 June 2019.

Among the various tactical programmes adopted by BStarbucks' management to drive sales in a competitive environment were the introduction of the Starbucks Malaysia Planner 2019, which allows customers to personalize the planner with the exclusive Starbucks Patches. BStarbucks also introduced new alternative milk options, coconut milk and almond milk into its menu, launched the new beverage innovation, Cold Foam, 20th Anniversary series of merchandise, as well as collaborations with local celebrities.

During the period under review, BStarbucks opened four more Starbucks Reserve Stores, including the first ever regional Starbucks Reserve Drive-Thru store in Setia Alam. Starbucks also expanded its business into the state of Kelantan in August 2018 with the opening of Starbucks Tesco Kota Bahru. Starbucks opened another store in Kota Bahru Mall, Kelantan in January 2019.

The Starbucks Card Programme - My Starbucks Rewards (MSR) – registered a tender rate at 51%, contributing a total of RM374.1 million for the financial period ended 30 June 2019 as compared to RM312.6 million for the year ended 30 April 2018. During the period, MSR Malaysia featured three limited edition Starbucks cards - Starbucks Gawai Kaamatan Card, the Malaysia National Day Card and the Malaysia D'wali Card. BStarbucks also introduced a Special Edition Starbucks Card, limited to 10,000 pieces with an activation amount of RM150 each.

Starbucks Reserve Setia Alam Drive-Thru

As at 30 June 2019, there are more than 2.8 million (30 April 2018: 2 million) registered MSR members and a total of 10 million (30 April 2018: 7.8 million) Starbucks Cards in active circulation nationwide.

Profit Before Tax

BStarbucks recorded a growth of RM13.6 million in operating profit from RM63.8 million in the previous financial year to RM77.4 million in the financial period ended 30 June 2019.

BStarbucks recorded an increase in profit before tax to RM70 million as compared to RM58.7 million in the previous financial year attributed to additional revenue generated from stores opened during the financial period, coupled with effective cost management strategies.

Profit After Tax

BStarbucks registered a profit after tax of RM47 million for the financial period ended 30 June 2019 as compared to RM40 million for the financial year ended 30 April 2018.

Future Prospects

In the upcoming financial year 2020, BStarbucks plans to open 25 new stores with an additional 3 Reserve concept stores. In order to create affinity and strengthen its brand presence, BStarbucks will focus on unique and elevated designs with relevant local elements for its new stores.

In addition, it will also continue to introduce innovative food and beverage offerings which resonate with its customers' tastes and expectations of Starbucks as a premium coffee company.

BStarbucks will continue to promote the My Starbucks Rewards loyalty programme to continue to drive customers' loyalty and frequency, offering more card designs and attractive benefits.

BStarbucks will also leverage on digital innovations as well as strengthen its IT capabilities and improve on its Inventory Management system, in order to provide more efficiency and cater for future growth.

As part of its commitment towards empowering Malaysian communities, BStarbucks will continue to obtain raw materials from local communities to develop food products and merchandise for sale in Starbucks' stores, such as its banana food products and range of Mengkuang merchandise. Through its Starbucks Signing Store, BStarbucks will continue to support the deaf community by creating job opportunities and encouraging career development. There are plans for a second Signing Store in Penang in the near future.

MANAGEMENT DISCUSSION & ANALYSIS

Starbucks Reserve Mug and Starbucks Reserve Whole Bean Coffee

Starbucks Reserve partners with BFood's CEO

BERJAYA FOOD SUPREME

Overview

Berjaya Food Supreme Sdn Bhd ("BFS") was incorporated in Brunei on 24 September 2013. It is 80% owned by Berjaya Food (International) Sdn Bhd and is principally engaged in the operation of Starbucks retail stores in Brunei.

The first Starbucks retail store in Brunei was opened in Mabohai Shopping Complex on 16 February 2014. As at 30 June 2019, BFS has 4 Starbucks stores including one drive-thru concept store.

Revenue

For the financial period ended 30 June 2019, BFS's revenue increased by BND212,000 to BND2.4 million from BND2.2 million in the financial year ended 30 April 2018, mainly due to the 2 additional months of year end closing.

(Loss)/Profit Before Tax

For the financial period ended 30 June 2019, BFS recorded a loss before tax of BND94,000 compared to the profit before tax of BND44,000 for the financial year ended 30 April 2018, mainly due to forex loss incurred as a result of strengthening of the US Dollar against Brunei Dollar (1 USD to 1.31 BND as at 30 April 2018 compared to 1 USD to 1.35 BND as at 28 June 2019).

(Loss)/Profit After Tax

BFS recorded a loss after tax of BND122,000 for the financial period ended 30 June 2019 compared to profit after tax of BND40,000 for the financial year ended 30 April 2018.

Future Prospects

BFS will continue to review its operational and administrative procedures to reduce operating and administrative costs. In addition, the company will continue to strengthen its brand name as one of the leading coffee retail chains in Brunei by offering innovative food, beverage and merchandise products which resonate with its customers' demand.

MANAGEMENT DISCUSSION & ANALYSIS

BERJAYA FOOD TRADING SDN BHD

Overview

Berjaya Food Trading Sdn Bhd ("BFT"), a wholly-owned subsidiary of BFood, was incorporated in Malaysia on 24 July 2013.

The company is in the business of distributing premium Consumer Packaged Goods ("CPG") such as the Starbucks Bottled Frappuccino which was launched in July 2016 to all the major retailers in Malaysia, such as 7-Eleven, Cold Storage, Village Grocer, and Petrol Marts.

In January 2019, BFT expanded its portfolio with the launch of a new product , the Joybean soy milk beverages in three variants, Original, Black Soy and Charcoal, and Collagen-made with non-GMO IP Canadian soy beans. As at 30 June 2019, BFT has a distribution network of more than 2,000 retailer outlets across Malaysia.

Revenue

For the financial period ended 30 June 2019, BFT's revenue increased to RM7.2 million from RM4 million in the previous financial year, mainly due to the expansion of its product range such as the Starbucks Doubleshot Espresso and the introduction of new products under the Joybean brand during the financial period under review.

Profit Before Tax

For the financial period ended 30 June 2019, BFT recorded a higher profit before tax of RM340,000 compared to the profit before tax of RM144,000 in the previous financial year. The increase in profit before tax was mainly due to expansion of its product range as well as increase in its distribution network.

Profit After Tax

BFT registered a profit after tax of RM211,000 for the financial period ended 30 June 2019, compared to the profit after tax of RM97,000 in the previous financial year.

Future Prospects

BFT will continue to grow its CPG business by launching new products to further elevate the customer experience beyond stores under the BFood brands and reach out to 3,500 retailer outlets nationwide. The company is also innovating to keep up with consumer preferences, developing a variety of CPG for the F&B brands owned by BFood, and leveraging on existing capabilities, resources and distribution channels to penetrate the market. This initiative will help to contribute to the company's profit and at the same time maximise cost efficiency and ultimately create a strong brand presence among the respective BFood brands.

Joybean Soy Milk beverages in three flavors: Original, Collagen and Black Soy + Charcoal

Starbucks Doubleshot™ Espresso in four exciting flavors: Classic Espresso, Americano, Dark Mocha, and Caramel Macchiato

MANAGEMENT DISCUSSION & ANALYSIS

BERJAYA ROASTERS (M) SDN BHD

Overview

Berjaya Roasters (M) Sdn Bhd ("BRoasters") is a wholly-owned subsidiary of BFood, and the master franchisee of Kenny Rogers ROASTERS ("KRR") restaurants in Malaysia. It offers a mid-casual dining setting with rotisserie-roast chicken as its main core item, complemented by a rich variety of hot and cold side dishes, as well as Kenny's famous home-made muffins, vegetable salads, pasta, soups, desserts and beverages, served in a friendly and comfortable environment.

A KRR Express outlet

Kenny's Quarter Chicken Rice

KRR constantly presents guests with innovative and exciting flavours so that they can expect something different at each visit. During the financial period under review, KRR's seasonal promotions included Ayam Masak Merah, Paper Wrap Whole Chicken Leg, Garlic Butter Chicken and Oriental Honey BBQ Chicken. KRR also introduced Fried Chicken in its menu to cater to customers' demand.

Evolving with the digital era, KRR has implemented more marketing and promotional activities on social media and various e-commerce platforms. E-wallet payment systems, namely RazerPay, AliPay and WeChat Pay, are offered to guests as alternative modes of cashless payments using their mobile phones.

Being guest centric, BRoasters opened the first KRR drive-thru store in Juru, Penang, bringing more convenience and better accessibility to guests. BRoasters also opened 6 KRR Express stores which adopt the grab-and-go concept from a menu that has been tailored to ensure guests are able to enjoy delicious wholesome meals in a fast and convenient manner.

Revenue

For the 14-month financial period ended 30 June 2019, BRoasters recorded a revenue of RM96.7 million, an increase of 4.3% compared to RM92.7 million reported in the previous 12-month financial year. During this financial period, BRoasters opened 8 new stores and closed 9 non-performing stores.

Loss Before Tax

For the financial period of 14 months ended 30 June 2019, BRoasters recorded a similar loss before tax of RM7.0 million as with the previous financial period of 12 months, mainly due to effective controlling of administrative expenses.

Future Prospects

Moving forward, BRoasters will focus on expansion and cost effectiveness by opening more KRR Express concept stores. Highway Rest & Relax areas and commercial hubs that have substantial footfall will be the primary target for the new locations. In line with the popularity of online and e-commerce channels, BRoasters will embark on B2B e-voucher businesses and aggressively drive its online food delivery business through partnerships with leading food delivery companies. In addition, BRoasters will continuously launch menus with local favourite food items such as chicken rice, nasi lemak and fried chicken, to cater to Malaysians' demand for comfort food.

MANAGEMENT DISCUSSION & ANALYSIS

JOLLIBEAN FOODS PTE LTD

Overview

Jollibean Foods Pte Ltd ("Jollibean Foods") is a subsidiary of Berjaya Food Berhad ("BFood"). The company holds the sole and exclusive worldwide rights to develop, franchise, operate and manage all outlets, stalls, kiosks and holds the distribution rights for the products under the brand names of "Jollibean" ("Joybean" in Malaysia), "Sushi Deli" and "Kopi Alley".

The "Jollibean" brand has become a household name since its inception in 1995. It all started with the philosophy to bring back the nostalgic childhood memories of Singaporean by providing nutritious and healthy traditional snacks suitable for all ages. As at 30 June 2019, Jollibean Foods operates 32 outlets under the 3 brands in Singapore. During the financial period Jollibean has opened 3 new outlets and closed 2 non-performing outlets.

Revenue

For the financial period ended 30 June 2019, Jollibean Foods revenue increased by SGD207,000 to SGD9.5 million from SGD9.3 million in the financial year 30 April 2018 mainly due to the 2 additional months of year end closing.

Loss Before Tax

For the financial period ended 30 June 2019, Jollibean Foods recorded a loss before tax of SGD750,000 compared to a loss before tax of SGD244,000 in 30 April 2018 mainly due to an increase in administrative expenses, additional spending for the revamp and renovation of stores, and a rebranding exercise to grow the brand internationally for overseas franchising.

Loss After Tax

Jollibean Foods recorded a loss after tax of SGD750,000 for the financial period ended 30 June 2019, compared to a loss after tax of SGD244,000 in 30 April 2018 due to lower profit before tax.

Future Prospects

For the following financial year, Jollibean Foods will concentrate on rebranding, expanding its revenue stream and driving sales growth for existing operations in Singapore. One of its key focus areas is to continue with its store expansion plan, with the target of opening 5 new stores in the financial year 2020.

Jollibean Foods will also focus on the franchise business to grant franchise to operate outlets under the "Joybean" brand and related trademarks both nationwide and overseas. The first overseas market retailing Joybean products will be the Philippines.

Moving forward, Jollibean Foods hopes to strengthen its brand presence among the younger generation by capitalizing on digitalization. Jollibean Foods will also continue to develop innovative food and beverage product offerings to attract and retain public interest.

Jollibean's Classic Soy Milk with the Peanut and Chocolate Mini Rolls

Jollibean's Almond Soy Pudding

GROUP FINANCIAL SUMMARY

Description	2019 USD'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
Revenue	190,413	788,976	639,741	605,441	554,363	376,780
Profit Before Tax	11,238	46,563	19,197	24,319	35,615	182,769
Profit For The Period/Year	5,835	24,178	218	6,332	17,542	171,099
Profit Attributable To Shareholders	5,883	24,376	1,175	11,435	21,290	177,574
Share Capital	58,825	243,742	243,232	240,617	189,144	187,137
Reserves	37,966	157,314	150,274	159,634	210,359	207,282
Equity Funds	**96,791**	**401,056**	**393,506**	**400,251**	**399,503**	**394,419**
Treasury Shares	(8,623)	(35,730)	(7,687)	(8,334)	–	–
Net Equity Funds	**88,168**	**365,326**	**385,819**	**391,917**	**399,503**	**394,419**
Non-controlling Interests	294	1,218	1,370	(17,587)	(11,000)	(6,626)
Total Equity	**88,462**	**366,544**	**387,189**	**374,330**	**388,503**	**387,793**
Long Term Liabilities	33,814	140,110	150,218	136,711	177,606	198,363
Current Liabilities	84,517	350,196	276,256	279,198	180,545	128,076
Total Equity and Liabilities	**206,793**	**856,850**	**813,663**	**790,239**	**746,654**	**714,232**
Property, Plant & Equipment	66,479	275,456	234,083	216,955	173,625	155,504
Intangible Assets	110,928	459,631	457,106	454,734	451,652	447,321
Investment and Other Non-Current Assets	7,444	30,844	28,133	28,744	25,556	4,232
Current Assets	21,942	90,919	94,341	89,806	95,821	107,175
Total Assets	**206,793**	**856,850**	**813,663**	**790,239**	**746,654**	**714,232**
Net Assets Per Share (US$/RM)	0.24	1.00	1.02	1.05	1.06	1.05
Net Earnings Per Share (Cents/Sen)	1.60	6.64	0.31	3.05	5.66	54.41
Dividend Per Share (Cents/Sen)	0.97	4.00	4.00	3.50	4.25	5.75
Net Dividend Amount (USD'000/RM'000)	3,495	14,482	15,061	13,095	16,011	21,451

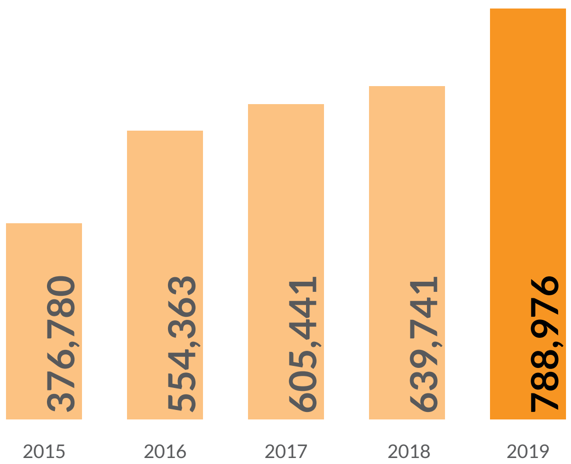
Notes:

Figures for 2015-2018 are for 12 months ended 30 April and 2019 are for 14 months ended 30 June 2019. Where additional shares are issued, the earnings per share are calculated based on a weighted average number of shares.

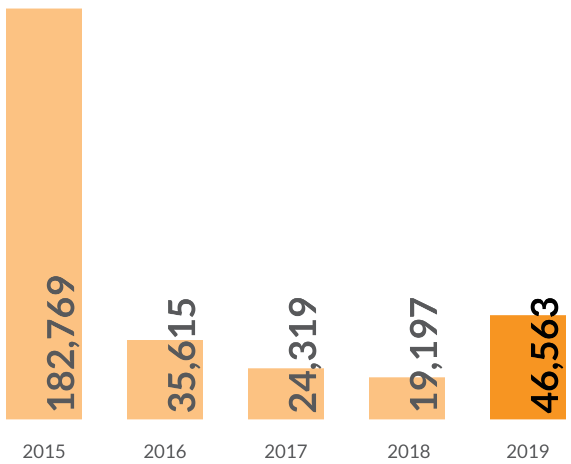
Exchange rate: US$1.00=RM4.1435

GROUP FINANCIAL HIGHLIGHTS

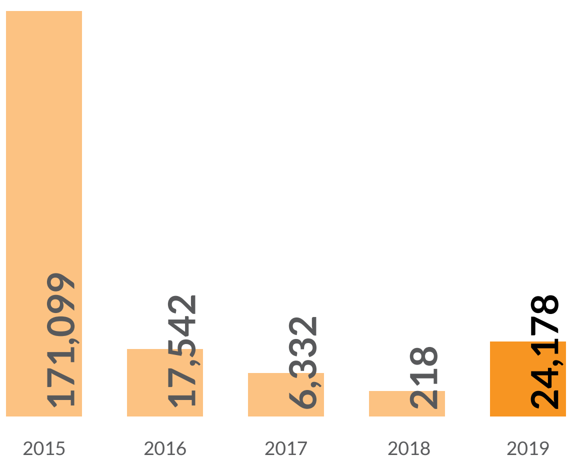
Revenue (RM'million)



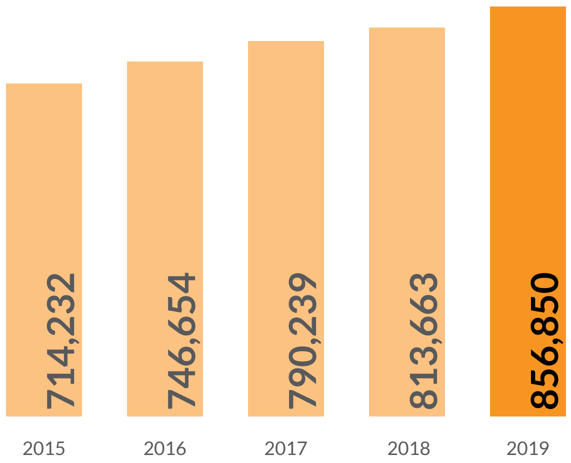
Profif Before Tax (RM' million)



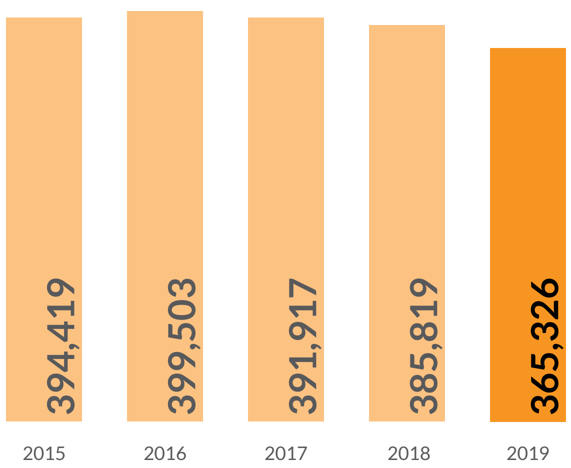
Profit for the Period/Year (RM'million)



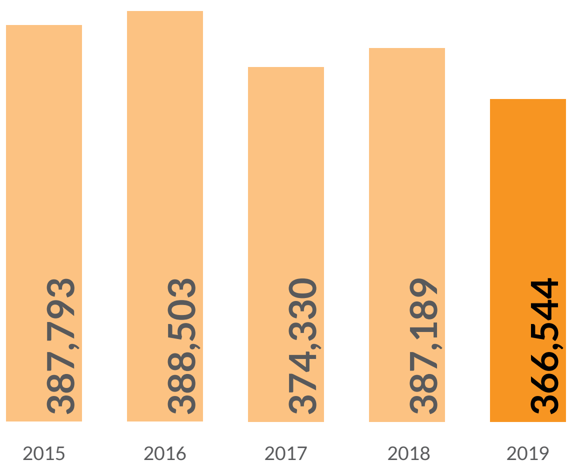
Total Assets (RM' million)



Net Equity Funds (RM'million)



Total Equity (RM' million)



CORPORATE STRUCTURE
OF OPERATING COMPANIES AS AT 1 SEPTEMBER 2019

BERJAYA

BERJAYA FOOD BERHAD

(Company No. 876057-U)

100%
Berjaya Starbucks Coffee Company Sdn Bhd

100%
Berjaya Food (International) Sdn Bhd

100%
Berjaya Roasters (M) Sdn Bhd

100%
Berjaya Food Trading Sdn Bhd

95%
Jollibean Foods Pte Ltd

80%
Berjaya Food Supreme Sdn Bhd

100%
Berjaya Jollibean (M) Sdn Bhd

SUSTAINABILITY STATEMENT

1. REPORTING PROFILE AND SCOPE

The sustainability statement for Berjaya Food Berhad ("BFood") is prepared in accordance with the Sustainability Reporting Guide from Bursa Malaysia Securities Berhad ("Bursa Malaysia") which highlights the company's commitment to undertake business in a responsible and sustainable manner. The information in this section focuses primarily on the operations and management of the economic, environmental and social sustainability of BFood for the financial period ended 30 June 2019. The sustainability statement covers material issues arising from its principal business activities in Malaysia and Singapore operated by the following subsidiaries - Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), Berjaya Roasters (M) Sdn Bhd ("BRoasters"), and Jollibean Foods Pte Ltd ("Jollibean Foods"). It does not include the environmental and social sustainability aspects of the other business operations in Brunei.

BFood recognises the challenges of its operating environment as well as the expectations of its various stakeholders and is committed to evolving and developing a sustainable business that has a positive impact on the community, economy and environment. These areas are critical to its business and are also where it can have the greatest impact. BFood is working towards the goals set by the United Nations Sustainable Development Goals and uses these goals as a lens for its social impact programmes and collaborations with others. The information and data disclosed in this statement were derived from internal reporting processes, systems and records. The structure and write-up of this statement are guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits.

BStarbucks partners volunteer every month at the PPR Ikan Emas Edible Garden in Cheras

2. APPROACH TO SUSTAINABILITY

The Company strives to support economic growth that benefits every level of society, while minimising adverse environmental and social impacts arising from its daily business operations guided by a long-term strategy comprising 3 main aspects:-

Economic Sustainability

Creation of long-term value for shareholders and value add for all the Company's stakeholders.

Environmental Sustainability

Striving towards reducing the Company's environmental footprint by improving on efficiency of resources and supporting conservation efforts.

Social Sustainability

Dealing with customers and the public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives involving the Company's monetary and non- monetary resources.

For the period under review, the Company formalised its sustainability journey with the setting up of a Sustainability Working Committee comprising representatives from its various business units and teams. Governed by the Board of Directors of BFood, the Sustainability Working Committee oversees the overall planning and implementation of sustainability practices in a continuous and systematic manner.

To better understand the impacts and issues that are most relevant and of greatest concern to the Company, a series of meetings were conducted with the key executives and management from the two business segments contributing their expertise to the materiality identification process. The process enabled the team to effectively identify and define the scope of material issues within the economic, environmental and social aspects across the Company. The findings were then submitted to the Sustainability Working Committee for evaluation and subsequently, the sustainability statement was presented to the Board for review and approval. In developing the list of materiality issues and the reporting framework, a broad range of references were studied by the Committee members including Bursa Malaysia's Sustainability Reporting Guide and Toolkit.

