Registration No.

196101000449 (4485 H)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Registered office:

Balai Berita, Anjung Riong,
No. 31, Jalan Riong, Bangsar,
59100, Kuala Lumpur.

Principal place of business:

Balai Berita, Anjung Riong,
No. 31, Jalan Riong, Bangsar,
59100, Kuala Lumpur.

0128A0/nor

Registration No.

196101000449 (4485 H)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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Registration No.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors hereby submit their report to the members together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group and Company consist of the publishing and sale of newspapers and books, advertisements, provision of internet based online services, property management services, seminars arrangement, printing and transportation.

The principal activities and details of the subsidiaries and associates are set out in Note 29 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(112,995)	(114,270)

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year.

The Directors do not propose the payment of any dividend for the financial year ended 31 December 2019.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of the report are:

Datuk Kamal bin Khalid
Tan Sri Dato' Seri Utama Hj Ismail bin Hj Omar
Tan Sri Lee Lam Thye
Dato' Seri Subahan bin Kamal
Lydia Anne Abraham
Mustapha Kamil bin Mohd Janor
Datuk Seri Abdul Jalil bin Abdul Hamid (resigned on 31 March 2019)

Pursuant to Section 253 of the Companies Act 2016, the names of Directors of subsidiaries are set out in the respective subsidiaries financial statements and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration and benefits-in-kind disclosed in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company and any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any interest in shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2019	Addition	Disposal	At 31.12.2019
Shares in ultimate holding company, Media Prima Berhad				
Datuk Kamal bin Khalid	80,000	-	-	80,000

INDEMNITY AND INSURANCE COSTS

The Company and Group has Directors and Officers Liability Insurance at a premium of RM46,000 on a group basis under its ultimate holding company, to cover the liability of Directors and Officers in discharging their duties for the period of 1 June 2019 until 31 May 2020.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 7 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Company were prepared, 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

 (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

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

 (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

 (ii) which would render the values attributed to current assets in the financial statements of the Company misleading; or

 (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

 (i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

 (ii) any contingent liability in the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company to meet its obligations when they fall due.

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

(f) In the opinion of the Directors:

 (i) the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

 (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the Company for the financial year in which this report is made.

Registration No.
196101000449 (4485-H)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT (CONTINUED)

ULTIMATE HOLDING COMPANY

The Directors regard Media Prima Berhad, a company incorporated in Malaysia, as the Company's ultimate holding company.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with a resolution dated 12 March 2020.

TAN SRI DATO' SERI UTAMA HJ ISMAIL BIN HJ OMAR
CHAIRMAN

MUSTAPHA KAMIL BIN MOHD JANOR
DIRECTOR

Petaling Jaya
12 March 2020

Registration No.

196101000449 (4485 H)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	4	217,598	270,289	216,957	270,039
Cost of sales		(133,985)	(162,691)	(133,435)	(162,174)
Gross profit		83,613	107,598	83,522	107,865
Other operating income		12,351	196,379	12,703	196,731
Distribution costs		(17,034)	(21,805)	(17,034)	(21,805)
Administrative expenses		(197,306)	(137,814)	(198,759)	(139,623)
Net loss on impairment of financial instruments		(1,408)	(3,698)	(1,408)	(3,711)
(Loss)/Profit from operations		(119,784)	140,660	(120,976)	139,457
Finance income	5	12,032	538	12,032	538
Finance costs	5	(5,326)	(2,314)	(5,326)	(2,314)
(Loss)/Profit before taxation	6	(113,078)	138,884	(114,270)	137,681
Taxation	8	83	3,878	-	4,436
Net (loss)/profit for the financial year		(112,995)	142,762	(114,270)	142,117
Other comprehensive expense:					
Revaluation of financial assets at fair value through other comprehensive income	14	(1,784)	-	(1,784)	-
Total comprehensive (loss)/income for the financial year		(114,779)	142,762	(116,054)	142,117
(Loss)/Profit attributable to:					
- Owners of the Company		(112,995)	142,762		
- Non-controlling interests		-	-		
		(112,995)	142,762		
Total comprehensive (loss)/income attributed to:					
- Owners of the Company		(112,995)	142,762		
- Non-controlling interests		-	-		
		(114,779)	142,762		

The notes on pages 12 to 91 form an integral part of these financial statements.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	9	58,071	77,538	58,071	77,538
Right-of-use assets	10	83,298	-	83,298	-
Investment properties	11	27,391	28,665	2,904	3,803
Subsidiaries	12	-	-	15,076	17,034
Amount due from ultimate holding company	13	203,994	203,994	203,994	203,994
Financial assets at fair value through other comprehensive income	14	688	2,472	688	2,472
Intangible assets	16	150	167	150	167
		373,592	312,836	364,181	305,008
CURRENT ASSETS					
Amount due from ultimate holding company	13	-	126	-	126
Amounts due from fellow subsidiaries	13	2,745	6,170	2,745	6,170
Inventories	17	5,047	33,839	5,047	33,857
Receivables	18	49,182	55,848	49,084	55,795
Tax recoverable		22	5,162	-	5,162
Deposits, bank and cash balances	19	11,200	19,363	10,965	18,441
		68,196	120,508	67,841	119,551
Non-current assets held for sale	20	-	1,129	-	1,129
		68,196	121,637	67,841	120,680