SUSTAINABILITY STATEMENT

3. STAKEHOLDER ENGAGEMENT

The Company continues to work to validate and improve its reporting efforts, so it can consistently and accurately report on its performance. As each of the stakeholders impact and influence the Company's businesses differently, the engagement activities are on an ongoing basis, depending on the purpose and needs. The Company's key stakeholders and engagement platforms are as listed below:-

Stakeholder Groups	Engagement Platforms
Government and Regulators	• Ongoing meetings and interactions with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters concerning the customers and the general public.
Customers	• Continuous efforts to serve customers better using various channels for feedback and through initiatives that reflect the Company's values.
Employees	• Internal engagement channels. • Training and development programmes. • Open communication regularly through bi-monthly Town Hall sessions.
Contractors/ Consultants/Suppliers	• Tendering and procurement process. • Regular meetings with suppliers to give and receive feedback on improving ways of working together.
Media	• Regular engagement and updates with the mainstream media. • Media releases relating to key business development as well as corporate social responsibility ("CSR") activities.
Communities	• Consultation with NGOs for their expert opinions on non-governmental organizations, corporate responsibility areas relevant to the business. peer companies, industry groups. • Volunteering opportunities and charitable events.
Shareholders / Investors	• Communications via announcements to Bursa Securities, Annual Report, General Meetings, the Company's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required.

4. SUSTAINABILITY GOVERNANCE

Sustainability Governance is one of the core elements that governs the sustainable development of the Company's businesses. The Company strives to maintain a high standard of governance and firmly believes in accountability and transparency to maximise economic, environmental and social returns to all its stakeholders. The core responsibilities of the governance structure rest on the Board comprising professionals from a wide range of business experience and expertise. Through focused committees and commitment to adopting best practices, the Board is committed to maintaining sound internal controls and effective risk management to enhance transparency, accountability, integrity and honesty to earn the trust of its stakeholders.

The Board views the commitment to promote sustainability strategies in the economic, environmental and social aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

Within the sustainability governance structure, each operating company is represented by a Material Entity Sustainability Officer who collates the various sustainability initiatives implemented and prepares the sustainability report. The sustainability report of each operating company is provided to the Sustainability Working Committee for review and facilitates the preparation of the sustainability statement for the Company.

Moving forward, the Company strives to improve its monitoring process on the implementation of its internal control measures and sustainability initiatives. The Board and management are committed to continually refining and improving these processes over time. The financial figures in this Sustainability Statement have been externally verified. For more detailed information on the Company's Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, please refer to pages 28 to 42 of the BFood Annual Report 2019.

SUSTAINABILITY STATEMENT

Sustainability Governance Structure

Support & approve	Board of Directors CEO
Evaluate & guide	Sustainability Committee
Harmonize & standardize	Head of Sustainability Committee
Plan & strategize	Sustainability Working Group ("SWG")
Manage & control	Material Entity Sustainability Officer ("MESO")
Implement EES	Operating Entities (Operations & Marketing/Human Resources/ Finance/Information Technology/Others)

Note: EES denotes Economic, Environmental and Social

5. ECONOMIC SUSTAINABILITY

i. Financial Performance

BFood's financial performance highlights for FYE 2019

REVENUE
RM789.0 million
(FYE 2018 RM639.7 million)

PROFIT BEFORE TAX
RM46.6 million
(FYE 2018 RM19.2 million)

RETURN ON EQUITY
5.72%
(FYE 2018 0.30%)

DIVIDEND DISTRIBUTION
RM14.5 million
(FYE 2018 RM15.1 million)

DIVIDEND PAYOUT RATE
59.41%
(FYE 2018 1281.8%)

For more information about the Group's financial performance, please refer to the Group Financial Summary and Highlights on pages 16 and 17 of BFood Annual Report 2019.

ii. Procurement

BStarbucks endeavours to create a positive impact by supporting procurement of products and services from locally established business entities to spur the country's economy. Procurement is conducted through the evaluation of tenders in terms of pricing, credibility and other related matters such as compliance to the labour law.

In this financial period, BStarbucks implemented the Inventory Management System to increase efficiency for BStarbucks stores and warehouse. With the system, BStarbucks stores are able to plan and forecast their inventory orders which would reduce wastages in the long run.

Following the global direction, BStarbucks is serving sustainable coffee in its stores. For more than two decades, Starbucks International has partnered with Conservation International on Coffee And Farmer Equity ("C.A.F.E.") Practices and 99% of Starbucks coffee are verified as ethically sourced under C.A.F.E. Practices, promoting quality, economic transparency and social and environmental impact with a vision to make coffee the world's first sustainable agricultural product in the world.

iii. Indirect Economic Impact

Since 2013, BFood has been continuously committed to empowering local Malaysian communities to build a better tomorrow through its Connecting Communities in Malaysia programme; a scalable community project that contributes to small villages in support of local sourcing.

SUSTAINABILITY STATEMENT

This year, BStarbucks has empowered Silent Teddies Bakery by purchasing the Starbucks Jumbo Chocolate Chip Cookie and retailing it in all Starbucks stores in Malaysia.

For every cookie purchased, BStarbucks will donate RM1 to The Silent Teddies Bakery. Since August 2018 until June 2019, BStarbucks has raised RM 22,816 in total.

The Starbucks Jumbo Chocolate Chip Cookie is a preservative-free cookie which is freshly made with love by Silent Teddies Bakery. The Silent Teddies Bakery is an initiative by the Community Service Centre for the Deaf ("CSCD") to equip Deaf youths with entrepreneurial skills that will enable them to be independent. Proceeds from this cookie will be used to support the CSCD programmes and its school for deaf children.

Starbucks x SID Outreach Community Programme Sign Language Workshop

BStarbucks partners cooked and distributed "bubur lambuk" to 400 PPR Ikan Emas residents during the holy month of Ramadhan

6. ENVIRONMENTAL DIMENSION

BFood is working to shrink its environmental footprint and meet the expectations of its customers by increasing recycling, promoting reusable cups and containers, and reducing the waste associated with their business.

i. Environment

BStarbucks nurtures personal relationships and built a global network of support to create a new way to produce coffee: one that is sustainable, transparent and good for people and the planet. As the threats of climate change have grown, BStarbucks has been working to find innovative solutions to reduce waste from its business and the environmental impact of its cups, straws and lids.

BStarbucks has a "Bring Your Own Tumbler" programme which rewards its customers with a RM2 discount when they bring their personal Starbucks tumbler to purchase coffee in Starbucks stores. BStarbucks global goal is to eliminate single-use straws worldwide by 2020. Firstly, they have launched this strawless lid as the default in selected BStarbucks stores. In December 2018, BStarbucks launched their green reusable straws in all Starbucks stores to support the Government's aim to eliminate single-use plastics, which pollute the seas and endanger marine life.

In its efforts to reduce waste and single-use plastics from disposable packaging, BRoasters introduced the *i.care Box* and *i.care Bag*. The reusable 'i.care' range is also designed to support healthy eating habits through portion control guidance, especially for those on the go. BRoasters also incentivises KRR customers who return using the *i.Care Box* with a special discount. In the financial period ended 30 June 2019:

- 1,186,273 (increase of 37.5%) customers used Starbucks tumblers when purchasing their beverages.
- 17,113 (increase of 37.8%) customers supported the KRR i.Care Box programme.
- 16,038 customers who purchase the Take-Me-Home package also get a free i.care Bag which is perfect to be reused as a grocery shopping and daily carrying bag.

Students received KRR's i.Care Box

SUSTAINABILITY STATEMENT

ii. Waste Management

BStarbucks is committed to significantly reducing and diverting the waste generated by its stores through various ways, including recycling. The Grounds for Your Garden programme provides interested customers with complimentary 1kg bags of soil-enriching used coffee grounds to take home for their gardens. The coffee grounds make an excellent garden fertilizer and provide much-needed nutrients to the soil. In the financial period ended 30 June 2019, 93% of Starbucks stores diverted 248,286 kg of used coffee grounds from the landfill.

BStarbucks collaborated with YWCA KL for an upcycling campaign with used Flavorlock coffee bags

In April 2019, BStarbucks has partnered with the Young Women's Christian Association (YWCA) Kuala Lumpur to upcycle its Flavorlock coffee bags into pouches with the objective of shrinking its environmental footprint. The partnership with YWCA will contribute to the Vocational Opportunity Centre (VTOC) curriculum and enhance the skillsets of the young girls and women who will lend a hand in sewing the Starbucks Flavorlock pouches.

For the upcycling campaign, customers are encouraged to drop off their used Flavorlock coffee bags at Starbucks stores from 1 May, 2019 onwards. For every used Starbucks Flavorlock coffee bag donated, customers are entitled to a 10% discount when they purchase any Starbucks whole bean coffee.

Electricity

The Group's electricity saving objective is to strive towards a more efficient energy management through initiatives to achieve power savings, energy efficiency and use, eventually assisting in reducing its carbon footprint. From the first quarter of 2019, Jollibean Foods has switched 5 stores to a new electrical supplier that uses renewable resources. Jollibean Foods has also switched over to LED lights for all stores. All Jollibean SMRT outlets will also be undergoing certification for an ECO-shop project, which is a joint initiative between SMRT and Singapore Environment Council (SEC) to adopt environmentally sustainable practices in its daily operations. Jollibean stores are now enjoying 18% less electricity consumption after switching to LED lights from regular lights. Jollibean SMRT stores are consuming 6% less electrical and water consumption due to the ECO-shop project.

7. SOCIAL DIMENSION

BFood acknowledges the importance of social sustainability by putting in place various practices which encompass matters relating to product and service compliance, information security and privacy, responsible marketing and communication practices, public policy and social integration and community development, among others.

i. Product and Service Compliance

BFood's Customer Service Commitment is to make each of its customers feel special by empowering its partners (employees) to 'own' the customer's experience and take it right through to service recovery if the customer is less than highly satisfied with their experience. To ensure the products and services offered by BStarbucks and BRoasters meet consistent standards, random surveys are conducted with customers for their feedback on their experience visiting the stores and their rating on the quality of food and beverages.

ii. Consumer Health and Safety Ethics

BFood believes it has a responsibility to advocate consumer health and safety that support the health of its businesses, employees and the communities in which it serve. BFood ensures that its food and beverage offerings are safe for consumption and adhere to laws and regulations through assessments:

- Halal requirements by JAKIM
- Quality Assurance Standards Audit ("QASA")
- Good Catering Practice ("GCP") audits
- HACCP Cerification
- Supplier Audits based on Global Food Safety Initiative ("GFSI") standards
- Supplier Base Management ("SBM") risk assessment based on the four risk categories: Product Risk, Supplier Risk, Business Risk and Brand Risk.

To ensure all products are labelled with the correct expiry date and do not contain any impurities, Jollibean Foods uses only Grade A, Non-GMO (non-Genetically Modified Organisms), Single Variety Identity-Preserved (IP) Canadian Soy Beans to ensure that customers are consuming soy-based products made from all-natural soya bean crops, which have less environmental and health impact compared to GM (Genetic Modified)

SUSTAINABILITY STATEMENT

soya beans. Jollibean Foods also sends all products for lab tests to determine their shelf life, and labels all displayed products with the correct shelf life so as to ensure customers' safety.

iii. Information Security and Privacy

BFood ensures its customers' privacy and data are protected through the relevant guidelines and practices under its Data Protection Policy. In compliance with the Personal Data Protection Act 2010, a terms of use agreement has been published on the BStarbucks Mobile App, BStarbucks and BRoasters websites which states clearly the methods and purpose of collecting customers' personal information.

iv. Integrated Marketing Communications

BFood communicates its promotional information through social media and in-store materials to create awareness and provide information on the latest promotional offers. BStarbucks reaches out to its approximately 1.5 million (incremental of 200,000 from last year) registered customers via Electronic Direct Mail ("EDM") and also provides product information through the Starbucks Mobile Application which has garnered 600,000 downloads to-date (incremental of 200,000 from last year).

BStarbucks' mini health fair

v. Employee Health and Safety

During the financial period under review, BStarbucks implemented a platform (Partner Voice) for BStarbucks partners (employees) to voice concerns and whistleblowing issues which may impact the partner's (employees's) morale and profitability,

vi. Labour Practices

BFood seeks to inspire and nurture the human spirit, understanding that each person brings a distinct life experience to the table. BFood employees are diverse not only in gender, race, ethnicity, ability, religion and age, but also in cultural backgrounds, life experiences, thoughts and ideas.

To maintain a competitive pay wage in the market, BStarbucks has implemented a structural adjustment for its part-timer rate from RM5.00 to RM5.50 per hour effective 1 January 2019.

BRoasters places importance on effective recruitment practices by hiring the right candidate. By hiring right, they would be able to encourage their employees to become more engaged in their work and feel a strong sense of pride which leads to higher productivity and greater retention.

BRoasters runs an ongoing Internship Programme and they have approached more culinary schools to offer placement for their students' internship, currently totalling up to 62 students from May 2018 till February 2019, of which 45 students have completed their practical training successfully. BRoasters also employs a total of six Senior Citizens (55 years and above) and seven People with Disabilities (PwD).

The Group uses a non-discriminatory recruitment process whereby employees are hired solely based on their competency, resulting in a diverse workforce that consists of people from different ethnic backgrounds and age groups. Jollibean constantly hires senior citizens across all stores, with 40% of 117 full-timers above 55 years old and 11.4% from the minority ethnicity.

vii. Employee Engagement

BFood enhances its employees' sense of wellbeing in a holistic manner in return for their commitment and contribution towards quality work , innovation and productivity.

MySiren App

To improve on store productivity and efficiency, BStarbucks has introduced the MySiren App which is a dedicated platform for Starbucks Support Center ("SSC") to disseminate operational related information.

SUSTAINABILITY STATEMENT

BStarbucks' top management team would also have access to sales data which enables the management team to be proactive in decision-making.

Quarterly Engagement Activities

In this financial period, BStarbucks organised 4 activities (indoor and outdoor) like Hiking. Durian Party, Food and Health Fair.

Barista Championship

Being in the coffee business, BStarbucks has created the Starbucks Barista Championship, a yearly event which provides an exciting platform where Starbucks Coffee Masters from all over Malaysia come together and showcase their coffee knowledge, skill and passion over coffee. During the financial period under review, 700 Coffee Masters (300 Coffee Masters last year) took part in this event.

Starbucks Barista Championship Malaysia & Brunei

viii. Awards

As a testament to its commitment towards ensuring best practices and creating a conducive work environment where its employees can thrive in, BStarbucks was awarded a number of awards during the financial period that can be found on page 10.

ix. Education and Training

BFood's employee development programmes provide learning opportunities which maximise the potential of its employees in meeting its business needs and contributing to the success of the Company. In total, BFood invested 149,513 hours in training and development. BStarbucks provides its partners (employees) a learning and development platform conducted by internal and external parties to develop partners' (employees) capabilities and skills and ensure that they are able to perform their day-to-day tasks.

The Coffee Master Programme is aimed at deepening each partner's (employee's) knowledge and elevating the coffee experience for BStarbucks customers. Coffee Masters inspire fellow team members to seek more knowledge, make perfect handcrafted beverages and help customers find the right coffee. There are currently 1,384 BStarbucks partners (employees) that have been successfully certified as Coffee Master.

x. Employee Benefits and Welfare

BFood attracts, develops and retains the best people in the Company, in line with its expectations of creating a high performance and motivated culture. The Company's employee benefits and welfare are constantly enhanced through periodic surveys on best market practices.

Effective 1 January 2019, BRoasters extended its meal incentive card – KRR Card for confirmed Assistant Restaurant Managers and Shift Managers to enable Managers to dine at KRR restaurants.

BStarbucks implemented Health and Wellness benefits which covers vision, dental and health screening for employees in the Starbucks Support Center (HQ).

The Origin Experience Coffee Farm Trip to Sumatra, Indonesia and Chiang Mai, Thailand provided a holistic developmental experience for BStarbucks' Coffee Masters enriching their personal journeys.

xi. Community Investment

Every BFood store is a part of a community, and BFood is committed to strengthening the neighbourhoods in wherever it operates. BFood encourage its employees to take part in service in a way that is relevant and impactful to their communities.

BStarbucks launched the MY Cup of Kindness campaign collaborating with famous local top social influencer – Neelofa to raise funds for a charity organization that is close to Neelofa's heart. RM0.50 from each cup of Summer promotional beverage sold at all Starbucks stores in Malaysia will be donated to the charity organization of her choice. BStarbucks also invited Neelofa to be the Barista of the Day at Starbucks Reserve Four Seasons on 1 August 2018 to make summer beverages from 3pm to 5pm. The campaign successfully sold 8,121 cups and raised RM4,060.50.

SUSTAINABILITY STATEMENT

Starbucks Green Outreach Programme raised awareness on recycling and other green initiatives

BStarbucks Malaysia received recognition of achievement from AMCHAM CARES 2018

The Starbucks Global Month of Good (GMoG), formerly known as Global Month of Service (GMoS), is held every year in April. The objective of the programme is to unite its partners - employees, customers, non-profit organisations, civic leaders, business partners and the public to dedicate their time to create a positive and meaningful change in the communities that they serve by holding local service events. This year marked BStarbucks 9th Global Month of Good (GMoG) in conjunction with Earth Day. BStarbucks aimed to reduce its environmental impact and help the B40 community improve their livelihood by partnering with Young Women Christian Association (YWCA).

YWCA is a non-profit organisation that works for the development of women and girls irrespective of race, religion, culture, and socio-economic circumstances. Some of the projects run by YWCA KL include a shelter for women in crisis based in the Klang Valley, a preschool kindergarten, an edible garden and an onsite vocational school for young women in KL called the Vocational Opportunity Centre (VTOC). As at 30 June 2019, BStarbucks contributed a total of 3,224 community service hours.

Starbucks Signing Store

The Starbucks Signing Store celebrated its second anniversary this year and BStarbucks has successfully certified all its Deaf partners (employees) as Coffee Masters.

Starbucks Opportunity for Youth Grant

BStarbucks awarded the Opportunity for Youth Grant of RM52,200 (USD12,168) to the Society of Interpreters for Deaf (SID) for the 2nd consecutive year to run the Starbucks Outreach Community Programme at the Starbucks Signing Store, Bangsar Village 2 from November 2017 until December 2018. The project provided learning in an environment that was open and informal, accessible and inclusive, benefitting 1,500 people comprising Starbucks partners (employees), individuals who are deaf and hard of hearing, and the neighbourhood community.

BStarbucks also awarded the Opportunity for Youth Grant of RM34,200 (USD7,972) to Ecoknights to run the Starbucks Green Outreach Programme and to engage with the community in PPR Ikan Emas. The grant enabled the community to form their own edible garden from a piece of abandoned land in the community. There was a tremendous physical and social-economic improvement to the surrounding area with a reduction of visible rubbish within the once-abandoned area. The community now works together to plant and harvest crops such as bananas, chilli peppers, brinjals, spinach, okra and many more, which are consumed by the community. The Green Outreach Programme conducted 14 workshops for the residents within the area, with a total of 410 participants.

SUSTAINABILITY STATEMENT

In this financial period review, here are the community service engagements undertaken by BRoasters:

CNY Home Visit to Tong Sim Old Folks Home

The elderly folks and caretakers were treated to 85 sets of Kenny's Quarter Lite Meal, bottled water and some essential goods. KRR also contributed 6 cartons of adult diapers derived from BRoasters' employees personal cash donation.

Deepavali Home Visit

65 children and 10 voluntary helpers of Sweet Care Welfare Society were greeted by KRR team members in a heart-warming Deepavali celebration to spread the joy of the festive season.

BRoasters' employees also contributed a personal cash donation of RM1,278.00 to help reduce the burden of the home's operating cost.

Home Visit - Jamuan Raya with children at Rumah Ilham PTTDI

BRoasters empployees made a visit to Rumah Ilham for a Jamuan Raya session with 42 underprivileged children. They were joined by representatives from the Malaysia Dodgeball Federation. The children had fun with a quick dodgeball clinic facilitated by the Malaysia Dodgeball Federation team.

The Wishing Tree Programme

The Wishing Tree initiative has been running for 14 years and every year, BRoasters will try to expand their reach to more homes and fulfill the wishes of as of many children as they can. BRoasters' customers and the public are encouraged to participate in this campaign, which runs from November to December annually, by visiting any KRR restaurant and selecting a 'Wishing Card' by the children that is hung on the Wishing Tree displayed in the restaurants. Gifts may be wrapped and brought back to the respective KRR restaurants, which will then be delivered to the respective NGOs. This year's beneficiaries were the children of Rumah Keluarga Kami.

BRoasters is happy to report that they have fulfilled 1,600 wishes from 44 non-governmental organizations (NGOs) nationwide. To date, the KRR Community Chest Wishing Tree initiative has fulfilled more than 20,000 simple yet meaningful wishes.

BRoasters' annual Wishing Tree campaign has fulfilled a total of over 20,000 children's Christmas wishes

Muffins@School

The Muffins@School programme is designed to spread the awareness of healthy living among young children through its "Healthy Me, Happy Me" workshops. Throughout the year, the workshops are held at selected primary schools. In BRoasters efforts to instil healthy living and a balanced lifestyle among the community, it is looking to inspire people to make better life choices for themselves, and believes that fostering good eating habits should start from a young age. By having the Muffins@School workshops, BRoasters aim to educate students on the importance of having a balanced diet.

To date, BRoasters has organised 22 Muffins@School events whereby 7,179 students have attended the workshops.

The BROASTERS and Malaysia Dodgeball Federation (MDF) team celebrated the festive season with the children of Rumah Ilham

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Berjaya Food Berhad ("the Company") recognises the importance of corporate governance towards promoting business growth, increasing financial strength and well-being and corporate accountability to protect and enhance shareholders' value as well as the interest of the Company.

The Board is committed in ensuring that the Company and its subsidiaries (collectively "the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the financial period ended 30 June 2019 ("FPE 2019"), which are as follows:-

(a) Principle A : Board Leadership and Effectiveness
(b) Principle B : Effective Audit and Risk Management; and
(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This CG Overview Statement, approved by the Board, shall be read together with the CG Report 2019 ("CG Report") of the Company which is available on website of Bursa Malaysia Securities Berhad ("Bursa Securities") at www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG and any departures thereof during the FPE 2019. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FPE 2019 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is responsible for the performance and affairs of the Group and to provide leadership, guidance for setting strategic direction for the Group. The roles and responsibilities of the Board in discharging its fiduciary and leadership function has been formalised in the Board Charter.

Chairman and Chief Executive Officer ("CEO")

The Board is led by the Chairman, Dato' Tunku Shazuddin Bin Tunku Sallehuddin, an Independent Non-Executive Director of the Company. The Chairman is responsible to ensure that he will preside at all Board Meetings and general meetings of the Company. The Chairman always ensured that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Board has delegated the day-to-day affairs of the Group's business to the CEO of the Company, Mr Sydney Lawrance Quays. The CEO holds the primary executive responsibility for the Group's business performance and to manage the Group in accordance with the strategies and policies approved by the Board. The CEO will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group. The CEO may delegate appropriate functions to any member of the Senior Management reporting to the CEO.

The CEO and Management meet regularly to review and monitor the performance of the Group's operating divisions. The CEO briefs the Board on the Group's business operations and Management's initiatives during the quarterly Board Meetings.

Separation of Positions of the Chairman and CEO

The Chairman and the CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with clear division of responsibilities have ensured the balance of the power and authority and that no one has unfettered control of the Board. The roles and responsibilities of the Chairman and CEO have been formalised in the Board Charter of the Company.

Non-Executive Directors

The Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the business strategy of the Group and to make insightful contribution during the Board's deliberation. They also assist and ensure the Board adopts a good CG practice within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The presence of three (3) Independent Non-Executive Directors is sufficient to provide the required checks and balances on the decision making process of the Board. The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

In addition, the two (2) Non-Independent Non-Executive Directors on the Board also help to provide views and contributions from a different perspective as they are not involved in the day to day operations of the Group.

Board Committee

The Board has established the following Board Committees which consist of a majority of Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

(i) Audit and Risk Management Committee;
(ii) Nomination Committee;
(iii) Remuneration Committee;
(iv) Employees' Share Scheme Committee; and
(v) Sustainability Committee.

Each of the Board Committee operates within its respective terms of reference ("TOR") that also clearly define its respective functions and authorities. The TOR of the respective Board Committees are periodically reviewed by the Board Committee and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Committees and to reflect the latest developments in the Main Market Listing Requirements of Bursa Securities and the MCCG. These Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.

Company Secretary

The Board is supported by the Company Secretaries, who are members of the professional body namely, Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, the Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their duties.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

Board Meeting and Meeting Materials

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board Meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meeting, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. The Board will ensure that the strategic plans of the Company and the Group supports long term value creation, including strategies on economic, environmental and social considerations underpinning sustainability as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Access to information and advice

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

Board Charter, Ethical Standards through Code of Ethics, Code of Conduct and Whistleblowing Policy and Procedures

The Board has the following in place:-

(a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, amongst others, the roles and responsibilities of the Board.

The Board Charter is subject to review by the Board periodically to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter was recently reviewed on 20 August 2019 and a copy is available on the Company's website at www.berjaya.com.

(b) Code of Ethics for Director

The Board has also adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering business ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries and associates. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation.

All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct. The Code of Conduct is available on the Company's website at www.berjaya.com.

(d) Whistleblowing Policy and Procedures

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy which provides an avenue for employees, the Group's third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns and to disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis, without fear of any form of victimisation, harassment, retribution or retaliation.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.berjaya.com.

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a long term sustainability balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the environment, the communities in which it operates and its employees have been set out in the Sustainability Statement in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Composition

The Board currently has six (6) members comprising three (3) Independent Non-Executive Directors (including the Chairman), the CEO and two (2) Non-Independent Non-Executive Directors. The profiles of the Directors are set out in Pages 4 to 6 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of its members to be Independent Directors. The Board composition is also in compliance with the Practice 4.1 of the MCCG which requires at least half of the Board members to be Independent Directors.

The Board composition of the Company represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

The Board is satisfied that the current size and composition of the Board is considered adequate to provide an optimum mix of skills and experience.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. The Board will continuously strive to meet the targets for gender diversity requirement and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the Boardroom.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has two (2) female Directors namely, Datuk Zainun Aishah Binti Ahmad and Ms Chryseis Tan Sheik Ling and they represent about 33% of the full Board of six (6) members. They are part of the Board's gender diversity and have brought value to Board discussions from different perspectives and approaches.

The Board Diversity Policy of the Company is available on the Company's website at www.berjaya.com.

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FPE 2019, the Board met six (6) times and the attendances of the Directors at the Board Meetings were as follows:-

Directors	Attendance
Dato' Tunku Shazuddin Bin Tunku Sallehuddin #	4/6
Sydney Lawrance Quays	6/6
Tan Thiam Chai	6/6
Datuk Zainun Aishah Binti Ahmad #	6/6
Dato' Mustapha Bin Abdul Hamid #	6/6
Chryseis Tan Sheik Ling	5/6

Notes:

 # Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

Directors' Training

All the Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars and/or forums so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issue on an on-going basis.

During the FPE 30 June 2019, the training programmes, seminars and conferences attended by the Directors were as follows:-

Directors		Training Programmes/ Seminars/ Conferences/ Forum
Dato' Tunku Shazuddin Bin Tunku Sallehuddin	-	Common Offences & Pitfalls to avoid under the Companies Act 2016
Sydney Lawrance Quays	-	Digital Transformation of the Supply Chain – How to leverage and benefit from new technologies
	-	Sustainability Governance Conference 2019
	-	Doing What's Right-P&G Ambition 2030
Tan Thiam Chai	-	Lee Hishammuddin Allen & Gledhill Tax, Sales & Service Tax & Customs Seminar 2018
	-	Gaining an edge via analytics in an Mergers & Acquisitions Transaction
	-	Economic Outlook & Opportunities for business
	-	National Tax Seminar 2018
	-	Berjaya Budget Workshop
	-	Voluntary Tax Disclosure
Chryseis Tan Sheik Ling	-	Common Offences & Pitfalls to avoid under the Companies Act 2016
Datuk Zainun Aishah Binti Ahmad	-	Remuneration Committee: Attracting and Retaining the Best Talents
	-	Business Transformation Challenges – Shaping High Performance Organisations
	-	Media Training
	-	Preparation for Corporate Liability on Corruption
Dato' Mustapha Bin Abdul Hamid	-	Reaching Investors Through Digital Channels
	-	Corporate Liability provision under the Malaysian Anti- Corruption
	-	MIA's Engagement Session with Audit Committee members on Integrated Reporting
	-	Building Corporate Longevity

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment to the Board

The members of the Nomination Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors as at the date of this Statement are as follows:-

Datuk Zainun Aishah Binti Ahmad	-	Chairman/ Independent Non-Executive Director
Dato' Mustapha Bin Abdul Hamid	-	Independent Non-Executive Director
Tan Thiam Chai	-	Non-Independent Non-Executive Director

The Chairman of the Nomination Committee, Datuk Zainun Aishah Binti Ahmad is an Independent Director and has been appointed as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its TOR, which is available on the Company's website at www.berjaya.com.

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management staff, major shareholders and/or other consultants;

2. In evaluating the suitability of candidates for appointment to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

Annual Assessment

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting and were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the FPE 2019, the Nomination Committee has carried out the following activities:-

(i) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
(ii) Reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of the Board and Board Committees;
(iii) Reviewed the performance of the Audit and Risk Management Committee and its members;
(iv) Reviewed the financial literacy assessment for each of the Audit and Risk Management Committee members;
(v) Recommended to the Board the re-election of Directors who are due for retirement by rotation for shareholders' approval at the forthcoming AGM;
(vi) Reviewed the Board Diversity Policy; and
(vii) Reviewed the TOR of the Nomination Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Re-election of Directors

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Articles of Association of the Company and the relevant provisions of the Companies Act 2016.

Article 94 of the Company's Articles of Association provides that at least one-third (1/3) of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years. Article 100 of the Company's Articles of Association also provides that a Director who is appointed during the year is required to retire and to seek shareholders' approval for re-election at the following AGM immediately after his/her appointment.

The Nomination Committee is also responsible for recommending to the Board those Directors who are retiring and are eligible to stand for re-election at the AGM.

At the forthcoming Tenth AGM, the Directors who will retire by rotation and eligible for re-election pursuant to Article 94 of the Company's Articles of Association are as follows:-

Directors	Retiring pursuant to
Datuk Zainun Aishah Binti Ahmad	Article 94
Tan Thiam Chai	Article 94

Tenure of Independent Directors

The Company's Board Charter states that the tenure of an Independent Non-Executive Director shall not exceed a cumulative term of twelve (12) years.

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for more than nine (9) years.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision making.

As at the FPE 30 June 2019, none of the tenure of Independent Directors has exceeded a cumulative term of nine (9) years except Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid.

Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid were appointed as the Independent Non-Executive Directors of the Company on 20 May 2010 and they have therefore served the Company as the Independent Directors for a cumulative term of more than nine (9) years.

The Nomination Committee (save for Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid who will abstain from discussion of their own retention) has assessed the independence of Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid for the FPE 30 June 2019 based on criteria set out in the Listing Requirements. The Nomination Committee concluded that Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid have satisfied the independence criteria and each of them is able to provide independent judgment and act in the best interest of the Company.

Following the assessment and recommendation by the Nomination Committee, the Board (save for Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid who will abstain from discussion of their own retention) concluded that pursuant to Practice 4.2 of the MCCG, the Board will seek approval from shareholders of the Company at the forthcoming AGM to support the Board's decision to retain Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid as Independent Non-Executive Directors of the Company based on the following justifications:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(a) Datuk Zainun Aishah Binti Ahmad

i) she has fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Securities, and being independent, she would be able to function as a check and balance and give an independent opinion to the Board;

ii) she has been with the Company for more than nine (9) years and was familiar with the food and beverage business and operations of the Company;

iii) she remains objective and independent in expressing her views and participating in deliberations and decision making process of the Board and Board Committees. The length of her services on the Board does not in any way interfere with her exercise of independent judgment and ability to act in good faith and in the best interests of the Company and shareholders; and

iv) she has brought gender diversity to the Board and has exercised due care during her tenure as an Independent Non-Executive Director as well as the Chairman of Audit and Risk Management Committee, Nomination Committee and Sustainability Committee and she has carried out her professional duties proficiently in the interests of the Company and the shareholders.

(b) Dato' Mustapha Bin Abdul Hamid

i) he has fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Securities, and being independent, he would be able to function as a check and balance and give an independent opinion to the Board;

ii) he has been with the Company for more than nine (9) years and was familiar with the food and beverage business and operations of the Company;

iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his services on the Board does not in any way interfere with his exercise of independent judgment and ability to act in good faith and in the best interests of the Company and shareholders; and

iv) he has exercised due care during his tenure as an Independent Non-Executive Director as well as the Chairman of Remuneration Committee and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the independence of its Independent Non-Executive Directors namely, Dato' Tunku Shazuddin Bin Tunku Sallehuddin, Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

The Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities.

Remuneration Policies and Procedures

The members of the Remuneration Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

Dato' Mustapha Bin Abdul Hamid	-	Chairman/ Independent Non-Executive Director
Datuk Zainun Aishah Binti Ahmad	-	Independent Non-Executive Director
Tan Thiam Chai	-	Non-Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its TOR which is available on the Company's website at www.berjaya.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Executive Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The Board will periodically review the Remuneration Policy and a copy is available on the Company's website at www.berjaya.com.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both the Company and the Group) and categorised into appropriate components for the FPE 2019 are as follows:-

(a) Individual Directors on a named basis

	RM					
Company	**Fees**	**Salaries**	**Bonus**	**Benefits in- kind**	**Other Emoluments**	**Total**
Executive Director						
Sydney Lawrance Quays	–	146,000	30,000	–	22,197	198,197
Non-Executive Directors						
Dato' Tunku Shazuddin Bin Tunku Sallehuddin	35,000	–	–	–	348,793	383,793
Datuk Zainun Aishah Binti Ahmad	35,000	–	–	–	10,200	45,200
Dato' Mustapha Bin Abdul Hamid	35,000	–	–	–	7,800	42,800
Tan Thiam Chai	–	–	–	–	–	–
Chryseis Tan Sheik Ling	–	–	–	–	–	–
	105,000	**146,000**	**30,000**	**–**	**388,990**	**669,990**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

	RM					
Group	**Fees**	**Salaries**	**Bonus**	**Benefits in-kind**	**Other Emoluments**	**Total**
Executive Director						
Sydney Lawrance Quays	–	1,420,000	510,000	21,350	234,216	2,185,566
Non-Executive Directors						
Dato' Tunku Shazuddin Bin Tunku Sallehuddin	35,000	–	–	–	348,793	383,793
Datuk Zainun Aishah Binti Ahmad	35,000	–	–	–	10,200	45,200
Dato' Mustapha Bin Abdul Hamid	35,000	–	–	–	7,800	42,800
Tan Thiam Chai	–	–	–	–	–	–
Chryseis Tan Sheik Ling	–	–	–	–	–	–
	105,000	**1,420,000**	**510,000**	**21,350**	**601,009**	**2,657,359**

(b) The Remuneration of top five (5) Key Senior Management in bands of RM50,000 on an aggregate basis

The number of top five (5) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

			Number of Key Senior Management
RM300,001	–	RM350,000	3
RM400,001	–	RM450,000	1
RM450,001	–	RM500,000	1
			5

Although the MCCG has stipulated that the Company should disclose the detailed remuneration of the top five (5) Key Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Key Senior Management due to the sensitivity of their remuneration package, privacy and issue of staff poaching.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Audit Committee was renamed as the Audit and Risk Management Committee ("ARMC") with effect from 3 March 2011. The ARMC of the Company comprises three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The members are as follows:-

Datuk Zainun Aishah Binti Ahmad	-	Chairman/ Independent Non-Executive Director
Dato' Mustapha Bin Abdul Hamid	-	Independent Non-Executive Director
Tan Thiam Chai	-	Non-Independent Non-Executive Director

The Chairman of the ARMC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its TOR and a copy is available on the Company's website at www.berjaya.com.

The members of the ARMC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the ARMC. In addition, the ARMC members are financially literate and are able to understand, analyse and challenge matters under purview of the ARMC including the financial reporting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. In presenting the annual financial statements and quarterly announcement of results, the Board seeks to provide shareholders with a clear, balanced and understandable assessment of the Group's financial position and prospects. The ARMC assists the Board to discharge its duties in financial reporting by ensuring the reliability and integrity of the Group's accounting and financial reporting process and to ensure the financial statements give a true and fair view in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. In addition, the ARMC reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, ARMC is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the External Auditors, to oversee and monitor the Group internal audit functions, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. The details on the activities of the ARMC are set out in the ARMC Report on pages 43 to 47 of this Annual Report.

The performance of the ARMC is reviewed annually by the Nomination Committee. Based on the evaluation, the Nomination Committee concluded that the AMRC has been effective in its performance and has carried out its duties in accordance with its TOR during the FPE 2019.

Assessment of External Auditors

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. Under the existing practice, the ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's annual financial statements. In addition, the ARMC will also have private meetings with the External Auditors without the presence of the Chief Executive Officer and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the ARMC to perform an annual assessment on the quality of the audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the calibre of the audit firm, quality processes/ performance, audit team, independence and objectivity, audit scope and planning, audit communications and audit fees of the External Auditors. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

The ARMC has put in place an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the ARMC for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former audit partner to observe a cooling-off period for at least two (2) years before they can be considered for appointment as a member of the ARMC and/or the Board.

To support the ARMC's assessment of their independence, the External Auditors will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the ARMC as specified in the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the ARMC of the Company.

The ARMC also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit service is technical advisory fees in preparation for adoption of new accounting standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the FPE 30 June 2019, the amount of non-audit fees paid/payable to the External Auditors and its affiliates by the Company and the Group respectively for the FPE 2019 were as follows:-

	Company		Group	
	FPE2019	FYE2018	FPE2019	FYE2018
	RM	RM	RM	RM
Statutory audit fees paid/payable to:-				
- Ernst & Young ("EY") Malaysia	54,000	65,000	250,742	194,000
- Affiliates of EY Malaysia	–	–	18,060	15,984
Total (a)	54,000	65,000	268,802	209,984
Non-audit fees paid/payable to:-				
- EY Malaysia	43,922	41,864	75,422	66,464
- Affiliates of EY Malaysia	–	–	10,714	9,952
Total (b)	43,922	41,864	86,136	76,416
% of non-audit fees (b/a)	81%	64%	32%	36%

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the ARMC will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

Risk Management and Internal Control

The Board has delegated and entrusted the ARMC which comprises a majority of Independent Directors, with the overall responsibility to regularly review and monitor risk management activities of the Group and all internal controls and to approve appropriate risk management procedures and measurement methodologies.

The key aspects of the Risk Management process are as follows:-

(i) The business units are required to identify the risks relevant to their business.
(ii) The risks are then assessed based on the probability of their occurrence and are evaluated as low, medium or high. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
(iii) The business units develop control procedures or actions plans to either prevent the occurrence or reduce the impact upon its occurrence.
(iv) The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
(v) On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

The Company continues to maintain and review its risk management and internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

Internal Audit Function

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard the Group's assets and the shareholders' investments.

The internal audit function of the Company is outsourced to the Group Internal Audit Division of the ultimate holding company, Berjaya Corporation Berhad and they are free from any relationships or conflict of interest that could impair their objectivity and independence. The Internal Auditors reports directly to the ARMC and carries out their internal audit based on the plan approved by the ARMC. The Internal Auditors assist the Board in providing independent assessment on the adequacy and effectiveness of the governance, risk management and internal control processes for the purposes of safeguarding the Group's assets and the shareholders' investments.

The Internal Auditors are responsible for preparing and tabling the Internal Audit Reports on a quarterly basis to the ARMC and to highlight areas for improvement for each of the operating units within the Group. The Internal Auditors will follow up closely on the areas highlighted to determine the extent of the implementation of their recommendation and to ensure that they are satisfactorily resolved by the Management.

The summary of the activities undertaken by the Internal Auditors during the FPE 2019 is set out in the ARMC Report.

The details of the risk management and system of internal control of the Company are set out in the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The various channels of communications with stakeholders are through the following: -

(i) the quarterly announcements on financial results and other periodical or relevant announcement to Bursa Securities;
(ii) circulars and annual reports;
(iii) general meetings of shareholders;
(iv) meetings with investors, analysts and fund managers and briefings where appropriate; and
(v) the Company's website at www.berjaya.com where shareholders can have easy access to the Company's corporate information such as the Board Charter, TOR of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

Conduct of General Meetings

The Company fully recognises the rights of the shareholders and importance of shareholders' participation at the Company's general meetings and encourages them to exercise their rights at such meetings. The AGM of the Company remains the principal forum for dialogue with shareholders where they may seek clarifications on issues pertaining to the Annual Report, audited financial statements and businesses of the Group.

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of the Annual Report and an Administrative Details to the shareholders of the Company to enable them to have sufficient time to consider the resolution that will be discussed at the AGM as well as to make the necessary arrangement to attend and participate personally at the AGM or through proxy or corporate representative. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

At the Ninth AGM of the Company held on 2 October 2018, all the Directors, Board Committees, Company Secretaries, Senior Management team of the Group and the External Auditors were in attendance at the AGM to engage directly with the shareholders and to provide adequate response and answers to the queries raised by the shareholders.

During the AGM, the Chairman will ensure the orderly conduct of the meeting. The General Manager of Group Accounts and Budgets will present a financial overview of the Group's performance for the financial year to the shareholders. The shareholders or proxies are also invited to raise questions pertaining to the agenda and resolutions tabled and/or business activities of the Group during the AGM. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements. The interested Directors and persons connected to them will declare their interests and will abstain from deliberation and voting on the resolution that they have interest in respect of their direct and/or indirect shareholdings.

Poll Voting

All the resolutions passed by the shareholders at the previous AGM held on 2 October 2018 were voted by way of a poll in accordance with the Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Securities. The shareholders were briefed on the voting procedures by the Share Registrar namely, Berjaya Registration Services Sdn Bhd while the results of the poll were verified and announced by the independent scrutineer, Messrs LT Lim & Associates.

The Company Secretaries will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The minutes of the AGM will be made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

The Company may consider adopting the electronic voting moving forward to facilitate a more efficient voting process and to ensure that the voting results are transparent and accurate. The Company will also explore the use of technology to facilitate the voting in absentia and/or remote shareholders' participation at general meetings, taking into consideration the number of shareholders, the accuracy and stability of such technologies, applicable laws and regulations and the cost and resources required vis-a-vis the benefits.

This CG Overview Statement was approved by the Board of the Company on 8 October 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Berjaya Food Berhad ('BFood' or 'the Group') is committed to maintaining a sound system of risk management and internal controls to provide for a platform for Group's business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

RESPONSIBILITY

The Board of BFood recognises that the Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board's responsibility in relation to the system of internal control extends to all subsidiaries of the Group.

The Group's 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 internal control system cannot completely eliminate the risk of failure to achieve its business objectives. The system can only provide reasonable assurance against material misstatement or loss.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the risk management and internal control system is adequate and effective. Further, the Board has obtained assurance from the Chief Executive Officer ("CEO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The Group is involved in various food related businesses. These business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries are assigned to local management who are accountable for the conduct and performance of their subsidiaries within agreed business strategies. The CEO attends various scheduled management meetings as well as conducting regular reviews of financial and operational reports. These provide the platform for timely identification of the Group's risks and development of systems to manage those risks. The CEO regularly updates the Boards on any significant matters.

INTERNAL CONTROL PROCESSES

The key aspects of the internal control process are as follows:

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit and Risk Management Committee ("ARMC") for approval.
- The internal auditors perform the audit and present their audit reports to the ARMC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

ASSURANCE MECHANISM

The Board has assigned the ARMC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The internal auditors furnish the ARMC with reports from visits conducted at various subsidiaries, as well as from the external auditors on areas for improvement identified during the course of their statutory audit.

The Board also reviews the minutes of the meetings of the ARMC. The Report of the ARMC is set out on Pages 43 to 47 of the Annual Report.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The Group has an extensive system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key features of BFood's system of internal control, include:

1. Clear organisation structure with delineated reporting lines
2. Defined levels of authority
3. Capable workforce with ongoing training efforts
4. Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system
5. Timely financial and operations reports
6. Scheduled operations and management meetings
7. Centralised procurement function that ensures approval procedures are adhered to, as well as to leverage on the Group's purchasing power
8. Payment functions controlled at Head office
9. Regular visits to the operating units of the Group's businesses by the CEO and senior management personnel
10. Independent assurance on the system of internal control from regular internal audit visits

INTERNAL CONTROL FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the ARMC carries out an internal audit function to monitor and assess the effectiveness of the internal control system. Observations from internal audits were presented to the ARMC together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the ARMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The internal audit function is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the ARMC. The scope of work covered by the internal audit function is determined by the ARMC after careful consideration and discussion of the audit plan with the Board.

WHISTLEBLOWING POLICY

The Group has in place a whistleblowing policy, designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate.

RISK MANAGEMENT

In line with the Malaysian Code of Corporate Governance, and as part of the Company's plans to further enhance the Group's system of internal control, it has established a risk management system. The Board entrusts the ARMC with the overall responsibility to regularly review and monitor the risk management activities of the Group, in accordance with the Internal Control Guidance, and to approve appropriate risk management procedures and measurement methodologies.

RISK MANAGEMENT PROCESS

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control ("SRMIC") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the year ended 30 April 2018, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors' SRMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

The Board remains committed towards operating a sound system of internal control and recognises the need for the system to continuously evolve to support the types of businesses and size of operations of the Group. The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Food Berhad ("BFood") is pleased to present the report of the Audit and Risk Management Committee ("the ARMC") for the financial period ended 30 June 2019.

MEMBERS AND MEETING ATTENDANCE

The members of the ARMC are as follows:-

Datuk Zainun Aishah Binti Ahmad
- *Chairman/Independent Non-Executive Director*

Dato' Mustapha Bin Abdul Hamid
-*Independent Non-Executive Director*

Tan Thiam Chai
- *Non-Independent Non-Executive Director*

The ARMC held six (6) meetings during the financial period ended 30 June 2019. The details of attendance of the ARMC members are as follows:-

Directors	Attendance
Datuk Zainun Aishah Binti Ahmad	6/6
Dato' Mustapha Bin Abdul Hamid	6/6
Tan Thiam Chai	6/6

The ARMC meetings were convened with proper notices and agenda and these were distributed to all members of the ARMC with sufficient notification. The minutes of each of the ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting and tabled at the Board Meeting for the Directors' review and notation.

The Chief Executive Officer was invited to attend all the ARMC meetings to report on the overall operations of the Company and its subsidiaries ("the Group") while the senior management of the relevant operations was invited to provide clarification on the audit and risk related issues of their respective operations. The General Manager of Group Internal Audit as well as the Chief Financial Officer and the General Manager of Group Accounts and Budgets of Berjaya Corporation Berhad were also invited to attend the ARMC meetings. The External Auditors were invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The duties and responsibilities of the ARMC are set out in its terms of reference, a copy of which is available at the Company's website at www.berjaya.com.