The notes on pages 12 to 91 form an integral part of these financial statements.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (CONTINUED)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
LESS: CURRENT LIABILITIES					
Trade and other payables	21	115,751	79,060	115,344	78,862
Lease liabilities	10	12,645	-	12,645	-
Amount due to ultimate holding company	13	30,913	5,483	30,913	5,483
Amounts due to subsidiaries	13	-	-	2,014	2,014
Amounts due to fellow subsidiaries	13	2,856	19,222	2,361	18,727
Current tax liabilities		-	196	-	-
Borrowings	22	4,688	4,169	4,688	4,169
		166,853	108,130	167,965	109,255
NET CURRENT (LIABILITIES)/ ASSETS		(98,657)	13,507	(100,124)	11,425
NON-CURRENT LIABILITY					
Lease liabilities	10	63,687	-	63,687	-
Deferred tax liabilities	15	426	733	-	-
		64,113	733	63,687	-
		210,822	325,610	200,370	316,433
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	23	400,310	400,310	400,310	400,310
Other reserves	23	5	1,789	5	1,789
Accumulated losses		(189,493)	(76,489)	(199,945)	(85,666)
Total equity		210,822	325,610	200,370	316,433

The notes on pages 12 to 91 form an integral part of these financial statements.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000
GROUP					
2019					
At 31 December 2018, as previously reported		400,310	1,789	(76,489)	325,610
Effects of MFRS 16 adoption	30	-	-	(9)	(9)
As at 1 January 2019, as restated		400,310	1,789	(76,498)	325,601
Net loss for the financial year		-	-	(112,995)	(112,995)
Other comprehensive expense:					
- Revaluation of financial assets at fair value through other comprehensive income		-	(1,784)	-	(1,784)
At 31 December 2019		400,310	5	(189,493)	210,822
2018					
As at 1 January 2018		400,310	1,789	(219,251)	182,848
Net profit and total comprehensive income for the financial year		-	-	142,762	142,762
At 31 December 2018		400,310	1,789	(76,489)	325,610

The notes on pages 12 to 91 form an integral part of these financial statements.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
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COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital RM'000	Other reserves RM'000	Accumulated losses RM'000	Total RM'000
COMPANY					
2019					
At 31 December 2018, as previously reported		400,310	1,789	(85,666)	316,433
Effects of MFRS 16 adoption	30	-	-	(9)	(9)
As at 1 January 2019, as restated		400,310	1,789	(85,675)	316,424
Net loss for the financial year		-	-	(114,270)	(114,270)
Other comprehensive expense:					
- Revaluation of financial assets at fair value through other comprehensive income		-	(1,784)	-	(1,784)
At 31 December 2019		400,310	5	(199,945)	200,370
2018					
As at 1 January 2018		400,310	1,789	(227,783)	174,316
Net profit and total comprehensive income for the financial year		-	-	142,117	142,117
At 31 December 2018		400,310	1,789	(85,666)	316,433

The notes on pages 12 to 91 form an integral part of these financial statements.

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THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit for the financial year:	(112,995)	142,762	(114,270)	142,117
Adjustments for:				
Property, plant and equipment:				
- depreciation	11,998	15,118	11,998	15,118
- loss/(gain) on disposals	293	(138,279)	293	(138,279)
- impairment loss	15,525	-	15,525	-
Depreciation of investment properties	1,274	1,274	899	899
Amortisation of intangible assets	233	499	233	499
Depreciation of ROU Assets	15,249	-	15,249	-
Gain on disposal of associate	-	(45,643)	-	(45,643)
Net loss on impairment of financial instruments				
- trade and other receivables	1,290	3,427	1,290	3,427
- amounts due from fellow subsidiaries	(274)	271	(274)	271
- amounts due from subsidiaries	-	-	3	13
Gain on disposal of non-current assets held for sale	(2,221)	(4,268)	(2,221)	(4,268)
Interest expense	5,326	2,314	5,326	2,314
Interest income	(12,032)	(538)	(12,032)	(538)
Taxation	(83)	(3,878)	-	(4,436)
Provision for termination benefits	35,046	-	35,046	-
	(41,371)	(26,941)	(42,935)	(28,506)
Changes in working capital:				
Inventories	12,079	12,197	12,079	12,197
Receivables	5,373	8,599	5,422	8,603
Trade and other payables	1,605	(21,543)	1,436	(21,553)
Ultimate holding company	37,287	(45,255)	37,287	(45,254)
Subsidiaries	-	-	1,955	1,227
Fellow subsidiaries	(13,006)	(9,096)	(13,032)	(9,115)
	1,967	(82,039)	2,212	(82,401)
Taxation refund	5,221	(116)	5,162	73
Taxation paid	(501)	-	-	-
Interest received	301	538	301	538
Net cash flows generated from/ (used in) operating activities	6,988	(81,617)	7,675	(81,790)

The notes on pages 12 to 91 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Property, plant and equipment:				
- Additions	(1,939)	(2,296)	(1,939)	(2,296)
- Proceeds from disposals	133	286,629*	133	286,629*
Purchase of intangible asset	(216)	-	(216)	-
Proceeds from disposal of investment in an associate	-	45,643	-	45,643
Proceeds from disposal of non-current assets held for sale	3,350	14,000	3,350	14,000
Loan to ultimate holding company	-	(204,120)*	-	(204,120)*
Net cash flows generated from investing activities	1,328	139,856	1,328	139,856
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	24,043	30,993	24,043	30,993
Repayment of bank borrowings	(23,524)	(47,727)	(23,524)	(47,727)
Repayment of lease financing	(12,037)	-	(12,037)	-
Repayment of loan from ultimate holding company	-	(43,000)*	-	(43,000)*
Interest paid	(4,961)	(2,314)	(4,961)	(2,314)
Net cash flows used in financing activities	(16,479)	(62,048)	(16,479)	(62,048)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(8,163)	(3,809)	(7,476)	(3,982)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	19,363	23,172	18,441	22,423
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 19)	11,200	19,363	10,965	18,441