In discharging its duties and responsibilities, the ARMC had undertaken the following activities and work during the financial period ended 30 June 2019:-

Financial Reporting

(a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
21 June 2018	Fourth quarter results as well as the unaudited results of the Group for financial year ended 30 April 2018
18 September 2018	First quarter results for financial period ended 30 June 2019*
5 December 2018	Second quarter results for financial period ended 30 June 2019*
14 March 2019	Third quarter results for financial period ended 30 June 2019*
13 June 2019	Fourth quarter results for financial period ended 30 June 2019*

**On 2 May 2019, the Company announced that the Board of Directors approved the change of the Company's financial year end from 30 April to 30 June to coincide with the new financial year end of its ultimate holding company, Berjaya Corporation Berhad. Therefore, the financial year end of the Company shall end on 30 June for each financial year.*

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134- Interim Financial Reporting Standards in Malaysia and International Accounting Standard 34- Interim Financial Reporting as well as the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 April 2018 at its meeting held on 6 August 2018 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and it is in compliance with regulatory requirements. Prior to that, the ARMC had reviewed the status report on the Audit Plan for financial year ended 30 April 2018 prepared by the External Auditors at the meeting held on 21 June 2018.

External Audit

(a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2018 covering areas such as calibre of the audit firm, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit communications and audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young ("EY"), had recommended to the Board the re-appointment of EY as External Auditors for the ensuing financial period end of 30 June 2019 at its meeting held on 6 August 2018 for approval.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors including the key audit matter in relation to impairment of goodwill which was raised in the external auditors' report for the financial year ended 30 April 2018.

The ARMC also had private discussions with the External Auditors twice annually on 21 June 2018 and 6 August 2018, without the presence of Management during the review of the audited financial statements for the year ended 30 April 2018 to discuss any problems/issues arising from the final audit and the assistance given by the employees during the course of audit by External Auditors. However, there was no major issue raised during the private session.

(c) Reviewed with the External Auditors at the meeting held on 14 March 2019, their audit plan for the financial period end of 30 June 2019, outlining the audit scope, timing of audit, areas of audit emphasis, fraud considerations and the risk of management override, internal control considerations, cybersecurity updates, auditors' independence, engagement letters for the 2019 statutory audit and review of directors' statement on risk management and internal control and financial reporting developments updates.

Internal Audit

(a) Reviewed the Internal Audit Reports on the Company's subsidiaries namely, Berjaya Food Supreme Sdn Bhd ("BFood Supreme"), Jollibean Foods Pte Ltd ("JFPL"), Berjaya Roasters (M) Sdn Bhd ("BRoasters"), Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") and Berjaya Food Trading Sdn Bhd ("BFood Trading") during the financial period under review. The ARMC also reviewed the audit findings, Internal Auditors' recommendations to improve any weaknesses or non-compliance together with the Management's responses from the respective business units and the timeline taken by Management to ensure the deficiencies are addressed promptly. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for financial period ending 30 June 2020 to ensure that the scope and coverage of the internal audit on the operations of the BFood Group is adequate and comprehensive and that all the risk areas are audited annually.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Recurrent Related Party Transactions

(a) Reviewed the 2018 Circular to Shareholders in connection with the Recurrent Related Party Transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

(i) The transaction prices are based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;

(ii) The related parties and interested Directors will be notified of the method and/or procedures of the RRPT for the BFood Group;

(iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the ARMC for review;

(iv) The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the BFood Group;

(v) The ARMC also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate;

(vi) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution(s) at the Extraordinary General Meeting or Annual General Meeting to be convened for the purpose; and

(vii) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, amongst others, based on the following information:-

(a) the type of the RRPT made; and

(b) the names of the related parties involved in each type of the RRPT made and their relationships with the BFood Group.

Risk Management Activities

(a) Reviewed the risk management activities on the Company's subsidiaries namely, BFood Supreme, JFPL, BRoasters, BStarbucks and BFood Trading including the risk descriptions, risk mitigation strategies and controls and its existing controls to ensure the business activities and risk areas are re-aligned and enhanced on an on-going basis.

(b) Reviewed the summary of the risk register covering areas such as the likelihood of occurrence, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

Related Party Transactions

The ARMC also reviewed the transactions with related parties and/or interested persons to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's business practices and policies, not prejudicial to the interests of the Company and minority shareholders and on terms which are generally no more favourable to the related parties and/or interested persons (pursuant to Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad).

During the financial period, the ARMC had reviewed the related party transaction on the proposed acquisition of a property unit located at Lot No. G09-B, Ground Floor of Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("the Property") by BStarbucks from Deru Klasik Sdn Bhd for a total cash consideration of RM12,435,000.00 or RM15,000.00 per square foot prior to their recommendation to the Board for approval.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The ARMC is of the view that the cash consideration of RM12,435,000.00 is justifiable based on the following grounds:-

(i) The consideration was arrived at on "willing-buyer willing-seller" basis after taking into consideration, inter-alia, the indicative market valuations of the Property by the independent valuers namely, Jordan Lee & Jaafar Sdn Bhd and Hartanah Consultants (Valuation) Sdn Bhd;

(ii) The proposed acquisition will facilitate BFood Group to introduce the Starbucks Reserve Store in Berjaya Times Square; and

(iii) The proposed acquisition will enable BFood Group to benefit from any future capital appreciation of the Property.

Based on the above and after having considered all aspect of the proposed acquisition (including but not limited to the rationale and financial effects), the ARMC is of the view that the proposed acquisition was fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders and henceforth recommended to the Board for approval.

An announcement on the aforesaid proposed acquisition was made to Bursa Malaysia Securities Berhad on 31 July 2018 and the acquisition was completed on 11 October 2018.

Other Activities

(a) Reviewed and recommended to the Board for approval, the ARMC Report, Corporate Governance Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the 2018 Annual Report.

(b) Verified the allocation and movement of the Employee Share Scheme ("ESS") for the financial year ended 30 April 2018 to ensure that it had been carried out according to the criteria and matrix stipulated in the ESS's Bylaws.

(c) Assessed the adequacy of the scope, competency and performance of the internal audit function and its effectiveness of the audit processes for the financial year ended 30 April 2018.

(d) Reviewed the financial literacy of ARMC members for the financial year ended 30 April 2018.

(e) Reviewed the checklist of Terms of Reference of the ARMC prepared by the Company Secretary.

(f) Reviewed, discussed and took note of the new accounting standards and amendments that came into effect during the financial period and other regulatory requirements with the External Auditors and the Management and its impact on the Company's financial statements.

In order to discharge the above duties and responsibilities of ARMC effectively, the ARMC had undertaken continuous professional development and attended various seminars, training programmes and conferences during the financial period. They were also briefed by the External Auditors of the latest accounting and audit standards applicable to the Group. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Division of Berjaya Corporation Berhad was engaged to undertake the internal audit function that would enable the Audit and Risk Management Committee ("ARMC") to discharge its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of internal controls of the operating units within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

The activities of Internal Audit are guided by Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

For the financial period under review, the Internal Audit Division conducted audit assignments on the operating unit of the Group involved in the development and operation of the "Starbucks Coffee" stores in Malaysia & Brunei, "Kenny Rogers Roasters" chain of restaurants in Malaysia, "Jollibean", Sushi Deli" & "Kopi Alley" outlets in Singapore and sales & distribution of premium "Consumer Packaged Goods".

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The activities undertaken by the Internal Audit Division during the financial period ended 30 June 2019 included the following:

1. Reviewed and endorsed the Internal Audit Plan by ARMC.

2. Reviewed the existing systems, controls and governance processes of the operating unit within the Group.

3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.

4. Provided recommendations to assist the operating unit and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.

5. Issued internal audit reports incorporating audit recommendations and Management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the management of the respective operations.

6. Reviewed the internal audit reports by ARMC.

7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

The cost incurred for the Internal Audit function in respect of the financial period ended 30 June 2019 amounted to RM207,935.

TERMS OF REFERENCE OF THE ARMC

The terms of reference of the ARMC can be viewed on the Company's website at www.berjaya.com.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year/period and of their results and cash flows for the financial year/period then ended.

In preparing the financial statements, the directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The directors are responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries, interior design services and investment holding.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company changed its financial year end from 30 April 2019 to 30 June 2019. The current financial statements of the Group and of the Company are prepared for the period of fourteen (14) months from 1 May 2018 to 30 June 2019. As a result, the comparative information stated in the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes to the financial statements, which were prepared for a twelve (12) month-period ended 30 April 2018, are not comparable.

RESULTS

	Group RM'000	Company RM'000
Profit for the period	24,178	55,185
Attributable to:		
- Owners of the parent	24,376	55,185
- Non-controlling interests	(198)	-
	24,178	55,185

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

DIRECTORS' REPORT

DIVIDENDS

The dividends paid by the Company since 30 April 2018 were as follows:

	RM'000
In respect of the financial year ended 30 April 2018	
Fourth interim dividend of 1.0 sen per share single-tier dividend, paid on 26 July 2018	3,769
In respect of the financial period ended 30 June 2019	
First interim dividend of 1.0 sen per share single-tier dividend, paid on 26 October 2018	3,650
Second interim dividend of 1.0 sen per share single-tier dividend, paid on 25 January 2019	3,629
Third interim dividend of 1.0 sen per share single-tier dividend, paid on 26 April 2019	3,617
Fourth interim dividend of 1.0 sen per share single-tier dividend, paid on 26 July 2019	3,586
	14,482
	18,251

The directors do not recommend the payment of final dividend in respect of the current financial period.

DIRECTORS

The names of the directors of the Company in office during the period and from the end of the financial period to the date of this report are:

Dato' Tunku Shazuddin Bin Tunku Sallehuddin
Sydney Lawrance Quays
Datuk Zainun Aishah binti Ahmad
Dato' Mustapha bin Abd Hamid
Tan Thiam Chai
Chryseis Tan Sheik Ling

The names of directors of subsidiary companies are set out in the respective subsidiary company's statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Scheme ("ESS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

The Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium as at the financial period end effected for any director and officer of the Company was RM31,227. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial period in shares, options and debentures of the Company and its related corporations during the financial period were as follows:

		Number of ordinary shares				
		At 1.5.2018	Acquired		Disposed	At 30.6.2019
The Company						
Sydney Lawrance Quays		424,000	56,000	*	-	480,000
	(a)	5,000	14,000		-	19,000
Datuk Zainun Aishah binti Ahmad		181,800	16,000	*	-	197,800
Dato' Mustapha bin Abd Hamid		153,000	36,000	#	40,000	149,000
Tan Thiam Chai		457,800	16,000	*	-	473,800

	Number of ordinary shares under Employees' Share Scheme ("ESS")			
	At 1.5.2018	Granted	Exercised/ vested	At 30.6.2019
ESS Options				
Sydney Lawrance Quays	988,000	-	-	988,000
Datuk Zainun Aishah binti Ahmad	320,000	-	-	320,000
Dato' Mustapha bin Abd Hamid	220,000	-	20,000	200,000
Tan Thiam Chai	320,000	-	-	320,000
ESS Shares				
Sydney Lawrance Quays	238,000	-	56,000	182,000
Datuk Zainun Aishah binti Ahmad	68,000	-	16,000	52,000
Dato' Mustapha bin Abd Hamid	68,000	-	16,000	52,000
Tan Thiam Chai	68,000	-	16,000	52,000

DIRECTORS' REPORT

Subsidiary company:

		Number of ordinary shares			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Jollibean Foods Pte Ltd					
Sydney Lawrance Quays		50,000	-	-	50,000

Ultimate holding company:

		Number of ordinary shares			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Berjaya Corporation Berhad ("BCorp")					
Sydney Lawrance Quays		25	-	-	25
Tan Thiam Chai		126,992	-	-	126,992
	(a)	107,288	-	-	107,288
Chryseis Tan Sheik Ling		202,910	-	-	202,910

		Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Tan Thiam Chai		20,600	-	-	20,600
	(a)	17,400	-	-	17,400
Chryseis Tan Sheik Ling		275,000	-	-	275,000

		Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Tan Thiam Chai		1,000	-	-	1,000

		Number of warrant 2012/2022			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Tan Thiam Chai		20,600	-	-	20,600
	(a)	17,400	-	-	17,400

		Number of warrant 2016/2026			
		At 1.5.2018	**Acquired**	**Disposed**	**At 30.6.2019**
Tan Thiam Chai		1,000	-	-	1,000

DIRECTORS' REPORT

Related companies:

		Number of ordinary shares			
		At 1.5.2018	Acquired	Disposed	At 30.6.2019
Berjaya Land Berhad					
Tan Thiam Chai		40,000	-	-	40,000
Chryseis Tan Sheik Ling		5,000,000	-	-	5,000,000

		Number of ordinary shares			
		At 1.5.2018	Acquired	Disposed	At 30.6.2019
Berjaya Sports Toto Berhad					
Tan Thiam Chai		172,284	-	-	172,284
	(a)	133,165	-	-	133,165

		Number of ordinary shares			
		At 1.5.2018	Acquired	Disposed	At 30.6.2019
Berjaya Burger Sdn Bhd					
Sydney Lawrance Quays		780,000	-	-	780,000

Notes:
(a) Indirect interests pursuant to Section 59(11)(c) of the Companies Act 2016.
* Shares arising from the vesting of ESS shares.
# Shares arising from the vesting of ESS shares and exercise of ESS Options.

Other than as disclosed above, none of the other directors in office at the end of the financial period had any interest in shares, warrants, options and debentures of the Company or its related corporations during the financial period.

EMPLOYEES' SHARE SCHEME

On 18 November 2016, the Company obtained all required approvals and complied with the requirements pertaining to the Employees' Share Scheme ("ESS"). The ESS is approved for granting to the eligible employees of the Group, including directors of the Company, of the followings:

i) the right to receive new and/or existing ordinary shares of the Company ("ESS Shares"); and/or

ii) option to exercise and receive the ordinary shares of the Company ("ESS Options").

The committee administering the ESS comprises Sydney Lawrance Quays, Dato' Tunku Shazuddin Bin Tunku Sallehuddin and Datuk Zainun Aishah binti Ahmad.

The maximum number of ESS Shares (including shares in respect of ESS Options granted which have yet to be exercised) which may be made available under the ESS shall not exceed in aggregate five percent (5%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the ESS.

The salient features and terms of the ESS, details of ESS movements during the financial period are disclosed in Note 27 to the financial statements.

DIRECTORS' REPORT

ISSUE OF SHARES

During the financial period, the Company increased its share capital from RM243,232,513 to RM243,741,804 by way of:

(i) the issuance of 224,700 new ordinary shares at an issue price of RM1.44 per share pursuant to the exercise of the share options that was granted under the ESS; and

(ii) the inclusion of RM185,723 from employees' share plan reserves as part of the paid up share capital upon the forfeiture of the ESS options of RM93,596 and upon the exercise of ESS options of RM92,127.

TREASURY SHARES

During the financial period, the Company bought back 18,999,060 (30 April 2018: Nil) units shares and 518,600 (30 April 2018: 422,760) units were reissued for the vesting of ESS shares. The number of treasury shares held in hand as at 30 June 2019 was 23,500,000 (30 April 2018: 5,019,540) units.

As at 30 June 2019, the issued ordinary share capital of the Company with voting rights was 358,583,457 (30 April 2018: 376,839,217) ordinary shares.

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

   (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

   (i) It necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and the Company; and

   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

(e) As at the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

DIRECTORS' REPORT

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made.

SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Significant event during the financial period is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group is disclosed in Note 21 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during the financial period and since the end of the financial period.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2019

Sydney Lawrance Quays

Tan Thiam Chai

STATEMENT BY DIRECTORS

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

We, Sydney Lawrance Quays and Tan Thiam Chai, being two of the directors of BERJAYA FOOD BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 58 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of the results and the cash flows of the Group and of the Company for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2019

Sydney Lawrance Quays

Tan Thiam Chai

STATUTORY DECLARATION

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

I, Tan Thiam Chai, the director primarily responsible for the financial management of BERJAYA FOOD BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 58 to 131 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Thiam Chai at Kuala Lumpur in the Federal Territory on 8 October 2019	)))	Tan Thiam Chai MIA No. : 4719

Before me:

Y.M TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Group		Company	
	Note	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Non-current assets					
Property, plant and equipment	3	275,456	234,083	2	9
Subsidiary companies	4	-	-	442,688	441,688
Deferred tax assets	14	5,902	5,005	-	-
Intangible assets	5	459,631	457,106	-	-
Receivables	7	24,942	23,128	-	-
		765,931	719,322	442,690	441,697
Current assets					
Inventories	6	37,159	34,068	-	-
Trade and other receivables	7	27,440	24,281	12,446	8,945
Tax recoverable		3,861	3,730	15	-
Deposits with financial institutions	8	7,488	884	7,274	-
Cash and bank balances	9	14,971	31,378	222	8,005
		90,919	94,341	19,957	16,950
TOTAL ASSETS		856,850	813,663	462,647	458,647
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	10	243,742	243,232	243,742	243,232
Reserves	11	157,314	150,274	84,628	46,980
		401,056	393,506	328,370	290,212
Treasury shares	12	(35,730)	(7,687)	(35,730)	(7,687)
		365,326	385,819	292,640	282,525
Non-controlling interests		1,218	1,370	-	-
Total equity		366,544	387,189	292,640	282,525
Non-current liabilities					
Long term borrowings	13	127,400	137,495	126,258	135,970
Deferred tax liabilities	14	261	1,271	-	-
Provisions	15	12,449	11,452	-	-
		140,110	150,218	126,258	135,970
Current liabilities					
Trade and other payables	16	116,272	68,708	33,983	30,384
Provisions	15	1,990	2,282	-	-
Short term borrowings	17	161,121	141,758	9,766	9,750
Taxation		1,431	273	-	18
Contract liabilities/Deferred income	18	69,382	63,235	-	-
		350,196	276,256	43,749	40,152
Total liabilities		490,306	426,474	170,007	176,122
TOTAL EQUITY AND LIABILITIES		856,850	813,663	462,647	458,647

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2019

	Note	Group 1.5.2018 to 30.6.2019 RM'000	Group 1.5.2017 to 30.4.2018 RM'000	Company 1.5.2018 to 30.6.2019 RM'000	Company 1.5.2017 to 30.4.2018 RM'000
Revenue	19	788,976	639,741	68,770	43,240
Cost of sales		(441,216)	(357,562)	-	-
Gross profit		347,760	282,179	68,770	43,240
Other income		9,191	6,404	640	2,349
Administrative expenses		(268,334)	(221,148)	(2,459)	(2,776)
Selling and distribution expenses		(19,699)	(13,747)	-	-
Other expenses		(3,840)	(18,259)	(1)	-
		65,078	35,429	66,950	42,813
Finance costs	20	(18,515)	(16,232)	(11,643)	(11,879)
Profit before tax	21	46,563	19,197	55,307	30,934
Income tax expense	23	(22,385)	(18,979)	(122)	(371)
Profit for the period/year		24,178	218	55,185	30,563
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
- Foreign currency translation		247	2,474	-	-
- Foreign currency reserve transferred to profit or loss due to disposal of a subsidiary company		-	817	-	-
Total comprehensive income for the period/year		24,425	3,509	55,185	30,563
Profit attributable to:					
- Owners of the parent		24,376	1,175	55,185	30,563
- Non-controlling interests		(198)	(957)	-	-
		24,178	218	55,185	30,563
Total comprehensive income attributable to:					
- Owners of the parent		24,577	3,247	55,185	30,563
- Non-controlling interests		(152)	262	-	-
		24,425	3,509	55,185	30,563
Earnings per share (sen)	24				
- Basic		6.64	0.31		
- Diluted		6.59	0.31		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

	Attributable to the equity holders of the Company										
	Non-distributable						Distributable				
	Share capital	Employees' share plan reserve	Consolidation reserve	Warrant reserve	Exchange reserve	Merger deficit	Retained earnings	Treasury shares	Total	Non-controlling interests	Total equity
GROUP	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 May 2017	240,617	1,476	-	367	(362)	(55,087)	213,240	(8,334)	391,917	(17,587)	374,330
Profit for the year	-	-	-	-	-	-	1,175	-	1,175	(957)	218
Other comprehensive income	-	-	-	-	2,072	-	-	-	2,072	1,219	3,291
Total comprehensive income for the year	-	-	-	-	2,072	-	1,175	-	3,247	262	3,509
Transactions with owners											
Share-based payment under ESS	-	3,389	-	-	-	-	-	-	3,389	-	3,389
Reissued for ESS shares vested	-	(655)	-	-	-	-	8	647	-	-	-
Adjustment in relation to part disposal of equity interest in a subsidiary company	-	-	322	-	-	-	-	-	322	124	446
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	-	18,571	18,571
ESS options exercised	958	(212)	-	-	-	-	-	-	746	-	746
ESS options forfeited	85	(85)	-	-	-	-	-	-	-	-	-
Warrants exercised	1,572	-	-	(336)	-	-	-	-	1,236	-	1,236
Warrants expired	-	-	-	(31)	-	-	31	-	-	-	-
Transfer between reserves	-	-	-	-	(61)	-	61	-	-	-	-
Dividends (Note 25)	-	-	-	-	-	-	(15,038)	-	(15,038)	-	(15,038)
	2,615	2,437	322	(367)	(61)	-	(14,938)	647	(9,345)	18,695	9,350
At 30 April 2018/1 May 2018	243,232	3,913	322	-	1,649	(55,087)	199,477	(7,687)	385,819	1,370	387,189
Profit for the period	-	-	-	-	-	-	24,376	-	24,376	(198)	24,178
Other comprehensive income	-	-	-	-	201	-	-	-	201	46	247
Total comprehensive income for the period	-	-	-	-	201	-	24,376	-	24,577	(152)	24,425
Transactions with owners											
Share-based payment under ESS	-	1,662	-	-	-	-	-	-	1,662	-	1,662
Reissued for ESS shares vested	-	(803)	-	-	-	-	41	762	-	-	-
Treasury shares acquired	-	-	-	-	-	-	-	(28,805)	(28,805)	-	(28,805)
ESS options exercised	416	(92)	-	-	-	-	-	-	324	-	324
ESS options forfeited	94	(94)	-	-	-	-	-	-	-	-	-
Dividends (Note 25)	-	-	-	-	-	-	(18,251)	-	(18,251)	-	(18,251)
	510	673	-	-	-	-	(18,210)	(28,043)	(45,070)	-	(45,070)
At 30 June 2019	243,742	4,586	322	-	1,850	(55,087)	205,643	(35,730)	365,326	1,218	366,544

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

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2019

		Non-distributable		Distributable		
	Share capital	Employees' share plan reserve	Warrant reserve	Retained earnings	Treasury shares	Total equity
COMPANY	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 May 2017	240,617	1,476	367	27,503	(8,334)	261,629
Total comprehensive income for the year	-	-	-	30,563	-	30,563
Transactions with owners						
Share-based payment under ESS	-	3,389	-	-	-	3,389
Reissued for ESS shares vested	-	(655)	-	8	647	-
ESS options exercised	958	(212)	-	-	-	746
ESS options forfeited	85	(85)	-	-	-	-
Warrants exercised	1,572	-	(336)	-	-	1,236
Warrants expired	-	-	(31)	31	-	-
Dividends (Note 25)	-	-	-	(15,038)	-	(15,038)
	2,615	2,437	(367)	(14,999)	647	(9,667)
At 30 April 2018/1 May 2018	243,232	3,913	-	43,067	(7,687)	282,525
Total comprehensive income for the period	-	-	-	55,185	-	55,185
Transactions with owners						
Share-based payment under ESS	-	1,662	-	-	-	1,662
Reissued for ESS shares vested	-	(803)	-	41	762	-
Treasury shares acquired	-	-	-	-	(28,805)	(28,805)
ESS options exercised	416	(92)	-	-	-	324
ESS options forfeited	94	(94)	-	-	-	-
Dividends (Note 25)	-	-	-	(18,251)	-	(18,251)
	510	673	-	(18,210)	(28,043)	(45,070)
At 30 June 2019	243,742	4,586	-	80,042	(35,730)	292,640