* *The proceeds of the property, plant and equipment sale was used to settle a term loan of the ultimate holding company by way of direct payment by the purchaser. The proceeds due to the Company is used to settle amounts due to the ultimate holding company of RM43.0 million and to provide an intercompany loan to the ultimate holding company of RM204.1 million. Analysis of debt reconciliation is disclosed in Note 22 to the financial statements.*

The notes on pages 12 to 91 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1 PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Company and Group consist of the publishing and sale of newspapers and books, advertisements, provision of internet based online services, property management services and seminars arrangement.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The Directors regard Media Prima Berhad, a company incorporated in Malaysia, as the Company's ultimate holding company.

The address of the registered office and the principal place of business of the Company are as follows:

Balai Berita, Anjung Riong
No. 31, Jalan Riong
59100 Bangsar
Kuala Lumpur

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items that are considered material in relation to the financial statements, unless otherwise stated:

(a) Basis of preparation

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

The financial statements have been prepared under the historical cost convention, except as disclosed in this summary of significant accounting policies.

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

During the financial year ended 31 December 2019, the Group and Company incurred a net loss of RM113.0 million and RM114.3 million respectively. At that date, the Group and Company's current liabilities exceeded their current assets by RM98.7 million and RM100.1 million respectively. The preparation of the financial statements of the Group and Company as going concern is dependent on the financial support from its ultimate holding company. The ultimate holding company has given its undertaking to provide continuing financial support to the Group and Company to meet its liabilities as and when they fall due and to continue its business without significant curtailment of its operations.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(i) New standard, interpretation, improvements and amendments to published standards that are effective and applicable to the Group and Company.

The Group and Company have applied the following new standard, interpretation, improvements and amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Amendments to MFRS 128 on Long-term Interests in Associates and Joint Ventures
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The Group and Company has applied MFRS 16 with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 'Leases' and IFRIC Interpretation 4 'Determining whether an Arrangement Contains a Lease'.

As a lessor, the Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application.

In addition, the Group has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying MFRS 117 and IFRIC Interpretation 4.

The practical expedient and detailed impact of change in accounting policies are set out in Note 30.

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) Amendments to published standards that have been issued but not yet effective and applicable to the Group and Company.

A number of amendments to standards are effective for financial year beginning after 1 January 2020. None of these is expected to have a significant effect on the Group and Company.

• Amendments to Reference to the Conceptual Framework in MFRS Standards are to update the references and quotations in these Standards so as to clarify the version of the Conceptual Framework these Standards refer to.

The Revised Conceptual Framework for Financial Reporting comprises of a comprehensive set of concepts for financial reporting. It is built on the previous version issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful information are limited, but with improved wording to give more prominence to the importance of providing information needed to assess management's stewardship of the entity's economic resources.

Other improvements include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the following Standards are as follows:
- Amendment to MFRS 3
- Amendments to MFRS 101 'Presentation of Financial Statements' ('MFRS 101')
- Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors ('MFRS 108')
- Amendments to MFRS 134 'Interim Financial Reporting' ('MFRS 134')
- Amendment to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' ('MFRS 137')
- Amendment to MFRS 138 'Intangible Assets' ('MFRS 138')
- Amendment to IC Interpretation 19 'Extinguishing Financial Liabilities with Equity Instruments' ('IC 19')
- Amendment to IC 22
- Amendments to IC Interpretation 132 'Intangible Assets – Web Site Costs' ('IC 132')

The amendments are effective for annual periods beginning or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by Amendments to References to the Conceptual Framework in MFRS Standards.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

(ii) Amendments to published standards that have been issued but not yet effective and applicable to the Group and Company. (continued)

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

- Amendments to MFRS 101 and MFRS 108 on Definition of Material (effective 1 January 2020) refines the definition by including 'obscuring information' to address the issue of including immaterial information should not reduce the understand ability of a Company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

  The amendments also align the definition of material across MFRS Standards and other publications.

  These amendments shall be applied prospectively. Earlier application is permitted and should be disclosed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The existence and effect of potential voting rights are considered only when such rights are substantive when assessing control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statement of comprehensive income.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investment in subsidiaries.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured at its acquisition date fair value and the resulting gain or loss is recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(ii) Basis of consolidation (continued)

The excess of the consideration transferred, the amount of any Non-Controlling Interest ('NCI') in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the statement of comprehensive income.

NCI is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, NCI consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the NCI, even if the attribution of losses to the NCI results in a debit balance in the shareholders' equity.

(iii) Changes in ownership interest

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income ("OCI") in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners to the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Associates

Associates are those corporations, partnerships or other entities in which the Group has significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not the power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the statements of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates and unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses in associates are recognised in the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Associates (continued)

For incremental interest in an associate, the date of acquisition is the purchase date at each stage and goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. There is no "step up to fair value" of net assets previously acquired and the share of profits and equity movements for the previously acquired stake is recorded directly through equity.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(g) on impairment of non-financial assets.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the profit or loss.

(c) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of an investment, the difference between disposal proceeds and its carrying amount is recognised profit or loss.

The amounts due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2G on impairment of non-financial assets.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

Freehold land is not depreciated as it has an infinite life. Depreciation on assets under construction commences when the assets are ready for their intended use.

Other property, plant and equipment are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

• Buildings	20 to 50 years
• Plant and machinery	4 to 25 years
• Motor vehicles	5 years
• Furniture, computers and equipment	3 to 10 years

Leasehold land is amortised over the remaining period of the respective leases ranging from 50 and 99 years. From 1 January 2019, leased assets (including leasehold land) are presented as a separate line item in statement of financial position. See accounting policy Note 2(x) on right-of-use assets for these assets.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each financial position date.

At each financial position date, the Group and Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(g) on impairment of non-financial assets.

Gains or losses on disposals are determined by comparing proceeds with carrying amounts are included in statement of comprehensive income.

(e) Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs if the investment property meets the definition of qualifying asset.

After initial recognition, investment property is stated at cost less any accumulated depreciation and impairment losses. Investment property is depreciated on the straight line basis to allocate the cost to their residual values over their estimated useful lives of 20 to 99 years.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are included in statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets

Computer software

Costs that are directly associated with identifiable and unique software products controlled by the Company and that will probably generally economic benefits exceeding costs beyond one year, are recognised as intangible assets. Computer software recognised are amortised from the point at which asset is ready for use over their estimated useful lives, which does not exceed 3 years.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(g) on impairment of non-financial assets.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life, for example intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss and any subsequent increase in recoverable amount is recognised in statement of comprehensive income.

(h) Financial assets

(i) Classification

The Group and Company classify their financial assets in the following categories: at amortised cost ('AC'), and at fair value through other comprehensive income ('FVOCI'). The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and Company classify their financial assets as AC only if both of the following criteria are met:

(i) the asset is held within a business model whose objective is to collect the contractual cash flows; and
(ii) the contractual terms give rise to cash flows that are solely payments of principal and interest.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(i) Classification (continued)

Financial assets at FVOCI comprise:

(i) equity securities which are not held for trading, and which the Group and Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group and Company consider this classification to be more relevant; and

(ii) debt securities where the contractual cash flows are solely principal and interest and the objective of the Group and Company's business model is achieved both by collecting cash flows and selling financial assets.

For assets measured at fair value, gains and losses will be recorded in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and Company have made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group and Company reclassify debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

(a) Initial recognition

At initial recognition, the Group and Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in comprehensive income.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(iii) Measurement (continued)

(b) Subsequent measurement

- Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and Company classifies its debt instruments:

- AC: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at AC. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other operating income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statements of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(iii) Measurement (continued)

(b) Subsequent measurement (continued)

- Equity instruments

  The Group and Company subsequently measures all equity investments at fair value. Where the Group's and Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's and Company's right to receive payments is established.

  Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

Impairment for debt instruments

The Group and Company assess on a forward looking basis the expected credit loss ('ECL') associated with its debt instruments carried at AC and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company has the following financial instruments that are subject to the ECL model:

- Trade receivables
- Non-trade receivables
  - intercompany balances
  - deposits and other receivables

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(iv) Impairment (continued)

Impairment for debt instruments (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and Company expects to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for non-trade receivables

At each reporting date, the Group and Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables.

The Group and Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Significant increase in credit risk

The Group and Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if the financial asset is past due in making a contractual payment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(iv) Impairment (continued)

Definition of default and credit-impaired financial assets

The Group and Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria: The Group and Company define a financial instrument as default, when the counterparty fails to make contractual payment when they fall due.

- Qualitative criteria: The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and Company considers the following instances:
  - the debtor is in breach of financial covenants
  - concessions have been made by the lender relating to the debtors financial difficulty
  - it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
  - the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(a) Collective assessment

To measure ECL, trade receivables grouped based on shared credit risk characteristics of customer’s behaviour and the days past due.

(b) Individual assessment

Trade receivables and non-trade receivables, that are in default or credit-impaired are assessed individually.

Intercompany balances are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each related intercompany.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial assets (continued)

(v) Write-off

Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payment. Nevertheless, trade receivables that are written-off could still be subject to enforcement activities.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Non-trade receivables

The Group and Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(i) Financial liabilities

Financial liabilities are recognised initially at fair value plus or minus, any directly attributable transaction costs incurred at the acquisition or issuance of financial instrument.

Subsequent to initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the statements of comprehensive income. Net gains or losses on derivatives include exchange differences.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Trade and other payables

These amounts represents obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred with any difference between the initial fair value and proceeds (net of transaction costs) being charged to profit or loss at initial recognition. In subsequent periods, borrowings are stated at amortised cost using the effective interest method with the difference between the initial fair value and the redemption value is recognised in the profit or loss over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and Company has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

Cost comprises raw materials, direct labour, other direct costs and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

(m) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs.

The Group and Company holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See accounting policy Note 2(h) on impairment of financial assets.