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

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2019

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	795,790	647,316	-	-
Payment to suppliers and operating expenses	(640,910)	(559,526)	(1,827)	(1,310)
Payment of tax	(23,271)	(17,704)	(155)	(234)
Other receipts	274	368	-	-
Net cash flow generated from/(used in) operating activities	131,883	70,454	(1,982)	(1,544)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of property, plant and equipment	257	307	-	-
Sales of investment in subsidiary companies (Note a)	427	-	-	-
Acquisition of property, plant and equipment (Note c)	(86,587)	(52,905)	-	(4)
Acquisition of intangible assets	(5,582)	(4,217)	-	-
Interest received	383	194	224	56
Dividend received	-	-	68,770	43,240
Loan to related companies	-	-	(3,266)	(454)
Repayment from related companies	-	-	200	1,007
Net cash flow (used in)/generated from investing activities	(91,102)	(56,621)	65,928	43,845
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	324	1,982	324	1,982
Treasury shares acquired	(28,805)	-	(28,805)	-
Drawdown of bank borrowings	206,082	204,943	-	145,718
Repayment of bank borrowings	(197,843)	(184,515)	(10,000)	(163,336)
Payment of hire purchase	(223)	(115)	-	-
Interest paid	(16,511)	(14,696)	(8,110)	(8,785)
Dividends paid	(14,665)	(15,038)	(14,665)	(15,038)
Net (placement with)/withdrawal from bank as security pledged for borrowing	(4,008)	1,529	(4,375)	1,539
Advance from related companies	64	374	71	541
Repayment to related companies	(61)	(627)	(3,270)	(372)
Net cash flow used in financing activities	(55,646)	(6,163)	(68,830)	(37,751)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,865)	7,670	(4,884)	4,550
EFFECT OF EXCHANGE RATE CHANGES	106	(144)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	28,782	21,256	5,106	556
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	14,023	28,782	222	5,106

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2019

	Group		Company	
CASH AND CASH EQUIVALENTS	**1.5.2018 to 30.6.2019 RM'000**	**1.5.2017 to 30.4.2018 RM'000**	**1.5.2018 to 30.6.2019 RM'000**	**1.5.2017 to 30.4.2018 RM'000**
The closing cash and cash equivalents comprise of the following:				
Cash and bank balances	14,971	31,378	222	8,005
Deposits with financial institutions	7,488	884	7,274	-
Bank overdraft	(948)	-	-	-
	21,511	32,262	7,496	8,005
Less: Cash pledged with bank - restricted	-	(2,899)	-	(2,899)
Deposits pledged with bank - restricted	(7,488)	(581)	(7,274)	-
	14,023	28,782	222	5,106

Notes:

a) Analysis of the effects of subsidiary companies disposed:

	Group	
	1.5.2018 to 30.6.2019 RM'000	**1.5.2017 to 30.4.2018 RM'000**
Property, plant and equipment	-	1,052
Net other liabilities disposed	-	(7,311)
Non-controlling interests	-	18,571
Net liabilities disposed	-	12,312
Excluding: Cash and cash equivalents of subsidiary company disposed	-	(22)
Cash consideration	-	*
Deposit received from partial disposal of shares in a subsidiary company	-	22
Balance proceeds received from partial disposal of shares in a subsidiary company in the previous year	427	-
Net loss arising from disposal	-	(12,312)
Cash flow on disposal (net of cash in subsidary company disposed)	427	-

* denotes cash consideration less than RM1,000.

STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDED 30 JUNE 2019

b) Changes in liabilities arising from financing activities:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Total borrowings (excludes bank overdraft)				
At beginning of the period/year	279,253	255,356	145,720	161,563
Drawdown of bank borrowings	206,082	204,943	-	145,718
Additional hire purchase (Note 3)	-	1,811	-	-
Repayment of bank borrowings and hire purchase	(198,066)	(184,630)	(10,000)	(163,336)
Charge out of deferred transaction costs (Note 20)	304	1,775	304	1,775
Exchange difference	-	(2)	-	-
At end of the period/year	287,573	279,253	136,024	145,720

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Due to related companies				
At beginning of the period/year	77	330	29,998	28,135
Advance from related companies	64	374	71	541
Repayment to related companies	(61)	(627)	(3,270)	(372)
Interest charged from subsidiary companies	-	-	1,892	1,694
At end of the period/year	80	77	28,691	29,998

c) Analysis of the payment for acquisition of property, plant and equipment:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Payment for current year acquisition (Note 3)	77,794	45,753	-	4
Payment for previous year acquisition	8,793	7,152	-	-
	86,587	52,905	-	4

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries, interior design services and investment holding.

During the current financial period, the Company changed its financial year end from 30 April 2019 to 30 June 2019. The current financial statements of the Group and of the Company are prepared for the period of fourteen (14) months from 1 May 2018 to 30 June 2019. As a result, the comparative information stated in the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes to the financial statements, which were prepared for a twelve (12) month-period ended 30 April 2018, are not comparable.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The holding company is Berjaya Group Berhad (“BGroup”) and the ultimate holding company is Berjaya Corporation Berhad (“BCorp”), both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

At the beginning of the current financial period, the Group and the Company had adopted MFRSs which are mandated for financial period beginning on or after 1 May 2018 as described in Note 2.3.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

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

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Berjaya Roasters (M) Sdn Bhd ("BRoasters"), which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital acquired are reflected within equity as merger reserve or merger deficit in the case of debit differences.

Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments – Recognition and Measurement or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses, which are not eliminated when there are indications of impairment.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statements of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

Changes in the Group's ownership interest in a subsidiary company that do not result in the Group losing control over the subsidiary company are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the previous carrying amount of the assets and liabilities of the subsidiary company and any non-controlling interest;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the company recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2%
Office equipment, smallwares and motor vehicles	20% - 33%
Computers	20% - 40%
Plant, machinery, kitchen equipment, furniture and fittings	10% - 33%
Renovation and restoration	Based on lease term

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(c) Intangible assets

(i) Goodwill

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

(ii) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(iii) Development right fees and licence fees

Development right fees are required to be paid for the rights to develop the “Starbucks” franchise in Malaysia. The development right fees are capitalised and amortised over the period of the development agreement from the date the operation commences.

Licence fees are required to be paid in respect of the opening of new “Starbucks” outlets in Malaysia and Brunei. The licence fees paid are capitalised and amortised over the remaining period of the development agreement. The licence fees are amortised from the date when the respective outlet commences operations.

(iv) Computer software

Computer software acquired separately are measured on initial recognition at cost. Following initial recognition, computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software are amortised on a straight-line basis over its estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for a computer software are reviewed at each reporting date.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Cost represents cost of food, beverages and materials purchased plus incidental expenses. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. Financial assets are classified, at initial recognition, as subsequently measured amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

Subsequent measurement

The category that is applicable to the Group and the Company is as follows:

(i) Amortised cost

This category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

ECLs are recognised in two stages. For credit exposures where there have not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures where there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply the simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established provision matrices that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company recognise impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

In certain cases, the Group or the Company may consider a financial asset to be in default when internal or external information indicates that the Group or the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(i) The contractual rights to receive cash flows from the asset have expired; or
(ii) The Group or the Company has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards related to the asset; or
(iii) The Group or the Company has transferred its rights to receive the cash flows from the assets and has not retained control of the assets; or
(iv) The Group or the Company has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

When the Group or the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but the Group or the Company is not able to derecognise the asset, then the Group or the Company has to continue recognising the transferred asset to the extent of its continuing involvement and to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group or the Company has retained.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group and the Company initially measure a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Financial liabilities (continued)

Subsequent measurement

The category that is applicable to the Group and the Company is as follows:

(i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus principal repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Derecognition

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

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(f) Financial guaranteed contract

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

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:
- the amount of the loss allowance determined in accordance with ECL; and
- the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

(g) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(g) Impairment of non-financial assets (continued)

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

(h) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability; or
(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categories (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(i) Provisions

Provisions are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a post-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provisions for restoration costs are made at the lease inception date for the estimated costs of dismantling, removing or restoring the property, plant and equipment relating to operating leases with requirements to remove leasehold improvements at the end of the lease term.

(j) Cash and cash equivalents

Cash comprises cash in hand, at bank and short term deposits with a maturity of three months or less. Cash equivalents, which are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

(k) Equity instruments

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

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

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

(l) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(m) Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

(n) Revenue recognition

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group or the Company expect(s) to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(n) Revenue recognition (continued)

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group or the Company need(s) to allocate the transaction price to each performance obligation in accordance to the amount of consideration for satisfying each performance obligation.

(v) Recognise revenue when the Group or the Company satisfy(s) a performance obligation or as the Group or the Company is satisfying a performance obligation.

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, where the performance obligation is satisified over time, the Group shall recognise revenue over time if the Group's or the Company's performance:

(i) Does not create an asset with an alternative use to the Group or the Company has an enforceable right to payment for performance completed to-date; or

(ii) Creates or enhances an asset that the customer controls; or

(iii) Provides benefits that the customer simultaneously receives and consumes.

The recognition of the specific revenue are set out below:

(i) Sales of products and provision of services

Revenue is recognised at a point in time upon delivery of products or performance of services, and customer acceptance, if any.

The revenue is net of discount and/or any portion that are allocated to the free food, beverage or merchandise to be rewarded under the customer loyalty programmes.

(ii) Customer loyalty programme

Certain subsidiary companies of the Group operate customer loyalty programmes which allow customers to redeem free food, beverage or merchandise after a specific number of purchases using the stored value cards. This gives rise to a separate performance obligation as it provide a right of redemption to the customer.

A portion of the transaction price is allocated to the purchases by customers based on relative stand-alone selling price of the free food, beverage or merchandise to be rewarded, and recognised as a contract liability. Revenue is recognised upon redemption by customers.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(n) Revenue recognition (continued)

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(i) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt.

(iii) Other income

Other than above, all other income are recognised on accrual basis.

(o) Contract assets and contract liabilities

A contract asset is the right of the Group or the Company to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group or the Company has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9 Financial Instruments.

A contract liability is the obligation of the Group or the Company to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration or the Group or the Company has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group or the Company performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and downpayments received from customers and other amounts where the Group or the Company has billed or has collected the payment before the goods are delivered or services are provided to the customers.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(p) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(iii) Foreign operations

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of exchange reserve.

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

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(q) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary companies of the Group also make contributions to their countries' statutory pension schemes.

(iii) Employees' share scheme

Employees of the Group received remuneration in the form of share options or share awards as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options and share awards on the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employees' share plan reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share options and share awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for share options or share awards that do not ultimately vest, except for share options or share awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the share options are exercised or share awards are vested, the employees' share plan reserve relating to the exercised options or vested shares is transferred to share capital. When the share options or share awards are forfeited, the employees' share plan reserve relating to the forfeited share options or share awards is transferred to share capital.

NOTES TO THE FINANCIAL STATEMENTS

- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(r) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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

(s) Tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

2.2 Summary of significant accounting policies (continued)

(s) Tax (continued)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, except where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

(s) Tax (continued)

(iii) Sales and Service Tax (“SST”), Goods and Services Tax (“GST”) or Value Added Tax (“VAT”)

The amount of SST payable to taxation authority is included as part of payables in the statements of financial position.

Where the SST, GST or VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST or VAT being the difference between output and input of GST or VAT, payable to or receivable from the respective taxation authorities at the reporting date, is included in trade and other payables or trade and other receivables accordingly in the statements of financial position.

(t) Segmental information

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted. Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

(u) Contingencies

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

On 1 May 2018, the Group and the Company adopted the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations:

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

- Amendments to MFRS 2: Classification of Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9: Financial Instruments with MFRS 4: Insurance Contracts
- MFRS 9: Financial Instruments (2014)
- MFRS 15: Revenue from Contracts with Customers
- Clarifications to MFRS 15:Revenue from Contracts with Customers
- Amendments to MFRS 140: Transfer of Investment Property
- Annual Improvements to MFRSs 2014-2016 Cycle - Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- Annual Improvements to MFRSs 2014-2016 Cycle - Amendments to MFRS 128: Investment in Associates and Joint Ventures
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Adoption of the above new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations did not have any effect on the financial performance or position of the Group and of the Company except as discussed below:

(1) MFRS 9: Financial Instruments

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

The retrospective application of MFRS 9 does not require restatement of 2018 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) as at 1 May 2018.

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial period, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

Trade and other receivables, deposits with financial institutions and cash and bank balances previously classified as Loans and Receivables under FRS 139 as at 30 April 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. The above two criteria meet the definition to be classification as amortisation cost under MFRS 139 effective 1 May 2018.

NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

(1) MFRS 9: Financial Instruments (continued)

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model").

MFRS 9 replaces the 'incurred loss' model in MFRS 139 as described above with the ECL model as describe in Note 2.2(e)(i). This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of this standard does not have any significant effect on the impairment losses recognised at the date of initial recognition.

(2) MFRS 15: Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111: Construction Contracts, MFRS 118: Revenue and related interpretations. It applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosure.

The Group adopted MFRS 15 using the full retrospective method and apply all the practical expedients available for full retrospective approach. The adoption of MFRS 15 has no material impact on the Group's financial position or performance, except for the followings:

(i) Presentation of contract liabilities

The Group has changed the presentation of contract liabilities recognised in relation to the cash balances in the stored value cards and the deferral in the recognition of revenue relating to the customer loyalty programmes which were previously presented as deferred income in the statements of financial position to reflect the terminology of MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

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

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

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

- Amendments to MFRS 2: Share-based Payment
- Amendments to MFRS 3: Business Combinations – Definition of a Business
- Amendments to MFRS 6: Exploration for and Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to MFRS 134: Interim Financial Reporting
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138: Intangible Assets
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- IC Interpretation 132: Intangible Assets – Web Site Costs

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective (continued)

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

- MFRS 17: Insurance Contracts

Effective date yet to be determined:

- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

Unless otherwise described below, the new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations.

The Group is currently assessing the impact that these standards below will have on the financial position and performance of the Group.

<u>MFRS 16: Leases</u>

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group plans to adopt the new standard on the required effective date using the modified retrospective approach. The Group will not restate the comparative information, which continues to be reported under MFRS 117.

NOTES TO THE FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective (continued)

The Group has assessed the estimated financial impact on its financial statements on initial application of MFRS 16. Upon adoption of MFRS 16, the significant impact on the financial statements will arise from non-cancellable operating lease commitment of properties used by the Group as cafes, restaurants, stores and offices. A preliminary assessment indicates that these arrangement will meet the definition of a lease under MFRS 16 and hence, the Group will recognise the right-of-use assets and a corresponding liability in respect of these leases.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply into the requirements of MFRS 16 for the financial year ending 30 June 2020.

2.5 Significant accounting estimates and judgements

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Key sources of estimation uncertainty

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

(i) Impairment assessment of goodwill

The Group performs an impairment test on its goodwill on a periodic basis or when there is indication of impairment. This requires an estimation of the VIU of the CGU to which goodwill is allocated. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of assumptions used for VIU computation are disclosed in Note 5.1.

(ii) Impairment assessment of trademark

The Group performs an impairment test on its trademark on a periodic basis or when there is indication of impairment. This requires an estimation of the VIU of the trademark. Estimating a VIU amount requires management to make an estimate of the expected savings on royalty and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of the assumptions used for VIU computation are disclosed in Note 5.2.

(iii) Contract liability/deferred income

Contract liability/deferred income represents a part of the sale proceeds received from customers which relates to free food and beverage to be rewarded to the customer loyalty programme members. The amount of sale proceeds apportioned to deferred income is measured at the fair value of food and beverage to be rewarded, which is estimated based on the historical redemption pattern. Details of contract liability/deferred income are disclosed in Note 18.

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3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Buildings	Office equipment, furniture and fittings and motor vehicles	Computer	Plant, machinery, kitchen equipment and smallwares	Renovations and restoration	Capital work-in-progress	Total
30.6.2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net carrying amount							
At beginning of period	17,700	33,841	4,090	44,009	127,416	7,027	234,083
Additions	12,829	2,857	2,014	23,508	34,065	15,718	90,991
Disposals	-	(350)	-	(3)	-	-	(353)
Depreciation charge	(534)	(7,737)	(1,549)	(8,742)	(27,138)	-	(45,700)
Write off	-	(337)	(3)	(312)	(2,825)	-	(3,477)
Adjustment	-	-	-	-	(95)	-	(95)
Impairment	-	(11)	(18)	(118)	(37)	-	(184)
Exchange differences	-	16	1	11	163	-	191
Reclassification	-	3,997	1	(3,215)	16,757	(17,540)	-
At end of period	29,995	32,276	4,536	55,138	148,306	5,205	275,456
As at 30 June 2019							
Cost	31,113	70,001	14,105	109,914	259,982	5,205	490,320
Accumulated depreciation	(1,118)	(37,714)	(9,551)	(54,658)	(111,639)	-	(214,680)
Accumulated impairment	-	(11)	(18)	(118)	(37)	-	(184)
Net carrying amount	29,995	32,276	4,536	55,138	148,306	5,205	275,456
30.4.2018							
Net carrying amount							
At beginning of year	17,236	33,025	3,787	42,035	114,909	5,963	216,955
Additions	815	8,848	2,378	9,786	28,741	7,634	58,202
Disposals	-	(188)	-	-	-	-	(188)
Depreciation charge	(351)	(7,292)	(1,302)	(6,918)	(20,179)	-	(36,042)
Write off	-	(432)	(22)	(371)	(1,845)	-	(2,670)
Adjustment	-	-	-	-	-	(683)	(683)
Disposal of subsidiary	-	(255)	(40)	(456)	(301)	-	(1,052)
Exchange differences	-	(75)	(4)	(67)	(293)	-	(439)
Reclassification	-	210	(707)	-	6,384	(5,887)	-
At end of year	17,700	33,841	4,090	44,009	127,416	7,027	234,083
As at 30 April 2018							
Cost	18,284	66,180	12,306	93,426	223,937	7,027	421,160
Accumulated depreciation	(584)	(32,036)	(8,216)	(49,386)	(95,428)	-	(185,650)
Accumulated impairment	-	(303)	-	(31)	(1,093)	-	(1,427)
Net carrying amount	17,700	33,841	4,090	44,009	127,416	7,027	234,083

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing about RM69,025,000 (30.4.2018: RM63,774,000).

Included in the Group's adjustment row is over accrual of costs of RM95,000 (30.04.2018: RM683,000).

NOTES TO THE FINANCIAL STATEMENTS
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3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	Office equipment	Furniture and fittings	Computer	Total
30.6.2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net carrying amount				
At beginning of period	2	1	6	9
Depreciation charge	(1)	(1)	(4)	(6)
Write-off	(1)	-	-	(1)
At end of period	-	-	2	2
As at 30 June 2019				
Cost	-	1	16	17
Accumulated depreciation	-	(1)	(14)	(15)
Net carrying amount	-	-	2	2
30.4.2018				
Net carrying amount				
At beginning of year	3	1	7	11
Additions	-	-	4	4
Depreciation charge	(1)	-	(5)	(6)
At end of year	2	1	6	9
As at 30 April 2018				
Cost	5	1	19	25
Accumulated depreciation	(3)	-	(13)	(16)
Net carrying amount	2	1	6	9

The additions in property, plant and equipment were acquired by way of:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	**1.5.2017 to 30.4.2018 RM'000**	**1.5.2018 to 30.6.2019 RM'000**	**1.5.2017 to 30.4.2018 RM'000**
Finance lease	-	1,811	-	-
Cash	77,794	45,753	-	4
Amounts due to suppliers	11,273	8,793	-	-
Provision for restoration cost	1,924	1,845	-	-
	90,991	58,202	-	4

Certain furniture and fittings and office equipment with a carrying amount of RM970,000 (30.4.2018: RM1,750,000) are under finance lease.

During the financial period, the Group conducted a review of the recoverable amount of certain property, plant and equipment and the review has concluded that no further impairment was required as the recoverable amount was higher than the carrying amount. The recoverable amount was determined based on VIU and the post-tax discount rate used was 12.50%.

NOTES TO THE FINANCIAL STATEMENTS
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4. SUBSIDIARY COMPANIES

	Company	
	30.6.2019 RM'000	30.4.2018 RM'000
Unquoted shares in Malaysia, at cost	440,927	440,927
ESS granted to employees of subsidiary companies	6,791	5,791
	447,718	446,718
Less: Accumulated impairment	(5,030)	(5,030)
	442,688	441,688

The Group's effective equity interest in the subsidiary companies, their respective activities and countries of incorporation are shown below:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2019	2018	2019	2018
Held by the Company:						
Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks")	Malaysia	Development and operation of the "Starbucks Coffee" chain of cafes and retail outlets in Malaysia.	100	100	-	-
Berjaya Roasters (M) Sdn Bhd	Malaysia	Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Malaysia.	100	100	-	-
Berjaya Food (International) Sdn Bhd	Malaysia	Investment holding and providing interior design and other consulting services.	100	100	-	-
Berjaya Food Trading Sdn Bhd	Malaysia	Sale and distribution of food and beverage in Malaysia.	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

4. SUBSIDIARY COMPANIES (CONTINUED)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2019	2018	2019	2018
Subsidiaries of Berjaya Food (International) Sdn Bhd						
Jollibean Foods Pte Ltd * (“JLPL”)	Singapore	Operation of retail outlets and food caterer in Singapore as well as to grant franchise to operate outlets both locally and internationally.	95	95	5	5
Berjaya Food Supreme Sdn Bhd (“BFSSB”)#	Brunei	Development and operation of the "Starbucks Coffee" chain of cafes and retail stores in Brunei.	80	80	20	20
Berjaya Roasters (Cambodia) Ltd *	Cambodia	Dormant.	70	70	30	30
Subsidiary of Jollibean Foods Pte Ltd:						
Berjaya Jollibean (M) Sdn Bhd	Malaysia	Dormant.	100	100	-	-

^ equals to the proportion of voting rights held.
# audited by other member firm of Ernst & Young Global.
* audited by other firms of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

4. SUBSIDIARY COMPANIES (CONTINUED)

4.1 Subsidiary companies with material non-controlling interests

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is that of the amounts before inter-company elimination.