(n) Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument are recognised directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the net profit for the financial year except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting date in the countries where Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets (including tax benefit from reinvestment allowances) are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the parent or investor and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provisions

Provisions are recognised when the Group and Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and Company expects a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

(r) Contingent liabilities and contingent assets

The Group and Company does not recognise contingent assets and liabilities other than those arising from business combinations, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and Company. The Group and Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of estimated returns, discounts, commissions, rebates and taxes. Discounts and rebates are measured using the most likely amount method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substances of the respective contact with the customer, revenue is recognised when the performance obligation is satisfied, which may be at point in time or over time.

The Group and Company does not expect any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group and Company does not adjust any of the transaction prices for the time value of money.

No element of financing is deemed present as the sales are made with a credit term of 0 to 120 days, which is consistent with market practice.

(i) Sale of products

Revenue from the sale of products includes the sale of newspapers, books and magazines.

Revenue from the sale of goods is recognised at a point in time when the control of the product is transferred to the customer.

It is the Group's policy to sell their products to the agents and vendors with a right of return. A contract liability (refund liability) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (continued)

(ii) Rendering of services and seminar services

Revenue from the rendering of services includes management services, social media digital content services, seminar services, advertising production services and subscription of online education portal and digital newspaper.

Revenue from rendering of services are recognised at a point in time upon the delivery of services or ready to be displayed except for subscription of online education portal and digital newspaper which are recognised over time as and when the services are rendered.

(iii) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(iv) Other revenue

Dividend income is recognised when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Rental income from rental of investment properties, and rental related services is recognised on a straight-line basis over the period of the lease or usage.

(t) Contract balances

Contract liabilities of the Group and Company represent advance receipts from customers on sales and services that have yet to be rendered or completed as at financial position date.

All other contract liabilities are expected to be recognised as revenue over the next 12 months.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits

(i) Short-term employee benefits

The Group and Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the net profit/(loss) for the financial year after certain adjustments. The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Wages, salaries, sick leave, paid annual leave, bonuses and non-monetary employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits - Defined contribution plan

A defined contribution plan is a pension plan under which the Group and Company pays fixed contributions into a separate entity (a fund) on a mandatory basis and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to the employee service in the current and prior periods.

The Group's and Company's contributions to defined contribution plans, including the national defined contribution plan, the Employees' Provident Fund ("EPF"), are charged to the profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits which are due more than 12 months after the financial position date are discounted to present value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the net profit for the financial year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within "finance income or cost". All other foreign exchange gains and losses are presented in profit or loss within other operating expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Non-current assets classified as held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

(x) Leases

The Group and Company leasing activities mainly comprise of office spaces, site rentals, advertising structures, studios, warehouses and other leased operating and office equipment. MFRS 16 replaces the guidance in MFRS 117 "Leases" ("MFRS 117") and resulted in changes in accounting policies and valuation of rental and lease contracts which were previously classified as operating leases, to the recognition of right-of-use (“ROU”) assets and corresponding lease liabilities.

<u>Accounting policies applied from 1 January 2019</u>

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(i) The Group and Company as a lessee

From 1 January 2019, leases are recognised as ROU asset and a corresponding liability at the date on which the leased asset is available for use by the Group and Company (i.e. the commencement date).

Lease term

In determining the lease term, the Group and Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and Company and affects whether the Group and Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The Group and Company applies the cost model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group and Company. Refer to accounting policy Note 2(e) on investment property.

The Group and Company present ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(i) The Group and Company as a lessee (continued)

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and Company under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Reassessment of lease liabilities

The Group and Company may be exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT and office equipment. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised as an expense in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

Accounting policies applied from 1 January 2019 (continued)

(ii) The Group and Company as a lessor

As a lessor, the Group and Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group and Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment. In addition, the Group and Company reviews regularly the estimated unguaranteed residual value.

(b) Operating leases

The Group classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

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

(iii) Sublease classification

Until the financial year ended 31 December 2018, when the Group was an intermediate lessor, the subleases were classified as finance or operating leases by reference to the underlying assets.

From 1 January 2019, when the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Leases (continued)

Accounting policies applied until 31 December 2018

(i) Accounting by lessee

(a) Finance lease

Leases of property, plant and equipment where the Group and Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance lease is charged to the statement of comprehensive income over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Initial direct costs incurred by the Group and Company in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

Property, plant and equipment acquired under finance leases are depreciated over the estimated useful lives of the assets. Where there is no reasonable certainty that the ownership will be transferred to the Group and Company, the asset is depreciated over the shorter of the lease term and its estimated useful life.

(b) Operating lease

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

(ii) Accounting by lessor

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) Assessment of impairment of non-financial assets

The Group and Company assesses impairment of the non-financial assets whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable (i.e. the carrying amount is more than the recoverable amount).

Recoverable amount of an asset is measured at the higher of the fair value less cost to sell ("FVLCS") for that asset and its value-in-use ("VIU"). The VIU is the net present value of the projected future cash flows derived from the cash generating units discounted at an appropriate discount rate. Projected future cash flows are estimates made based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. For recoverable amount that is based on FVLCS which include fair value of assets or properties, the Group engaged independent valuers to assess the fair value of the assets.

Projected future cash flows are based on Group's and Company's judgement in terms of assessing future uncertain parameters such as estimated revenue growth, operating costs, contribution margins, discount rates and other available information. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under the current circumstances.

(ii) Deferred tax assets

Deferred tax assets arose from unused tax losses, unabsorbed capital allowances and deductible temporary differences. Deferred tax assets were recognised to the extent that it is probable that future taxable profit will be available against which deferred tax asset can be utilised.

In evaluating whether it is probable that future taxable profits will be available in future periods, all available evidence was considered, including approved budgets and business plans, completed and planned restructuring exercises, continuous effective cost management initiatives and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iii) Measurement of ECL allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in Note 28.

(iv) Contingent liabilities

The Group and the Company has several pending legal cases which are disclosed in Note 25 to the financial statements. The Directors, based on legal advice, have taken certain positions as to whether there will be any future liabilities arising from these legal proceedings.

(v) Lease extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group and Company is typically reasonably certain to continue (or not to terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group and Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group and Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4 REVENUE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:				
Sale of products	63,669	74,648	63,669	74,648
Rendering of services	151,129	192,351	151,129	192,351
Seminar services	2,159	3,040	2,159	3,040
	216,957	270,039	216,957	270,039
Revenue from other sources:				
Rental income from investment properties	641	250	-	-
	217,598	270,289	216,957	270,039
Timing of revenue recognition:				
At point in time	216,377	269,411	216,377	269,411
Over time	580	628	580	628
Revenue from contracts with customers	216,957	270,039	216,957	270,039
Revenue from other sources	641	250	-	-
	217,598	270,289	216,957	270,039

5 FINANCE INCOME/(COSTS)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Finance income				
- from deposits	301	412	301	412
- from intercompany loan	11,731	126	11,731	126
	12,032	538	12,032	538
Finance costs				
- on borrowings	(274)	(391)	(274)	(391)
- on intercompany loans	(365)	(1,923)	(365)	(1,923)
- on lease liabilities	(4,687)	-	(4,687)	-
	(5,326)	(2,314)	(5,326)	(2,314)

6 (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):				
Auditors' remuneration	261	269	241	246
Tax service fee	76	69	46	42
Property, plant and equipment:				
- depreciation	11,998	15,118	11,998	15,118
- loss/(gain) on disposals	293	(138,279)	293	(138,279)
- impairment loss	15,525	-	15,525	-
Depreciation:				
- Investment properties	1,274	1,274	899	899
- ROU assets	15,249	-	15,249	-
Amortisation of intangible asset	233	499	233	499
Net loss on impairment of financial instruments:				
- trade and other receivables	1,290	3,427	1,290	3,427
- amounts due from fellow subsidiaries	(274)	271	(274)	271
- amounts due from subsidiaries	-	-	3	13
Expenses arising from leases:				
- short-term lease				
• Premises	154	-	1,636	-
- low-value asset				
• Office equipment	26	-	26	-
- rental expenses				
• Premises	-	247	-	2,105
• Office equipment	-	36	-	36
Gain on disposal of associate	-	(45,643)	-	(45,643)
Foreign exchange loss:				
- realised	918	17	918	17
Gain on disposal of non-current assets held for sale	(2,221)	(4,268)	(2,221)	(4,268)
Research and development costs	615	385	615	385
Staff costs (excluding Directors' Remuneration)				
- salaries, bonus and allowances	93,791	102,276	93,791	102,276
- termination benefits	35,046	-	35,046	-
- defined contribution plan	14,895	14,017	14,895	14,017
Rental income	(8,548)	(5,685)	(7,907)	(5,435)
Net income from sale of old newspaper and newsprint	(3,233)	(2,517)	(3,233)	(2,517)
Management fees charged by:				
- ultimate holding company	24,585	24,919	24,585	24,919
- a fellow subsidiary	11,173	9,630	11,173	9,630

7 DIRECTORS' REMUNERATION

	Group and Company	
	2019	2018
	RM'000	RM'000
Directors' fees	190	202
Salaries and bonus	706	914
Defined contribution plan	150	195
Other emoluments	1,147	192
	2,193	1,503
Estimated monetary value of benefits-in-kind	9	7

8 TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax:				
- Malaysian tax	224	(3,862)	-	(4,436)
Deferred tax (Note 15)	(307)	(16)	-	-
	(83)	(3,878)	-	(4,436)
Current tax				
Current financial year	314	387	-	-
Over accrual in prior financial years	(90)	(4,249)	-	(4,436)
	224	(3,862)	-	(4,436)
Deferred tax				
Origination and reversal of temporary differences	(307)	(16)	-	-
Tax credit	(83)	(3,878)	-	(4,436)

8 TAXATION (CONTINUED)

The explanation of the relationship between taxation and profit/(loss) before taxation is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(loss) before taxation	(113,078)	138,884	(114,270)	137,681
Tax calculated at the Malaysian tax rate of 24% (2018: 24%)	(27,139)	33,332	(27,425)	33,043
Tax effects of:				
- expenses not deductible for tax purposes	4,705	1,146	4,638	1,064
- income not subject to tax	(535)	(45,166)	(535)	(45,166)
- expenses eligible for double deduction	-	(291)	-	(291)
- over accrual in prior financial years	(436)	(4,249)	-	(4,436)
- deferred tax assets not recognised in respect of temporary differences, allowances and unused tax losses	23,322	11,350	23,322	11,350
Tax (credit)/expense	(83)	(3,878)	-	(4,436)