	BFSSB	
	30.6.2019 RM'000	30.4.2018 RM'000
Non-current assets	5,142	5,866
Current assets	2,319	2,257
Non-current liabilities	(921)	(968)
Current liabilities	(743)	(1,187)
Net assets	5,797	5,968
Equity attributable to the owners of the parent	4,638	4,774
Non-controlling interests	1,159	1,194
	5,797	5,968

	BFSSB	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Revenue	7,306	6,730
(Loss)/Profit for the period/year	(368)	122
Other comprehensive income	197	(314)
Total comprehensive income for the period/year	(171)	(192)
(Loss)/Profit attributable to the:		
- Owners of the parent	(294)	98
- Non-controlling interests	(74)	24
(Loss)/Profit for the period/year	(368)	122
Total comprehensive income attributable to:		
- Owners of the parent	(137)	(154)
- Non-controlling interests	(34)	(38)
Total comprehensive income for the period/year	(171)	(192)
Net cash (used in)/generated from		
- Operating activities	231	805
- Investing activities	(3)	(15)
Net change in cash and cash equivalents	228	790

NOTES TO THE FINANCIAL STATEMENTS
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5. INTANGIBLE ASSETS

GROUP

	Goodwill	Trademark	Licence fees	Development right fees	Computer software	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30.6.2019						
Net carrying amount						
At beginning of period	429,828	7,646	15,016	58	4,558	457,106
Additions	-	-	3,600	-	1,982	5,582
Amortisation	-	-	(891)	(11)	(2,100)	(3,002)
Write off	-	-	(65)	-	-	(65)
Exchange differences	-	-	8	-	2	10
At end of period	429,828	7,646	17,668	47	4,442	459,631
As at 30 June 2019						
Cost	430,367	7,646	24,077	114	9,729	471,933
Accumulated amortisation	-	-	(6,409)	(67)	(5,287)	(11,763)
Accumulated impairment losses	(539)	-	-	-	-	(539)
Net carrying amount	429,828	7,646	17,668	47	4,442	459,631
30.4.2018						
Net carrying amount						
At beginning of year	429,828	7,646	12,962	96	4,202	454,734
Additions	-	-	2,701	-	1,854	4,555
Amortisation	-	-	(631)	(9)	(1,523)	(2,163)
Reclassification	-	-	-	(29)	29	-
Exchange differences	-	-	(16)	-	(4)	(20)
At end of year	429,828	7,646	15,016	58	4,558	457,106
As at 30 April 2018						
Cost	430,367	7,646	20,700	114	7,763	466,590
Accumulated amortisation	-	-	(5,684)	(56)	(3,205)	(8,945)
Accumulated impairment losses	(539)	-	-	-	-	(539)
Net carrying amount	429,828	7,646	15,016	58	4,558	457,106

NOTES TO THE FINANCIAL STATEMENTS
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5. INTANGIBLE ASSETS (CONTINUED)

5.1 Impairment testing on goodwill

(1) Allocation of goodwill

Goodwill has been allocated to the Group's CGU identified according to geographical segments as follows:

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
Malaysia	422,723	422,723
Singapore	7,105	7,105
	429,828	429,828

(2) Key assumptions used in VIU calculations

The recoverable amount of a CGU is determined based on VIU calculation using cash flow projections based on financial budgets covering a period ranging from three to ten years. The key assumptions used for VIU calculations are:

(a) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margin and average growth rate achieved in the years before the budgeted year and adjusted for expected efficiency improvements.

(b) Discount rate

The discount rates used reflects specific risks relating to the CGU. The significant post-tax discount rates, applied to cash flows, used for identified CGUs are in the range of 12.00% - 12.50% (30.4.2018: 12.00% -12.50%).

(3) Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

(4) Impairment

The Group continues to carry out impairment assessment on goodwill and no further impairment on goodwill is necessary as the recoverable amounts of the respective CGU is assessed to be higher than the carrying value of the CGU.

NOTES TO THE FINANCIAL STATEMENTS
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5. INTANGIBLE ASSETS (CONTINUED)

5.2 Impairment testing on trademark

(1) Key assumptions used in VIU calculation

The recoverable amount of a CGU is determined based on the VIU calculation using cash flow projection for the estimated savings on royalties based on financial budgets covering a five-year period. The key assumptions used for VIU calculations are:

(a) Estimated royalty rate

The estimated royalty rate is determined by referring to other royalty rates in similar businesses.

(b) Discount rate

The discount rate used reflects specific risks relating to the CGU. The significant post-tax discount rate, applied to cash flows, used for the identified CGU is 12.50% (30 April 2018: 12.00%).

(2) Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed the recoverable amount.

6. INVENTORIES

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
At cost		
Food and beverages	16,742	16,098
Inventories for resale	10,619	10,088
Spares and other supplies	9,798	7,882
	37,159	34,068

The cost of inventories recognised as an expense during the financial period of the Group amounted to RM210,444,000 (30 April 2018: RM165,308,000).

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7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Current				
Trade receivables				
- external parties	9,305	5,591	-	-
- related companies	676	1,078	-	-
	9,981	6,669	-	-
Other receivables				
Sundry receivables	4,564	4,493	32	2
Less: Allowance for impairment	(2,253)	(2,253)	-	-
	2,311	2,240	32	2
Deposits	8,744	9,018	-	-
Amount owing by subsidiary companies	-	-	12,376	8,894
	11,055	11,258	12,408	8,896
Other current assets				
Prepayments	5,306	6,354	38	49
Indirect tax recoverable	1,098	-	-	-
	6,404	6,354	38	49
Total current receivables	27,440	24,281	12,446	8,945
Non-current				
Deposits	24,942	23,128	-	-
Total trade and other receivables	52,382	47,409	12,446	8,945

NOTES TO THE FINANCIAL STATEMENTS
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7. TRADE AND OTHER RECEIVABLES (CONTINUED)

7.1 Trade receivables

The trade receivables are corporate customers and credit card companies which are generally on 6 - 90 (30.4.2018: 6 - 90) days term.

7.2 Other receivables

(a) Sundry receivables

In the previous financial year, included in sundry receivables is an amount of RM430,000 being the balance of the consideration for the disposal of 5% equity interest in JLPL. This balance of the consideration was received in full during the financial period.

Sundry receivables are non-interest bearing and generally on 30 to 90 (30.4.2018: 30 to 90) days term.

The reconciliation of movements in allowance accounts for sundry receivables is as follows:

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
At beginning of period/year	2,253	-	-	49,109
Charge for the period/year (Note 21)	-	2,253	-	-
Written off	-	-	-	(49,109)
At end of period/year	2,253	2,253	-	-

(b) Amounts owing by subsidiary companies

The amounts owing by subsidiary companies are unsecured and repayable on demand. The amount totalling RM9,853,000 (30.4.2018: RM8,582,000) is interest bearing.

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8. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Deposits with:				
Licensed banks	7,488	884	7,274	-

The interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Company	
	30.6.2019	30.4.2018	30.6.2019	30.4.2018
Interest rates per annum (%)				
- Licensed banks	2.85 - 3.05	3.20 - 3.30	2.85	-
Maturities (days)				
- Licensed banks	4 - 17	9 - 31	4	-

Included in deposits of the Group and of the Company are monies held in debt service reserve accounts amounting to RM7,488,000 (30.4.2018: RM581,000) and RM7,274,000 (30.4.2018: Nil) respectively.

9. CASH AND BANK BALANCES

In the previous financial year, included in cash and bank balances of the Group and Company are monies held in debt service reserve accounts amounting to RM2,899,000.

10. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	30.6.2019 '000	30.4.2018 '000	30.6.2019 RM'000	30.4.2018 RM'000
Issued and fully paid				
At beginning of period/year	381,859	379,574	243,232	240,617
Employees' share options exercised	224	518	416	958
Employees' share options forfeited	-	-	94	85
Warrants exercised	-	1,767	-	1,572
At end of period/year	382,083	381,859	243,742	243,232

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. All the ordinary shares rank equally with regard to the Company's residual assets.

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11. RESERVES

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Merger deficit (Note a)	(55,087)	(55,087)	-	-
Employees' share plan reserve (Note b)	4,586	3,913	4,586	3,913
Consolidation reserve (Note c)	322	322	-	-
Exchange reserves	1,850	1,649	-	-
	(48,329)	(49,203)	4,586	3,913
Retained earnings (Note d)	205,643	199,477	80,042	43,067
	157,314	150,274	84,628	46,980

Notes:

(a) Merger deficit

Merger deficit represents the difference between the Company’s cost of investment in a subsidiary company and the nominal value of share capital of the subsidiary company acquired.

(b) Employees’ share plan (“ESP”) reserve

The ESP reserve represents the equity-settled share options/grants to directors and certain employees of the Group. The ESP reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options/grants and is reduced by the expiry or exercise of the share options, or forfeiture of the share options/grants.

(c) Consolidation reserve

The consolidation reserve comprises the consolidation effects of change in the Group’s equity interest in a subsidiary company which does not result in loss of control.

(d) Retained earnings

The Company may distribute dividend out of its entire retained earnings as at 30 June 2019 under the single-tier system.

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12. TREASURY SHARES

	Group and Company Ordinary shares			
	30.6.2019 No. of shares '000	30.4.2018 No. of shares '000	30.6.2019 RM'000	30.4.2018 RM'000
At beginning of period/year	5,019	5,442	7,687	8,334
Shares bought back during the period/year	18,999	-	28,805	-
Reissued for ESS shares vested	(518)	(423)	(762)	(647)
At end of period/year	23,500	5,019	35,730	7,687

Pursuant to an Annual General Meeting held on 10 October 2013, the Company obtained a shareholder's mandate to undertake the purchase of up to 10% of the issued and paid-up share capital of the Company at the time of purchase.

The renewal of the Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the Annual General Meeting held on 2 October 2018.

During the financial period, the Company bought back 18,999,000 (rounded to nearest thousand) shares from the open market at an average price of about RM1.52 per share for a total cash consideration of approximately RM28,805,000 with internally generated funds. The shares bought back are held as treasury shares. During the financial period, 518,000 (rounded to nearest thousand) shares were reissued for the vesting of ESS shares.

The details of the share bought back during the financial period are as follows:

Month	Price per share (RM) Lowest	Highest	Average	Number of shares '000	Total consideration RM'000
July 2018	1.46	2.05	1.52	550	837
August 2018	1.46	1.50	1.49	150	224
September 2018	1.42	1.45	1.44	1,000	1,439
October 2018	1.37	1.50	1.45	12,780	18,521
March 2019	1.60	1.66	1.63	1,207	1,972
May 2019	1.70	1.79	1.75	3,312	5,812
			1.52	18,999	28,805

NOTES TO THE FINANCIAL STATEMENTS
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13. LONG TERM BORROWINGS

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Secured				
Term loan (Note a)	136,024	145,720	136,024	145,720
Portion repayable within 12 months included under short term borrowings (Note 17)	(9,766)	(9,750)	(9,766)	(9,750)
	126,258	135,970	126,258	135,970
Hire purchase payable (Note b)	1,549	1,772	-	-
Portion repayable within 12 months included under short term borrowings (Note 17)	(407)	(247)	-	-
	1,142	1,525	-	-
	127,400	137,495	126,258	135,970

Details of the long term borrowings outstanding are as follows:

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Amounts repayable:				
More than one year but not later than two years	15,470	10,097	15,101	9,773
More than two years two years but not later than five years	75,222	60,577	74,449	59,376
More than five years	36,708	66,821	36,708	66,821
	127,400	137,495	126,258	135,970

Notes:

(a) The secured term loan is secured by way of a fixed charge on the shares of a subsidiary company and further secured by monies held by debt service reserve accounts as disclosed in Notes 8.

The range of interest rates per annum at the reporting date for the term loan was 5.64% (30.4.2018: 5.90%).

(b) The Group's hire purchase payable bore effective interest rate of 5.35% (30.4.2018: 5.35%) per annum.

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13. LONG TERM BORROWINGS (CONTINUED)

The commitment terms under hire purchase payable are summarised as follows:

	Group	
	30.6.2019 RM'000	**30.4.2018 RM'000**
Gross amount payable:		
Within one year after reporting date	535	420
More than one year but not later than two years	459	459
More than two years but not later than five years	841	1,377
	1,835	2,256
Less: Unexpired interest	(286)	(484)
	1,549	1,772

The present value of hire purchase payable is summarised as follows:

	Group	
	30.6.2019 RM'000	**30.4.2018 RM'000**
Within one year after reporting date	407	247
More than one year but not later than two years	369	324
More than two years but not later than five years	773	1,201
	1,549	1,772

NOTES TO THE FINANCIAL STATEMENTS
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14. DEFERRED TAX

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
At beginning of the period/year	(3,734)	(4,141)
Recognised in profit or loss	(1,917)	393
Arising on disposal of subsidiary company	-	26
Exchange differences	10	(12)
At end of the period/year	(5,641)	(3,734)

Presented after appropriate offsetting as follows:

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
Deferred tax assets	(5,902)	(5,005)
Deferred tax liabilities	261	1,271
	(5,641)	(3,734)

The components and movements of deferred tax assets and liabilities during the financial prior to offsetting are as follows:

GROUP	Deferred income	Property, plant and equipment	Retirement benefits and others	Total
Deferred Tax Assets	RM'000	RM'000	RM'000	RM'000
30.6.2019				
At beginning of the period	(15,042)	(36)	(1,247)	(16,325)
Recognised in profit or loss	(1,666)	(1,005)	(1,724)	(4,395)
At end of the period	(16,708)	(1,041)	(2,971)	(20,720)
Set-off against deferred tax liabilities				14,818
				(5,902)
30.4.2018				
At beginning of the year	(13,211)	(81)	(2,714)	(16,006)
Recognised in profit or loss	(1,831)	43	1,438	(350)
Arising on disposal of subsidiary	-	-	26	26
Exchange differences	-	2	3	5
At end of the year	(15,042)	(36)	(1,247)	(16,325)
Set-off against deferred tax liabilities				11,320
				(5,005)

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14. DEFERRED TAX (CONTINUED)

GROUP

Deferred Tax Liabilities	**Property, plant and equipment RM'000**	**Total RM'000**
30.6.2019		
At beginning of the period	12,591	12,591
Recognised in profit or loss	2,478	2,478
Exchange differences	10	10
At end of the period	15,079	15,079
Set-off against deferred tax assets		(14,818)
		261
30.4.2018		
At beginning of the year	11,865	11,865
Recognised in profit or loss	743	743
Exchange differences	(17)	(17)
At end of the year	12,591	12,591
Set-off against deferred tax assets		(11,320)
		1,271

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

	Group	
	30.6.2019 RM'000	**30.4.2018 RM'000**
Unused tax losses	2,354	1,806
Unabsorbed capital allowances	2,551	767

The availability of the unused tax losses is subject to the tax legislation of the respective countries.

Deferred tax asset has not been recognised in respect of unused tax losses and the unabsorbed capital allowance as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislation will be available against which the unused tax losses and unabsorbed capital allowances can be utilised.

The Malaysia Finance Act 2018 gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses and unabsorbed reinvestment allowances. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded.

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15. PROVISIONS

GROUP	Restoration costs RM'000	Retirement benefits RM'000	Total RM'000
30.6.2019			
At beginning of period	13,734	-	13,734
Provision for the period	1,924	-	1,924
Utilisation of provision	(1,264)	-	(1,264)
Exchange differences	45	-	45
At end of period	14,439	-	14,439
At 30 June 2019			
Current	1,990	-	1,990
Non-current	12,449	-	12,449
	14,439	-	14,439
30.4.2018			
At beginning of year	12,584	159	12,743
Provision for the year	1,845	20	1,865
Utilisation of provision	(453)	-	(453)
Disposal of subsidiary	(149)	(168)	(317)
Exchange differences	(93)	(11)	(104)
At end of year	13,734	-	13,734
At 30 April 2018			
Current	2,282	-	2,282
Non-current	11,452	-	11,452
	13,734	-	13,734

Notes:

(a) Restoration costs

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the cost of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as non-current liabilities unless the tenancy agreement, for which the restoration is required, expires within 12 months after the reporting date.

(b) Retirement benefits

In the previous financial year, a foreign subsidiary company prior to its disposal maintains an unfunded retirement benefit plan where the estimated liabilities of employee benefit is determined based on actuary valuation by an independent actuary using the projected unit credit method.

NOTES TO THE FINANCIAL STATEMENTS
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16. TRADE AND OTHER PAYABLES

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Trade payables	44,821	24,326	-	-
Other payables				
Sundry payables	29,969	25,370	-	-
Accruals	30,452	16,768	1,706	386
Refundable deposit	1,159	1,988	-	-
Amount owing to				
- related companies	80	77	2	6
- subsidiary company	-	-	28,689	29,992
	61,660	44,203	30,397	30,384
Other current liability				
Dividend payables	3,586	-	3,586	-
Indirect tax payable	6,205	179	-	-
	9,791	179	3,586	-
	116,272	68,708	33,983	30,384

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 120 days (30.4.2018: 30 - 120 days) term.

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on 30 - 180 days (30.4.2018: 30 - 180 days) term.

(c) Accruals

Included in accruals of the Group are accrued royalty expenses, accrual for utilities and retention sums in relation to renovation works for outlets and restaurants.

(d) The amounts owing to related companies are unsecured, non-interest bearing and repayable on demand.

The amount owing to a subsidiary company is unsecured, interest-bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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17. SHORT TERM BORROWINGS

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Secured				
Long term loan - portion				
repayable within 12 months (Note 13)	9,766	9,750	9,766	9,750
Short term loan	15,000	45,738	-	-
Bank overdrafts	948	-	-	-
Revolving credits	135,000	80,000	-	-
Bankers acceptance	-	6,023	-	-
Hire purchase payable (Note 13)				
- portion repayable within 12 months	407	247	-	-
	161,121	141,758	9,766	9,750

The short term loan, revolving credits, bank overdraft and bankers acceptance are secured by corporate guarantees provided by the Company. A short term loan is further secured by monies held by debt service reserve accounts as disclosed in Note 8. As at the reporting date, a subsidiary company had a technical non-compliance of a covenant of its short term loan. An indulgence of this compliance has been granted by the financial institution subsequent to the financial period end until 30.4.2020.

The range of interest rates per annum at the reporting date for borrowings was as follows:

	Group		Company	
	30.6.2019 %	30.4.2018 %	30.6.2019 %	30.4.2018 %
Secured				
Short term loan	5.45	5.14 - 5.45	-	-
Bank overdrafts	8.65	-	-	-
Revolving credits	4.82 - 5.29	5.10 - 5.27	-	-
Bankers acceptance	-	4.67 - 4.74	-	-

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18. CONTRACT LIABILITIES/DEFERRED INCOME

Contract liabilities/deferred income represents the cash balances in the stored value cards and the deferral in the recognition of revenue relating to the customer loyalty programmes based on the estimated fair value of the free food, beverage or merchandise that is expected to be redeemed. It also represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period. The contract liabilities/deferred income will only be recognised when the cash balances are used for purchases or when redemption occurs or upon expiry of the redemption period, and hence the Group applies the practical expedient not to disclose the information pertaining to the timing of revenue recognition from the remaining performance obligations.

	Group	
	2019	2018
	RM'000	RM'000
At beginning of period/year	63,235	55,059
Deferred during the period/year	376,243	331,513
Recognised during the period/year	(370,096)	(323,337)
At end of period/year	69,382	63,235

19. REVENUE

Revenue consists of the following:

	Group		Company	
	1.5.2018 to 30.6.2019	1.5.2017 to 30.4.2018	1.5.2018 to 30.6.2019	1.5.2017 to 30.4.2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contract with customers:				
Sale of food, beverages and merchandises	788,959	639,741	-	-
Design fees	17	-	-	-
Other revenue:				
Dividend income from subsidiary company	-	-	68,770	43,240
	788,976	639,741	68,770	43,240
Timing of revenue recognition				
- at a point in time	788,976	639,741		

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20. FINANCE COST

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Interest expenses on				
- Bank borrowings	17,526	14,058	9,385	8,410
- Charge out of deferred transaction costs	304	1,775	304	1,775
- Amounts due to subsidiary company	-	-	1,892	1,694
- Hire purchase	198	-	-	-
- Loan related expenses	487	399	62	-
	18,515	16,232	11,643	11,879

21. PROFIT BEFORE TAX

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Profit before tax is arrived at after charging:				
Directors' remuneration (Note 22)				
- emoluments (excluding benefits-in-kind)	4,183	2,868	565	288
- fees	105	72	105	72
Auditors' remuneration				
- statutory audit fee				
- Ernst & Young	212	209	52	50
- Others	45	50	-	-
- under provision in prior years	17	15	2	15
- fees for non audit services	40	78	40	38
Depreciation of property, plant and equipment	45,700	36,042	6	6
Amortisation of intangible assets	3,002	2,163	-	-
Rental expenses				
- related companies	2,115	2,023	-	-
- third parties	124,845	94,777	-	-
Royalty expense payable to				
- related company	290	288	-	-
- third party	39,494	30,612	-	-
Staff costs (Note a)	176,233	139,770	240	132
Loss on foreign exchange	203	121	-	-
Other expenses (Note c)	3,840	18,259	1	-

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21. PROFIT BEFORE TAX (CONTINUED)

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
and crediting:				
Gain on foreign exchange	1,902	1,822	-	-
Other income (Note d)	9,191	6,404	640	2,349

(a) Staff costs consist of the following:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Wages, salaries and allowances	124,781	103,959	180	105
Social security costs and employees insurance	2,318	1,763	3	-
Bonuses	6,596	3,509	17	12
Pension costs				
- defined contribution plans	16,373	12,916	37	15
- defined benefit plan	-	20	-	-
Provision for short term compensated absences	3	-	3	-
Share-based payments (Note b)	999	2,060	-	-
Other staff related expenses	25,163	15,543	-	-
	176,233	139,770	240	132

Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS consist of the following:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Share-based payments for:				
- employees of the Group	999	2,060	-	-
- directors of the Company	663	1,329	663	1,329
	1,662	3,389	663	1,329

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21. PROFIT BEFORE TAX (CONTINUED)

(c) Other expenses

Included in other expenses are the following:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Impairment in value of:				
- property, plant and equipment	184	-	-	-
- sundry receivables	-	2,253	-	-
Loss on disposal of a subsidiary company	-	12,312	-	-
Loss on disposal of property, plant and equipment	113	-	-	-
Foreign currency reserve transferred to profit or loss due to disposal of a subsidiary company	-	817	-	-
Intangible assets written off	65	-	-	-
Property, plant and equipment written off	3,477	2,670	1	-

(d) Other income

Included in other income are the following:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Interest income				
- subsidiary company	-	-	416	2,293
- financial institutions	383	194	224	56
Royalty fee income from a related company	142	183	-	-
Gain on sale of property, plant and equipment	17	119	-	-
Service charge income	2,081	-	-	-

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22. DIRECTORS' REMUNERATION

The aggregate directors' remuneration for all directors of the Group and of the Company categorised into appropriate components for the financial period/year are as follows:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Directors of the Company				
Executive				
- Salaries and other emoluments	1,654	1,661	168	154
- Bonus	510	190	30	20
- Benefit-in-kind	21	16	-	2
	2,185	1,867	198	176
Non-executive				
- Fees	105	72	105	72
- Other emoluments	367	114	367	114
	472	186	472	186
	2,657	2,053	670	362
Other directors of the Group				
- Salaries and other emoluments	1,652	903	-	-
- Benefit-in-kind	14	16	-	-
	1,666	919	-	-
Total directors' remuneration	4,323	2,972	670	362

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23. INCOME TAX EXPENSE

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Current income tax				
- Malaysian tax	24,306	18,454	122	371
- Foreign tax	90	510	-	-
	24,396	18,964	122	371
(Over)/under provision in prior year				
- Malaysian tax	(116)	(378)	-	-
- Foreign tax	22	-	-	-
	(94)	(378)	-	-
	24,302	18,586	122	371
Deferred tax				
- Relating to origination and reversal of temporary differences	(2,451)	582	-	-
- Under/(over) provision in prior year	534	(189)	-	-
	(1,917)	393	-	-
Income tax expense	22,385	18,979	122	371

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (30.4.2018: 24%) of the estimated assessable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Profit before tax	46,563	19,197	55,307	30,934
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	11,175	4,607	13,274	7,424
Income not subject to tax	(89)	(210)	(16,505)	(10,378)
Expenses not deductible under tax legislation	10,307	14,593	3,353	3,325
Effect of different tax rate in other countries	170	(8)	-	-
Effect of withholding tax	-	481	-	-
Deferred tax assets not recognised during the financial period/year	382	83	-	-
Over provision of income tax in prior years	(94)	(378)	-	-
Under/(over) provision of deferred tax in prior years	534	(189)	-	-
Income tax expense	22,385	18,979	122	371

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

24. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

	Group	
	1.5.2018 to 30.6.2019 RM'000	**1.5.2017 to 30.4.2018 RM'000**
Profit attributable to equity holders	24,376	1,175
Weighted average number of ordinary shares in issue ('000)	367,150	375,481
Basic earnings per share (sen)	6.64	0.31

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period/year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial period/year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	1.5.2018 to 30.6.2019 RM'000	**1.5.2017 to 30.4.2018 RM'000**
Profit attributable to equity holders	24,376	1,175
Weighted average number of ordinary shares in issue ('000)	367,150	375,481
Assumed shares issued from the		
- exercise of ESS options ('000)	1,074	1,468
- exercise of ESS share ('000)	1,577	-
Adjusted weighted average number of ordinary shares ('000)	369,801	376,949
Diluted earnings per share (sen)	6.59	0.31

NOTES TO THE FINANCIAL STATEMENTS
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25. DIVIDENDS

	Company			
	1.5.2018 to 30.6.2019 Dividend per share Sen	1.5.2018 to 30.6.2019 Dividend RM'000	1.5.2017 to 30.4.2018 Dividend per share Sen	1.5.2017 to 30.4.2018 Dividend RM'000
Recognised during the period/year:				
in respect of prior financial year				
- 4th interim dividend of 1.0 sen single-tier dividend (30.4.2018: 4th interim dividend of 1.0 sen single-tier dividend)	1.00	3,769	1.00	3,746
in respect of current financial period				
- 1st interim dividend of 1.0 sen single-tier dividend (30.4.2018: 1st interim dividend of 1.0 sen single-tier dividend)	1.00	3,650	1.00	3,759
- 2nd interim dividend of 1.0 sen single-tier dividend (30.4.2018: 2nd interim dividend of 1.0 sen single-tier dividend)	1.00	3,629	1.00	3,765
- 3rd interim dividend of 1.0 sen single-tier dividend (30.4.2018: 3rd interim dividend of 1.0 sen single-tier dividend)	1.00	3,617	1.00	3,768
- 4th interim dividend of 1.0 sen single-tier dividend	1.00	3,586	-	-
	5.00	18,251	4.00	15,038

26. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group’s management and internal reporting structure.