9 PROPERTY, PLANT AND EQUIPMENT

Group and Company	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, computers and equipment RM'000	Assets under construction RM'000	Total RM'000
Net book value								
2019								
At 1 January 2019	2,570	10,188	26,944	8,129	198	29,509	-	77,538
Effect of adoption of MFRS 16	-	(10,188)	-	-	-	-	-	(10,188)
At 1 January 2019, as restated	2,570	-	26,944	8,129	198	29,509	-	67,350
Additions	-	-	-	1,547	-	392	-	1,939
Disposals	-	-	-	(302)	(23)	(101)	-	(426)
Transfers from inventories	-	-	-	16,731	-	-	-	16,731
Impairment charge	-	-	-	(15,525)	-	-	-	(15,525)
Depreciation charge	-	-	(1,508)	(4,562)	(70)	(5,858)	-	(11,998)
Reclassification	-	-	-	4,634	54	(4,688)	-	-
At 31 December 2019	2,570	-	25,436	10,652	159	19,254	-	58,071

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, computers and equipment RM'000	Assets under construction RM'000	Total RM'000
Group and Company								
Net book value								
2018								
At 1 January 2018	84,740	10,516	89,614	11,590	274	36,518	5,373	238,625
Additions	-	-	-	770	-	612	914	2,296
Disposals	(82,170)	-	(57,363)	(6,919)	-	(1,898)	-	(148,350)
Reclassification	-	-	-	3,490	-	2,797	(6,287)	-
Transfer from non-current assets held for sale (Note 20)	-	85	-	-	-	-	-	85
Depreciation charge	-	(413)	(5,307)	(802)	(76)	(8,520)	-	(15,118)
At 31 December 2018	2,570	10,188	26,944	8,129	198	29,509	-	77,538

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, computers and equipment RM'000	Assets under construction RM'000	Total RM'000
Group								
2019								
Cost	2,570	-	64,195	561,591	5,010	115,819	-	749,185
Accumulated depreciation	-	-	(18,553)	(391,617)	(4,704)	(86,155)	-	(501,029)
Accumulated impairment	-	-	(20,206)	(159,322)	(147)	(10,410)	-	(190,085)
Net book value	2,570	-	25,436	10,652	159	19,254	-	58,071
2018								
Cost	2,570	14,965	97,788	445,101	6,965	262,960	-	830,349
Accumulated depreciation	-	(4,777)	(50,638)	(297,344)	(6,123)	(219,102)	-	(577,984)
Accumulated impairment	-	-	(20,206)	(139,628)	(644)	(14,349)	-	(174,827)
Net book value	2,570	10,188	26,944	8,129	198	29,509	-	77,538

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, computers and equipment RM'000	Assets under construction RM'000	Total RM'000
Company								
2019								
Cost	2,570	-	64,195	561,565	5,010	114,904	-	748,244
Accumulated depreciation	-	-	(18,553)	(391,591)	(4,704)	(85,240)	-	(500,088)
Accumulated impairment	-	-	(20,206)	(159,322)	(147)	(10,410)	-	(190,085)
Net book value	2,570	-	25,436	10,652	159	19,254	-	58,071
2018								
Cost	2,570	14,965	97,788	414,473	6,706	256,415	-	792,917
Accumulated depreciation	-	(4,777)	(50,638)	(266,716)	(5,864)	(212,824)	-	(540,819)
Accumulated impairment	-	-	(20,206)	(139,628)	(644)	(14,082)	-	(174,560)
Net book value	2,570	10,188	26,944	8,129	198	29,509	-	77,538

10 LEASES

ROU

	Leasehold land RM'000	Buildings RM'000	Total RM'000
Group and Company			
Cost			
Initial application as at 1 January 2019/ As at 31 December 2019	14,964	88,591	103,555
Accumulated depreciation			
Initial application as at 1 January 2019	4,776	232	5,008
Charge for the financial year	412	14,837	15,249
As at 31 December 2019	5,188	15,069	20,257
Net book value			
As at 1 January 2019	10,188	88,359	98,547
As at 31 December 2019	9,776	73,522	83,298

Lease liabilities

	Group and Company	
	31.12.2019 RM'000	1.1.2019 RM'000
Current	12,645	12,037
Non-current	63,687	76,332
	76,332	88,369

The detailed impact on adoption of MFRS 16 on 1 January 2019 is disclosed in Note 31.

Extension options and termination options

Extension and termination options are included in various leases across the Group and the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide the Group with greater flexibility to align its business strategy.

In cases in which the Group is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

Analysis of debt reconciliation is disclosed in Note 22 to the financial statements.

11 INVESTMENT PROPERTIES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net book value				
At 1 January	28,665	29,939	3,803	4,702
Depreciation charge	(1,274)	(1,274)	(899)	(899)
At 31 December	27,391	28,665	2,904	3,803
Cost	38,664	38,664	10,998	10,998
Accumulated depreciation	(11,273)	(9,999)	(8,094)	(7,195)
Net book value	27,391	28,665	2,904	3,803

The following amounts have been recognised in profit or loss in respect of investment properties:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Rental income for operating leases	641	250	-	-
Direct operating expenses incurred from investment properties that generate rental income	293	227	151	34
Direct operating expenses incurred from investment properties that did not generate rental income	33	34	-	-

11 INVESTMENT PROPERTIES (CONTINUED)

(a) Fair value of investment properties

The fair value of the properties based on valuations by an independent professional valuer during the financial year using the cost and comparison method is as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Investment properties	27,391	66,893	28,665	81,466
Company				
Investment properties	2,904	15,803	3,803	18,656

The fair value of the properties of the Group and Company has been determined based on inputs other than quoted prices included within active markets that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) which is within level 2 of the fair value hierarchy.