Unallocated assets include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

NOTES TO THE FINANCIAL STATEMENTS
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26. SEGMENTAL INFORMATION (CONTINUED)

Results	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Malaysia	69,780	56,363
Indonesia	-	(1,983)
Singapore	(2,258)	(751)
Other South-East Asian countries	(368)	134
	67,154	53,763
Unallocated corporate expenses	(2,459)	(3,146)
	64,695	50,617
Investment related income		
- interest income	383	194
	65,078	50,811
Investment related expenses		
- Impairment on sundry receivable	-	(2,253)
- Foreign currency reserve transferred to profit or loss due to disposal of a subsidiary company	-	(817)
- Loss on disposal of subsidiary company	-	(12,312)
	65,078	35,429
Finance costs	(18,515)	(16,232)
Profit before tax	46,563	19,197
Income tax expenses	(22,385)	(18,979)
Profit for the period/year	24,178	218

	Revenue RM'000	Capital expenditure RM'000	Assets RM'000	Liabilities RM'000
30.6.2019				
Malaysia	753,110	95,483	378,756	194,385
Singapore	28,560	1,087	5,100	5,084
Other South-East Asian countries	7,306	3	7,461	2,055
	788,976	96,573	391,317	201,524
Unallocated items	-	-	465,533	288,782
Total	788,976	96,573	856,850	490,306
30.4.2018				
Malaysia	600,290	61,898	338,215	142,113
Indonesia	4,525	-	-	-
Singapore	28,196	844	5,000	2,461
Other South-East Asian countries	6,730	15	8,337	1,376
	639,741	62,757	351,552	145,950
Unallocated items	-	-	462,111	280,524
Total	639,741	62,757	813,663	426,474

NOTES TO THE FINANCIAL STATEMENTS
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27. EMPLOYEES' SHARE SCHEME

The Company implemented an Employees' Share Scheme ("ESS" or "Scheme") which came into effect on 18 November 2016 for a period of 5 years to 17 November 2021. The ESS may be extended for a maximum period of five (5) years if so recommended by the ESS Committee and approved at the discretion of the board. The ESS is governed by the By-Laws which were approved by the shareholders on 5 October 2016.

The main features of the Scheme for ESS are as follows:

(a) The aggregate maximum number of ESS Shares and ESS Options that may be granted to any eligible director or employee of the Group shall be determined by the ESS Committee provided that:

(i) the directors (including non-executive directors) and eligible employees do not participate in the deliberation and discussion of their own allocation and the allocation to any person connected with them;

(ii) no allocation of more than seventy percent (70%) of the total of ESS Shares and ESS Options shall be made in aggregate to the directors and/or senior management of the Group; and

(iii) no allocation of more than ten percent (10%) of the ESS Shares and ESS Options shall be made to any eligible directors or employee of the Group who, either singly or collectively through persons connected with them, hold more than twenty percent (20%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(b) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. The ESS options shall be exercisable at a price which is the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent.

(c) The ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, decide that the ESS Shares to be satisfied by issuance of new ordinary shares of the Company, acquisition of existing issued ordinary shares of the Company from the market, payment of cash or a combination of the above.

(d) The Company establish a Trust to be administered by a trustee consisting of such trustee appointed by the Company ("Trustee") from time to time for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing issued ordinary shares of the Company and transferring to the participants at such time as the ESS Committee shall direct.

(e) The new ordinary shares issued upon the ESS will be subject to all the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and shall rank pari passu in all respects with the existing issued ordinary shares of the Company, save and except that the new shares shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the allotment of the new shares to the Trustee.

(f) The existing issued ordinary shares procured pursuant to the ESS shall rank pari passu in all respect with the existing issued ordinary shares of the Company, save and except that the Trustee shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the date on which the existing issued ordinary shares of the Company are credited into the CDS Account of the Trustee.

NOTES TO THE FINANCIAL STATEMENTS
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27. EMPLOYEES' SHARE SCHEME (CONTINUED)

(i) ESS Options

The following table illustrates the number ("units") and weighted average exercise price ("WAEP") of, and movements in, ESS Options during the financial period:

	Company 2019 Units '000	Company 2019 WAEP (RM)
Outstanding at beginning of period/year	9,602	1.44
- Forfeited	(938)	1.44
- Exercised	(225)	1.44
Outstanding at end of period	8,439	1.44
Exercisable at end of period	4,046	

- The fair value of ESS Options granted at the grant date was estimated to be RM0.41 per option.
- The weighted average share price at the date of exercise of the ESS Options exercised during the financial period was RM1.70 per share.
- The exercise price for ESS Options outstanding at the end of the period was RM1.44 per share. The remaining contractual life for the ESS Options is 2.38 years.

The fair value of the ESS Options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	Grant date 6.2.2017
Dividend yield (%)	4.03
Expected volatility (%)	32.53
Risk-free interest rate (% p.a)	3.70
Expected life of options (Years)	4.85
Underlying share price (RM)	1.55

The expected life of the options is based on the contractual life of the options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO THE FINANCIAL STATEMENTS
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27. EMPLOYEES' SHARE SCHEME (CONTINUED)

(ii) ESS Shares

The following table illustrates the number and movements in ESS Shares:

	Company 2019 Units '000
Balance at beginning of period	2,305
- Vested	(518)
- Forfeited	(210)
Balance at end of period	1,577

The estimated fair value of ESS Shares at the grant date was RM1.55 per share. The fair value of ESS Shares is determined using binominal option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	Grant date 6.2.2017
Dividend yield (%)	4.03
Expected volatility (%)	32.53
Risk-free interest rate (% p.a)	3.70
Expected life of options (Years)	4.85
Underlying share price (RM)	1.55

NOTES TO THE FINANCIAL STATEMENTS
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28. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in Notes 21, the Group had the following transactions with related parties during the financial period/year:

		Group		Company	
	Note	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Management fees payable to BCorp		350	300	350	300
Purchase of cleaning material from Kimia Suchi Marketing Sdn Bhd	a	178	175	-	-
Promotion and advertising expenses charged by Sun Media Corporation Sdn Bhd	b	479	453	63	95
Loyalty reward charges and reload card payable to BLoyalty Sdn Bhd	a	396	301	-	-
Rental of premises payable to Berjaya Times Square Sdn Bhd	b	1,699	1,429	-	-
Security guard services payable to Berjaya Guard Services Sdn Bhd	a	377	336	-	-
Sales of products to 7- Eleven Malaysia Sdn Bhd	c	5,002	1,936	-	-
Procurement of advertising services charged by 7- Eleven Malaysia Sdn Bhd	c	313	-	-	-
Purchase of a property unit from Deru Klasik Sdn Bhd	d	12,435	-	-	-

Notes:
(a) Subsidiary company of BCorp group.
(b) Associate company of BCorp group.
(c) 7-Eleven Malaysia Sdn Bhd is a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad. Tan Sri Vincent Tan (“TSVT”), a major shareholder of BCorp, is a deemed major shareholder of 7-Eleven Malaysia Sdn Bhd by virtue of his direct and indirect interests in 7-Eleven Malaysia Holdings Berhad.
(d) A company where Chryseis Tan Sheik Ling, a director of the Company has interest.

The purchase of products such as cleaning material and rendering of services by related companies to the Group and other related parties are entered into based on mutually agreed terms between the related parties.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel of the Group and of the Company, are as follows:

	Group		Company	
	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000	1.5.2018 to 30.6.2019 RM'000	1.5.2017 to 30.4.2018 RM'000
Short-term benefits	3,904	2,694	614	341
Post-employment benefits	419	278	56	21
Share-based payment	663	1,329	663	1,329
	4,986	4,301	1,333	1,691

30. COMMITMENTS

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	15,583	8,200
- approved but not contracted for	6,915	12,120
	22,498	20,320
Licence fees	1,330	3,193
	23,828	23,513

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group	
	30.6.2019 RM'000	30.4.2018 RM'000
Non-cancellable operating lease commitments as lessees		
- Within 1 year after reporting date	74,644	63,543
- Later than 1 year but not more than 5 years	50,217	54,608
- More than 5 years	1,148	256
	126,009	118,407

31. FINANCIAL GUARANTEES

The Company provided corporate guarantees to certain financial institutions for credit facilities granted to its subsidiary companies. The Company has assessed and regarded that the credit enhancements provided by these guarantees are minimal. As such, the Company did not ascribe any values to these corporate guarantees.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

32. FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Financial assets				
Amortised costs				
Trade and other receivables	45,978	-	12,408	-
Deposits with financial institutions	7,488	-	7,274	-
Cash and bank balances	14,971	-	222	-
Loan and receivables				
Trade and other receivables	-	41,055	-	8,896
Deposits with financial institutions	-	884	-	-
Cash and bank balances	-	31,378	-	8,005
Total financial assets	68,437	73,317	19,904	16,901
Financial liabilities				
Amortised costs				
Trade and other payables	106,481	68,529	30,397	30,384
Long term borrowing	127,400	137,495	126,258	135,970
Short term borrowings	161,121	141,758	9,766	9,750
Total financial liabilities	395,002	347,782	166,421	176,104

32.2 Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

Current	Note
Trade and other receivables	7
Long term borrowing	13
Trade and other payables	16
Short term borrowings	17

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of the finance lease obligation is estimated by discounting expected future cash flows at market incremental lending rate for similar type of leasing arrangement at reporting date.

NOTES TO THE FINANCIAL STATEMENTS
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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

33.1 Market risk

(1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the interest rate risks of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank. The Group also ensures that the rates contracted for its interest bearing receivables are reflective of the prevailing market rates.

The Group manages its interest rate risk exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group does not utilise interest swap contracts or other derivatives instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	30.6.2019 RM'000	30.4.2018 RM'000	30.6.2019 RM'000	30.4.2018 RM'000
Fixed rate instruments				
Financial assets	7,488	884	17,127	8,582
Financial liabilities	1,549	1,772	28,689	29,992
Floating rate instruments				
Financial liabilities	286,972	277,481	136,024	145,720

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

Sensitivity analysis for interest rate risk

A change of 25 basis points in interest rates at the reporting date would result in change in profit or loss before tax of the Group and of the Company to be higher/lower by RM717,000 (30.4.2018: RM694,000) and by RM340,000 (30.4.2018: RM364,000), respectively. This analysis assumes that all the other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33.1 Market risk (continued)

(2) Foreign currency risk

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

The Group is mainly exposed to United States Dollar ("USD") .The net significant unhedged financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of the Group companies	**USD**
	RM'000
As at 30 June 2019	
Trade and other payables	
RM	19,552
Brunei Dollar ("BND")	113
	19,665
As at 30 April 2018	
Trade and other payables	
RM	2,599
BND	89
	2,688

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in those foreign currencies and RM exchange rates, against the respective functional currencies of the Group entities, with all other variables remain constant.

Increase/(decrease) to profit for the period/year		**30.6.2019 RM'000**	**30.4.2018 RM'000**
USD/RM	- strengthened 10%	(1,955)	(260)
	- weakened 10%	1,955	260
USD/BND	- strengthened 10%	(11)	(9)
	- weakened 10%	11	9

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33.2 Credit risk

The Group's credit risk is primarily attributable to credit card sales. The Group trades only with recognised and creditworthy card centres.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Trade receivables

The Group's sales are mainly on cash basis, as such, it is not exposed to significant credit risks in relation to its sales. Credit risks, or the risk of counterparties defaulting are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

The ageing analysis of the trade receivables using simplified approach is as follows:

Group	**RM'000**
30.6.2019	
Current	8,230
1 to 30 days	743
31 to 60 days	184
61 to 90 days	120
More than 90 days	704
	1,751
	9,981

Impairment for trade receivables are recognised based on the simplified approach. Impairment is recognised against trade receivables over their credit period based on estimated amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The Group's trade receivables are credit card companies and corporate customers. The Group considers the credit card companies have low credit risk, and there was no default payment record for the corporate customers, hence no impairment was provided on the trade receivables.

The ageing analysis of past due but not impaired for trade receivables under MFRS 139 in the previous financial year were as follows:

Group	**RM'000**
30.4.2018	
Neither past due nor impaired	5,309
1 to 30 days past due not impaired	783
31 to 60 days past due not impaired	111
61 to 90 days past due not impaired	53
More than 90 days past due not impaired	413
	1,360
	6,669

NOTES TO THE FINANCIAL STATEMENTS
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33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33.2 Credit risk (continued)

Financial assets that are neither past due nor impaired in the previous financial year

Trade receivables that are neither past due nor impaired in the previous financial year are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated in the previous financial year.

Other receivables

Other receivables are also subject to the impairment requirement of MFRS. The identified impairment loss was immaterial and hence, it is not provided for in the current financial period. There was an impairment loss provided on the sundry receivables in the previous year end as disclosed in Note 7 as there was default of payments.

Amount owing by subsidiaries companies

The Company applied the 3-stage general approach to measuring expected credit losses for all intercompany balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loan and advance when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is having a deficit in its total equity.

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

The identified impairment loss was immaterial and hence, it is not provided for.

33.3 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all refinancing, repayment and funding needs are met. As part of the Group's liquidity management, it maintains sufficient levels of cash and seeks co-operation and support from its suppliers and vendors to meet its working capital requirements.

As at 30 June 2019, the net current liabilities of the Group and of the Company was RM259,277,000 (2018: RM181,915,000) and RM23,792,000 (2018: RM23,202,000) respectively. Despite of the net current liabilities position of the Group and the Company, the directors believe the Group and the Company are able to generate sufficient cash flows from operations as well as to refinance its short term borrowings to meet their obligations in the next 12 months. On this basis, the directors have prepared the financial statements of the Group and the Company on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33.3 Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

Group	On demand or within one year	One to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
30.6.2019				
Financial liabilities				
Trade and other payables	110,067	-	-	110,067
Borrowings	168,022	111,596	38,201	317,819
	278,089	111,596	38,201	427,886
30.4.2018				
Financial liabilities				
Trade and other payables	68,529	-	-	68,529
Borrowings	150,298	97,119	71,885	319,302
	218,827	97,119	71,885	387,831

Company	On demand or within one year	One to five years	More than five years	Total
	RM'000	RM'000	RM'000	RM'000
30.6.2019				
Financial liabilities				
Trade and other payables	33,983	-	-	33,983
Borrowings	17,487	110,296	38,201	165,984
	51,470	110,296	38,201	199,967
30.4.2018				
Financial liabilities				
Trade and other payables	30,384	-	-	30,384
Borrowings	18,117	95,283	71,885	185,285
	48,501	95,283	71,885	215,669

NOTES TO THE FINANCIAL STATEMENTS
- 30 JUNE 2019

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder's value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

	Group	
	2019	**2018**
	RM'000	**RM'000**
Long term borrowings	127,400	137,495
Short term borrowings	161,121	141,758
Total debt	288,521	279,253
Total equity	366,544	387,189
Gearing ratio	78.71%	72.12%

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one Group/Company to another.

35. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

On 11 October 2018, the Company announced the completion of the acquisition of a freehold commercial unit located at Lot G-09B, Ground Floor, Berjaya Times Square through BStarbucks, a wholly owned subsidiary company of the Company from Deru Klasik Sdn Bhd, for a cash consideration of RM12,435,000 or RM15,000 per square foot.

.36. COMPARATIVES

The comparative financial statements have been prepared for the financial period from 1 May 2017 to 30 April 2018. Accordingly, the comparative amounts for the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows and the related notes are not in respect of comparable period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD (INCORPORATED IN MALAYSIA)

Report on the financial statements

Opinion

We have audited the financial statements of Berjaya Food Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit 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 current period. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that content.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD (INCORPORATED IN MALAYSIA)

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment of Goodwill
(refer to Note 5 to the financial statements – Intangible Assets)

Goodwill amounting to RM429,828,000, formed 56% and 50% of non-current assets and total assets of the Group as at 30 June 2019, respectively.

Goodwill is subject to an annual impairment test. The Group estimates the recoverable amount of a cash generating unit ("CGU") based on value-in-use ("VIU"). Estimating the VIU of the CGU involves assumptions made by the management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate. The cash flow forecasts, which have been approved by the Board of Directors, contain a number of significant judgements and estimates including estimates on revenue growth rate, discount rate and terminal growth rate. No impairment was required during the current financial period.

We consider this to be an area of focus for our audit as the amounts involved are significant, the assessment process is complex and involves significant management judgements about future market and economic conditions.

Our procedures to address this area of focus include, amongst others, the following:

- Involvement of our internal experts in reviewing the impairment assessment performed by management on the goodwill;
- Obtaining an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluating the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- Checking the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
- Evaluating whether key assumptions which comprise the revenue growth rate and terminal growth rate are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in Malaysia;
- Challenging whether the rate used in discounting the future cash flows to its present value was appropriate. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt. Such inputs were benchmarked to equivalent data for peer companies; and
- Analysing the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions and sensitivities are included in Note 5.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD (INCORPORATED IN MALAYSIA)

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 Group's 2019 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2019 Annual Report is expected to be made available to us after the date of this auditors' report.

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD (INCORPORATED IN MALAYSIA)

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 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 4 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.

ERNST & YOUNG
AF: 0039
Chartered Accountants

NG KIM LING
No. 03236/04/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 8 October 2019

RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE PERIOD ENDED 30 JUNE 2019

Berjaya Food Berhad ("BFood") Group with the following Related Parties	Nature of transactions undertaken by BFood and/or its unlisted subsidiaries	Amount transacted from 1.5.18-30.6.19 (RM'000)
Berjaya Corporation Berhad ("BCorp") and its unlisted subsidiaries:-		
BCorp	Management fees payable by BFood for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services.	350
Berjaya Registration Services Sdn Bhd	Receipt of share registration services and other related services by BFood.	57
Berjaya Books Sdn Bhd	Rental payable by BStarbucks at RM12,391 per month or based on 15% of monthly net sales generated, whichever is higher, for renting of shoplot at Lot 1F-91 & 92, QueensBay Mall, 100 Persiaran Bayan Indah, 11900 Bayan Lepas, Penang. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	103
	Rental payable by BStarbucks at RM13,992 per month or based on 13.5% of monthly net sales generated, whichever is higher, for renting part the floor space at Lot S-209, 2nd Floor, The Gardens Mall, Lingkaran Syed Putra, Mid Valley City, 59200 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	198
Berjaya Education Sdn Bhd	Receipt of education and staff training services by BFood Group	85
BLoyalty Sdn Bhd	Procurement of reload card and other related services by Berjaya Roasters (M) Sdn Bhd ("BRoasters").	219
	Loyalty reward charges payable by BFood Group.	177
Roasters Asia Pacific (M) Sdn Bhd	Royalty fee payable by BRoasters.	290
	Income receivable by BRoasters pursuant to the rights awarded for granting of franchises to the Independent Franchisees	142
Securexpress Services Sdn Bhd	Provision of transportation services to BFood Group	80
Kimia Suchi Marketing Sdn Bhd	Purchase of cleaning chemical products by BRoasters.	178
E.V.A. Management Sdn Bhd	Receipt of human resource management services by the BFood Group.	16
Wangsa Tegap Sdn Bhd	Rental payable by BStarbucks at RM31,830 per month or 15% of monthly net sales generated, whichever is higher, for renting of shoplot at Lot 1-1-1A, Menara Bangkok Bank, Laman Sentral Berjaya, No.1, Jalan Ampang, 50450 Kuala Lumpur	446
Total		**2,341**

RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE PERIOD ENDED 30 JUNE 2019

Berjaya Food Berhad ("BFood") Group with the following Related Parties	Nature of transactions undertaken by BFood and/or its unlisted subsidiaries	Amount transacted from 1.5.18-30.6.19 (RM'000)
Berjaya Land Berhad ("BLand") and its unlisted subsidiaries:-		
Cempaka Properties Sdn Bhd	Rental payable at RM5,540 per month for renting of shoplot by BRoasters at Lot G-83 (Ground Floor) and concourse area at Lot CCS-B-Bay 5A, Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	81
	Rental payable at RM900 per month for renting of kiosk by BRoasters at Lot G-29D (Ground Floor), Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	13
	Rental payable by BStarbucks at RM12,397 per month or based on 10% of monthly gross sales generated, whichever is higher, for renting of shoplot and outdoor seating at Lot G-15, Ground Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	231
	Rental payable by BStarbucks at RM283 per month for renting of storage space at Lot S2.B, 2nd Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	4
Kota Raya Development Sdn Bhd	Rental payable by BStarbucks at RM9,847 per month for renting of kiosk at Kiosk G1 Sidewalk Café Kota Raya Complex, Jalan Tun Tan Cheng Lock, 50450 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	138
Nural Enterprise Sdn Bhd	Rental payable by BStarbucks at RM1,248 per month for renting of kiosk at Kiosk 1, Ground Floor, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	17
	Rental payable by BStarbucks at RM4,148 per month for renting of office at Lot 1.07-1.08, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 2 years and renewable thereafter.	60
	Rental payable by BStarbucks at RM1,314 per month for renting of store at Lot 3.01 & 3.04, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of one month and renewable on a monthly basis.	18
Berjaya Guard Services Sdn Bhd	Receipt of security guard services by BStarbucks.	377
ANSA Hotel KL Sdn Bhd	Rental payable by BStarbucks at RM92,952 per month for renting of shoplot at Lot 03, Ground floor, ANSA Hotel KL, Bukit Bintang, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	1,252
Total		**2,191**

RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE PERIOD ENDED 30 JUNE 2019

Berjaya Food Berhad ("BFood") Group with the following Related Parties	Nature of transactions undertaken by BFood and/or its unlisted subsidiaries	Amount transacted from 1.5.18-30.6.19 (RM'000)
Berjaya Assets Berhad ("BAssets") and its unlisted subsidiaries:-		
Berjaya Times Square Sdn Bhd	Rental payable at RM31,705 per month for renting of shoplot by BRoasters at Lot 03-85, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	444
	Rental payable at RM1,134 per month for renting of walkway area by BRoasters adjacent to Lot 03-85A, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	16
	Rental payable at RM21,248 per month for renting of office by BRoasters at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	297
	Rental payable at RM23,400 per month for renting of office by BStarbucks at Lot 10-02, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	328
	Rental payable at RM619 per month for renting of store room by BStarbucks at Lot 10-02c, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi,55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	9
	Rental payable at RM7,840 per month for renting of shoplot by BStarbucks at Lot No. G-09C and G-09D, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	71
	Rental payable at RM3,360 per month for renting of shoplot by BStarbucks at Lot No. G-09G, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	27

RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE PERIOD ENDED 30 JUNE 2019

Berjaya Food Berhad ("BFood") Group with the following Related Parties	Nature of transactions undertaken by BFood and/or its unlisted subsidiaries	Amount transacted from 1.5.18-30.6.19 (RM'000)
Berjaya Assets Berhad ("BAssets") and its unlisted subsidiaries:- (continued)		
Berjaya Times Square Sdn Bhd	Rental payable at RM16,121 per month or based on 15% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot No. 01-01-28, 1st Avenue, 1st Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	217
	Rental payable at RM15,008 per month for renting of office by BStarbucks at Lot 10-01E Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	210
BTS Car Park Sdn Bhd	Parking charges payable by BFood Group.	119
Berjaya Waterfront Sdn Bhd	Rental payable at RM9,356 per month or based on 12% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot 1.31 to 1.33, Level 1, Berjaya Waterfront Complex, No.88, Jal;an Ibrahim Sultan Stulang Laut, 80300 Johor Bahru. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	120
	Rental payable at RM1,461 per month or based on 5% of monthly gross sales generated, whichever is higher, for renting of shoplot by BRoasters at Lots 1.29 & 1.30, Level 1, Berjaya Waterfront Complex, No.88, Jal;an Ibrahim Sultan Stulang Laut, 80300 Johor Bahru. Tenure of the rental agreement is for a period of 3 years and renewable thereafter.	21
Total		**1,879**
Berjaya Media Berhad ("BMedia") and its unlisted subsidiaries:-		
Sun Media Corporation Sdn Bhd	Procurement of advertising and publishing services by BFood Group.	479
Total		**479**

RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE PERIOD ENDED 30 JUNE 2019

Berjaya Food Berhad ("BFood") Group with the following Related Parties	Nature of transactions undertaken by BFood and/or its unlisted subsidiaries	Amount transacted from 1.5.18-30.6.19 (RM'000)
Other related companies:-		
Qinetics Services Sdn Bhd (a)	Purchase of hardware, software and network equipment, maintenance and management services by BFood Group.	84
7-Eleven Malaysia Sdn Bhd (7-Eleven) (b)	Income receivable by BFood Trading for sale of bottled beverage and consumable products.	5,001
	Procurement of advertising services by BFood Trading	313
Total		**5,398**
Grand total		**12,288**

Notes:

a. Qinetics Services Sdn Bhd is a wholly-owned subsidiary of Qinetics Solutions Sdn Bhd which in turn is an 83.97%-owned subsidiary of MOL.com Sdn Bhd. Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") is a deemed Major Shareholder of Qinetics Services Sdn Bhd by virtue of his 81.17% direct interest in MOL.com Sdn Bhd.

b. 7-Eleven is a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad. TSVT is a deemed Major Shareholder of 7-Eleven by virtue of his direct and indirect interests in 7-Eleven Malaysia Holdings Berhad.

OTHER INFORMATION

Material Contracts

Other than as disclosed in Notes 7, 16, 19, 21, 28 and 30 to the financial statements for the financial period ended 30 June 2019, there were no other material contracts entered into by Berjaya Food Berhad and its subsidiary companies involving Directors and major shareholders.

Additional Information

The amount of non-audit fees incurred for services rendered to the Group for the financial period ended 30 June 2019 amounted to RM40,000.

Additional Disclosures

The Company had granted Employees' Share Scheme ("ESS") which comprises ESS Options and ESS Shares governed by the By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 5 October 2016. The ESS is to be in force for a period of five (5) years from 18 November 2016. There is one (1) ESS in existence during the financial period ("FPE") ended 30 June 2019 with information as follows:-

	Total ESS Options		Total ESS Shares		Grand Total ESS	
	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016
Total number of options and shares granted	–	12,144,800	–	3,036,200	–	15,181,000
Total number of options and shares vested	2,428,960	6,679,640	518,600	941,360	2,947,560	7,621,000
Total number of options and shares exercised	251,900	1,665,660	–	–	251,900	1,665,660
Total options and shares outstanding	8,411,540	8,411,540	1,576,510	1,576,510	9,988,050	9,988,050

	Total ESS Options		Total ESS Shares		Grand Total ESS	
Granted to Directors*	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016
Total number of options and shares granted	–	2,080,000	–	520,000	–	2,600,000
Total number of options and shares vested	416,000	1,952,000	104,000	182,000	520,000	2,134,000
Total number of options and shares exercised	20,000	252,000	–	–	20,000	252,000
Total options and shares outstanding	1,828,000	1,828,000	338,000	338,000	2,166,000	2,166,000

*Directors in office at the end of financial period only.

	Total ESS Options		Total ESS Shares		Grand Total ESS	
Granted to Directors & Senior Management	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016	During FPE 30 June 2019	Since ESS Commencement on 18 November 2016
Aggregate maximum allocation in percentage	–	49.52	–	49.52	–	49.52
Actual percentage granted	–	48.28	–	48.28	–	48.28

MATERIAL PROPERTIES OF THE GROUP

AS AT 30 JUNE 2019

Location	Tenure	Size	Estimated age of building	Date of acquisition	Net book value (RM'000)
No. G-11, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur	Freehold	161 sq m	16 years	2/9/2016	16,479
No. G-09B, Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur	Freehold	77 sq m	16 years	11/10/2018	13,516

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 25 SEPTEMBER 2019

The Company	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Sydney Lawrance Quays	480,000	0.13	19,000 #	0.01
Tan Thiam Chai	473,800	0.13	–	–
Datuk Zainun Aishah Binti Ahmad	197,800	0.06	–	–
Dato' Mustapha Bin Abdul Hamid	149,000	0.04	–	–

	Number of ordinary shares under Employees' Share Scheme ("ESS")			
	Direct Interest	%	Deemed Interest	%
ESS Options				
Sydney Lawrance Quays	988,000	0.28	–	–
Tan Thiam Chai	320,000	0.09	–	–
Datuk Zainun Aishah Binti Ahmad	320,000	0.09	–	–
Dato' Mustapha Bin Abdul Hamid	200,000	0.06	–	–
ESS Shares				
Sydney Lawrance Quays	182,000	0.05	–	–
Tan Thiam Chai	52,000	0.01	–	–
Datuk Zainun Aishah Binti Ahmad	52,000	0.01	–	–
Dato' Mustapha Bin Abdul Hamid	52,000	0.01	–	–

Subsidiary company: Jollibean Foods Pte Ltd	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Sydney Lawrance Quays	50,000	5.00	–	–

Ultimate holding company: Berjaya Corporation Berhad	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Sydney Lawrance Quays	25	0.00	–	–
Tan Thiam Chai	126,992	0.00	107,288 #	0.00
Chryseis Tan Sheik Ling	202,910	0.00	–	–

	Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	20,600	0.00	17,400 #	0.00
Chryseis Tan Sheik Ling	275,000	0.04	–	–

	Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	1,000	0.00	–	–

	Number of Warrants 2012/2022			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	20,600	0.00	17,400 #	0.00

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 25 SEPTEMBER 2019

	Number of Warrants 2016/2026			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	1,000	0.00	–	–

Related companies:

Berjaya Land Berhad	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	40,000	0.00	–	–
Chryseis Tan Sheik Ling	5,000,000	0.10	–	–

Berjaya Sports Toto Berhad	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Tan Thiam Chai	172,284	0.01	133,165 #	0.01

Berjaya Burger Sdn Bhd	Number of ordinary shares			
	Direct Interest	%	Deemed Interest	%
Sydney Lawrance Quays	780,000	6.00	–	–

# Denotes indirect interest pursuant to Section 59 (11) (c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interest in the shares, warrants and debentures of the Company or its related corporations as at 25 September 2019.

SUBSTANTIAL SHAREHOLDERS AS AT 25 SEPTEMBER 2019

	Number of ordinary shares			
Name	Direct Interest	%	Deemed Interest	%
Berjaya Group Berhad	162,526,920	45.32	6,650,000 (a)	1.85
Berjaya Corporation Berhad	–	–	169,176,920 (b)	47.17
Tan Sri Dato' Seri Vincent Tan Chee Yioun	5,700,000	1.59	197,041,720 (c)	54.94
Albizia ASEAN Opportunities Fund	18,480,000	5.15	–	–

(a) Deemed interested by virtue of its 100% interest in Country Farms Sdn Bhd and its interests in Berjaya Land Berhad (the holding company of Bukit Kiara Resort Berhad, Nural Enterprise Sdn Bhd and Staffield Country Resort Berhad) and Berjaya Sports Toto Berhad (the holding company of Berjaya Philippines Inc).

(b) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad (the holding company of Country Farms Sdn Bhd) and its interests in Berjaya Land Berhad (the holding company of Bukit Kiara Resort Berhad, Nural Enterprise Sdn Bhd and Staffield Country Resort Berhad) and Berjaya Sports Toto Berhad (the holding company of Berjaya Philippines Inc).

(c) Deemed interested by virtue of his interests in Berjaya Corporation Berhad (the holding company of Berjaya Group Berhad and the ultimate holding company of Berjaya Philippines Inc, Bukit Kiara Resort Berhad, Nural Enterprise Sdn Bhd, Staffield Country Resort Berhad and Country Farms Sdn Bhd), Berjaya Assets Berhad (the holding company of Berjaya Bright Sdn Bhd), MOL.com Sdn Bhd (the ultimate holding company of Lim Kim Hai Sales & Services Sdn Bhd), B & B Enterprise Sdn Bhd, U Telemedia Sdn Bhd and 7-Eleven Malaysia Holdings Berhad (the holding company of Convenience Shopping (Sabah) Sdn Bhd) and his deemed interest in Berjaya Retail Sdn Bhd.

STATISTICS ON SHARES

AS AT 25 SEPTEMBER 2019

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
less than 100	198	7.83	2,481	0.00
100 - 1,000	952	37.64	490,139	0.14
1,001 - 10,000	993	39.27	4,349,515	1.21
10,001 - 100,000	260	10.28	7,790,702	2.17
100,001 - 17,932,117	122	4.82	270,614,520	75.46
17,932,118* and above	4	0.16	75,395,000	21.02
Total	**2,529**	**100.00**	**358,642,357**	**100.00**

Note: Each share entitles the holder to one vote
* Denotes 5% of the total number of issued shares with voting rights.

THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares Held	%
1	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	19,580,000	5.46
2	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (RC8 Facility)	18,900,000	5.27
3	**CIMB Group Nominees (Asing) Sdn. Bhd.** Exempt An For DBS Bank Ltd (SFS)	18,480,000	5.15
4	**Berjaya Group Berhad**	18,435,000	5.14
5	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (414084-91161A)	17,696,720	4.94
6	**Affin Hwang Nominees (Tempatan) Sdn. Bhd.** Pledged Securities Account For Berjaya Group Berhad	16,250,000	4.53
7	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (BCORP RC5)	16,033,333	4.47
8	**Kumpulan Wang Persaraan (Diperbadankan)**	12,633,000	3.52
9	**Tokio Marine Life Insurance Malaysia Bhd** As Beneficial Owner (PF)	12,000,000	3.35
10	**CIMB Group Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad (BCB CBM-C2-SBLC)	9,265,000	2.58
11	**RHB Nominees (Tempatan) Sdn Bhd** Bank Of China (Malaysia) Berhad Pledged Securities Account For Berjaya Group Berhad	9,000,000	2.51
12	**RHB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	8,650,200	2.41

STATISTICS ON SHARES
AS AT 25 SEPTEMBER 2019

	Name of Shareholders	No. of Ordinary Shares Held	%
13	**ABB Nominee (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Bhd (Berjaya Corporation Bhd RC Facility)	8,016,667	2.24
14	**HLIB Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	7,500,000	2.09
15	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Pantai Cemerlang Sdn Bhd	6,100,000	1.70
16	**Amanahraya Trustees Berhad** Public Smallcap Fund	5,884,360	1.64
17	**Lim Boon Liat**	5,654,800	1.58
18	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Bright Sdn Bhd (AS0052)	5,500,000	1.53
19	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Bright Sdn Bhd (MGN-SCS0007M)	5,500,000	1.53
20	**Maybank Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Group Berhad	5,250,000	1.46
21	**Amanahraya Trustees Berhad** Public Strategic Smallcap Fund	4,888,840	1.36
22	**DYMM Sultan Ibrahim Johor**	4,500,000	1.26
23	**DB (Malaysia) Nominee (Tempatan) Sendirian Berhad** Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	4,188,100	1.17
24	**HSBC Nominees (Tempatan) Sdn Bhd** HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (P)	4,155,200	1.16
25	**Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Arsam Bin Damis (AA0023)	4,000,000	1.12
26	**JF Apex Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Bright Sdn Bhd (Margin)	3,940,000	1.10
27	**Affin Hwang Nominees (Tempatan) Sdn. Bhd.** Pledged Securities Account For Berjaya Group Berhad	3,650,000	1.02
28	**Citigroup Nominees (Asing) Sdn Bhd** UBS Sec LLC For Chambers Street Global Fund, LP	3,515,900	0.98
29	**Amanahraya Trustees Berhad** PB Smallcap Growth Fund	3,418,500	0.95
30	**CIMB Group Nominees (Tempatan) Sdn Bhd** Pledged Securities Account For Berjaya Retail Sdn Bhd (TSVT-RC CBM)	3,191,800	0.89
		265,777,420	**74.11**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting of Berjaya Food Berhad will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 5 December 2019 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial period ended 30 June 2019 and the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees amounting to RM105,000.00 to the Non-Executive Directors of the Company for the financial period ended 30 June 2019. **Resolution 1**

3. To approve the additional payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM75,400.00 for the period from 3 October 2018 until the Annual General Meeting of the Company to be held in 2019. **Resolution 2**

4. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM503,000.00 for the period from 6 December 2019 until the next Annual General Meeting of the Company to be held in 2020. **Resolution 3**

5. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association:
   (a) Datuk Zainun Aishah Binti Ahmad **Resolution 4**
   (b) Tan Thiam Chai **Resolution 5**

6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

7. As special business:-
   (a) To consider and, if thought fit, pass the following Ordinary Resolutions:-

   (i) Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

   (ii) Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   "THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of Part A of the Circular to Shareholders dated 22 October 2019 ("Proposed Mandate") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms 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 that such approval shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

   (b) 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 Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution." **Resolution 8**

(iii) Proposed Renewal of Authority for the Company to Purchase its Own Shares

"THAT, subject always to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("BFood Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase 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 and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

AND THAT upon completion of the purchase(s) of the BFood Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BFood Shares so purchased by the Company in the following manner:-

(a) cancel all the BFood Shares so purchased; or

(b) retain all the BFood Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force." **Resolution 9**

(iv) Proposed Retention of Independent Non-Executive Directors

(a) "THAT Datuk Zainun Aishah Binti Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and she shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that she has been an Independent Director on the Board of the Company for a cumulative term of more than nine (9) years." **Resolution 10**

NOTICE OF ANNUAL GENERAL MEETING

(b) "THAT Dato' Mustapha Bin Abdul Hamid be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than nine (9) years." **Resolution 11**

(v) Proposed Allocation of Awards to Dato' Tunku Shazuddin Bin Tunku Sallehuddin

"THAT pursuant to the Employees' Share Scheme ("ESS") of the Company as approved by the shareholders at an Extraordinary General Meeting held on 5 October 2016, approval be and is hereby given to the ESS Committee from time to time throughout the duration of the ESS, to offer and grant to Dato' Tunku Shazuddin Bin Tunku Sallehuddin, being the Chairman (Independent Non-Executive Director) of the Company, such number of ESS Shares and/or ESS Options representing up to an aggregate of 116,000 of the total number of shares of the Company to be issued and/or transferred pursuant to the ESS, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws of the ESS." **Resolution 12**

(b) To consider and, if thought fit, with or without modifications, pass the following Special Resolution:-

(i) Proposed Adoption of A New Constitution

"THAT the proposed new Constitution as set out in Appendix II of Part C of the Circular to Shareholders dated 22 October 2019 be and is hereby approved and adopted as the Constitution of the Company to replace the whole of the existing Memorandum and Articles of Association of the Company with immediate effect AND THAT the Board of Directors and/or Secretary of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient in order to give full effect to the aforesaid with full powers to assent to any conditions, modifications and/or amendments as may be required or permitted by any relevant authorities." **Special Resolution**

By Order of the Board

THAM LAI HENG MICHELLE
(MAICSA 7013702)
Secretary

Kuala Lumpur
22 October 2019

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 April 2018, which is RM30,000.00 per Director. The Directors' fees for the financial period ended 30 June 2019 was RM105,000.00 due to the change of financial year end from 30 April 2019 to 30 June 2019.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the Companies Act 2016 provides that the "fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company.

Resolution 2 is to allow the payment of additional Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM75,400.00 for the period from 3 October 2018 to Tenth AGM. The additional payment is due to additional monthly allowance payable to the Chairman following the change of financial year end from 30 April 2019 to 30 June 2019 coupled with the revision of chairman allowance and meeting attendance allowances payable to the Non-Executive Directors for Board and Board Committee Meetings.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 3 is to seek shareholders' approval at this AGM for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 6 December 2019 until the next AGM of the Company.

The current Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises of chairman allowances and meeting allowances.

In determining the estimated remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees' and general meeting of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 7 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Ninth Annual General Meeting held on 2 October 2018 and which will lapse at the conclusion of the Tenth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

5. Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 8, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular/Statement to Shareholders dated 22 October 2019 which is despatched together with the Company's 2019 Annual Report.

6. Proposed Renewal of Authority for the Company to Purchase its Own Shares

Resolution 9, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/Statement to Shareholders dated 22 October 2019 which is despatched together with the Company's 2019 Annual Report.

7. Proposed Retention of Independent Non-Executive Directors

Resolution 10 and Resolution 11 are proposed pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance and if passed, will allow Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid to be retained and continue to act as Independent Non-Executive Directors of the Company.

The full details of the Board's justifications for the retention of Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abdul Hamid are set out in the Corporate Governance Overview Statement in the Company's 2019 Annual Report.

8. Proposed Allocation of Awards to Dato' Tunku Shazuddin Bin Tunku Sallehuddin

Resolution 12 is to seek shareholders' approval for the Company to offer and grant ESS to Dato' Tunku Shazuddin Bin Tunku Sallehuddin, the Chairman (Independent Non-Executive Director) to participate in the ESS of the Company pursuant to the By-Laws of the ESS of the Company.

Dato' Tunku Shazuddin Bin Tunku Sallehuddin, being an interested party in the resolution shall abstain from deliberation and voting in respect of his direct and indirect shareholdings in the Company on this resolution. He will also ensure the persons connected to him will abstain from voting on their direct and/or indirect shareholdings in the Company, if any, on this resolution.

NOTICE OF ANNUAL GENERAL MEETING

9. Proposed Adoption of A New Constitution

The Special Resolution, if passed, will align the Constitution of the Company with the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information on the Special Resolution is set out in Part C of the Circular/Statement to Shareholders dated 22 October 2019 which is despatched together with the Company's 2019 Annual Report.

The Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the Tenth AGM.

10. Proxy and Entitlement of Attendance

(i) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(ii) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(iii) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(iv) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(v) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(vi) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

(vii) Only members whose names appear in the Record of Depositors as at 28 November 2019 shall be entitled to attend and vote at the meeting.

11. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

FORM OF PROXY

BERJAYA

BERJAYA FOOD BERHAD

(Company No. 876057-U)

I/We____

(Name in full)

I.C. or Company No.______________________________CDS Account No.______________________________

(New and Old I.C. Nos.)

of____

(Address)

being a member/members of BERJAYA FOOD BERHAD

hereby appoint ______________________________I.C No. ______________________________of

(Name in full) *(New and Old I.C. Nos.)*

____

(Address)

or failing him/her ______________________________I.C No.______________________________of

(Name in full) *(New and Old I.C. Nos.)*

____

(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 Tenth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 5 December 2019 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	To approve payment of Directors' fees.		
RESOLUTION 2	To approve additional payment of Directors' remuneration (excluding Directors' fees) for the period from 3 October 2018 until the Annual General Meeting of the Company in 2019.		
RESOLUTION 3	To approve payment of Directors' remuneration (excluding Directors' fees) for the period from 6 December 2019 until the next Annual General Meeting of the Company in 2020.		
RESOLUTION 4	To re-elect Datuk Zainun Aishah Binti Ahmad as Director.		
RESOLUTION 5	To re-elect Tan Thiam Chai as Director.		
RESOLUTION 6	To re-appoint Auditors.		
RESOLUTION 7	To approve authority to issue and allot shares.		
RESOLUTION 8	To renew shareholders' mandate for Recurrent Related Party Transactions.		
RESOLUTION 9	To renew authority for the Company to purchase its own shares.		
RESOLUTION 10	To approve the proposed retention of Datuk Zainun Aishah Binti Ahmad as an Independent Non-Executive Director.		
RESOLUTION 11	To approve the proposed retention of Dato' Mustapha Bin Abdul Hamid as an Independent Non-Executive Director.		
RESOLUTION 12	To approve the proposed allocation of awards to Dato' Tunku Shazuddin Bin Tunku Sallehuddin.		
SPECIAL RESOLUTION	To approve the proposed adoption of a new Constitution.		

NO. OF SHARES HELD

……………………………………………………

Signature(s) / Common Seal of Member(s)

Dated this ……………………….. day of ……………………… 2019.

Notes:

(1) A member of the Company who is entitled to attend, speak and vote at the meeting is entitled to appoint a proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member.

(2) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(3) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(4) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(5) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(6) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting.

(7) Only members whose names appear in the Record of Depositors as at 28 November 2019 shall be entitled to attend and vote at the meeting.

(8) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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Affix Stamp

THE COMPANY SECRETARY
BERJAYA FOOD BERHAD
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1, JALAN IMBI
55100 KUALA LUMPUR

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Berjaya Food Berhad
Lot 13-01A, Level 13 (East Wing), Berjaya Times Square,
No. 1, Jalan Imbi, 55100 Kuala Lumpur
Tel : 03-2149 1999 Fax : 03-2143 1685

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