(b) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payables monthly. The Group and Company classify these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group and Company	
	2019	2018
	RM'000	RM'000
Within 3 months	209	205
Between 3 and 1 year	605	595
More than 1 year	731	130

12 SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	11,746	11,746
Less: Accumulated impairment losses	(7,915)	(7,915)
	3,831	3,831
Amount due from a subsidiary	11,245	13,203
	15,076	17,034

The Group's equity interests in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 29 to the financial statements.

The amount due from a subsidiary is unsecured, interest free and it is repayable on demand. The Directors consider the amount as part of the Company's investment in the subsidiary. See Note 28(b) for the impairment assessment in relation to the credit risk.

13 AMOUNTS DUE FROM / (TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, FELLOW SUBSIDIARIES AND ASSOCIATE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Amount due from ultimate holding company	203,994	203,994	203,994	203,994
Current assets				
Amounts due from subsidiaries	-	-	31,253	31,250
Less: Loss allowances	-	-	(31,253)	(31,250)
	-	-	-	-
Amounts due from fellow subsidiaries	2,745	6,444	2,745	6,444
Less: Loss allowances	-	(274)	-	(274)
	2,745	6,170	2,745	6,170
Amount due from ultimate holding company	-	126	-	126
Current liabilities				
Amounts due to subsidiaries	-	-	(2,014)	(2,014)
Amounts due to fellow subsidiaries	(2,856)	(4,222)	(2,361)	(3,727)
Intercompany loan from a fellow subsidiary	-	(15,000)	-	(15,000)
	(2,856)	(19,222)	(2,361)	(18,727)
Amount due to ultimate holding company	(30,913)	(5,483)	(30,913)	(5,483)

The current portion of amounts due from/(to) ultimate holding company, subsidiaries and fellow subsidiaries are denominated in Ringgit Malaysia, unsecured and repayable on demand.

On 28 December 2018, the Company provided a RM204.0 million unsecured loan to the ultimate holding company. The loan will mature on 28 December 2023 and is repayable in entirety on its maturity date. The effective interest rate of the term loan is 5.62% per annum.

The movement on loss allowance for amount due from ultimate holding company, subsidiaries and fellow subsidiaries is detailed in Note 28.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group and Company	
	2019	2018
	RM'000	RM'000
Club memberships	688	2,472

The Group have irrevocably elected the non-trading equity securities above to present its fair value changes in OCI. The Group considers this classification to be more relevant as these instruments not held for trading purposes.

	Group and Company	
	2019	2018
	RM'000	RM'000
Tropicana Golf & Country Resort	440	1,908
Saujana Resort (M) Berhad	248	564

15 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities				
- To be settled within 12 months	-	(20)	-	-
- To be settled after more than 12 months	(426)	(713)	-	-
	(426)	(733)	-	-

15 DEFERRED TAXATION (CONTINUED)

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position: (continued)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	(733)	(749)	-	-
(Charged)/credited to profit or loss (Note 8):				
- property, plant and equipment	(9,007)	16	(9,284)	-
- other payables and provisions	10,986	-	10,956	-
- ROU assets	(19,992)	-	(19,992)	-
- lease liabilities	18,320	-	18,320	-
- unused tax losses	-	-	-	
	307	16	-	-
At 31 December	(426)	(733)	-	-
Deferred tax assets				
Provision	10,986	-	10,956	-
Property, plant and equipment	-	1,908	-	1,854
Lease liabilities	18,320	-	18,320	-
	29,306	1,908	29,276	1,854
Offsetting	(29,306)	(1,908)	(29,276)	(1,854)
After offsetting	-	-	-	-
Deferred tax liabilities				
Property, plant and equipment	(9,740)	(2,641)	(9,284)	(1,854)
ROU assets	(19,992)	-	(19,992)	-
	(29,732)	(2,641)	(29,276)	(1,854)
Offsetting	29,306	1,908	29,276	1,854
After offsetting	(426)	(733)	-	-

15 DEFERRED TAXATION (CONTINUED)

The amount of allowances, deductible temporary differences and unused tax losses (which have 7 years of expiry period) for which no deferred tax asset is recognised in the statements of financial position is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unused tax losses	185,242	110,874	143,160	68,792
Unabsorbed capital allowance	10,183	1,390	8,793	-
Reinvestment allowance	238,434	238,299	238,434	238,299
Deductible temporary differences	17,025	3,145	17,025	3,145
	450,884	353,708	407,412	310,236
Deferred tax assets not recognised at 24% (2018: 24%)	108,212	84,890	97,779	74,457

No deferred tax assets are recognised from the above due to uncertainty of their recoverability. The unutilised business losses arising from a year of assessment ("YA") are allowed to only be carried forward for utilisation up to 7 consecutive YAs from that YA. In addition, any accumulated unabsorbed business losses brought forward from YA 2018 can only be utilised until YA 2025. While the unabsorbed capital allowances do not expire under the current tax legislation. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

16 INTANGIBLE ASSETS

	Group and Company	
	2019	2018
	RM'000	RM'000
Computer software		
At 1 January	167	666
Additions	216	-
Amortisation charge	(233)	(499)
At 31 December	150	167
Cost	1,714	1,498
Accumulated amortisation	(1,564)	(1,331)
Net book value	150	167

17 INVENTORIES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Raw materials	5,047	33,839	5,047	33,857

Cost of inventories charged as cost of sales of the Group and Company during the financial year amounted to RM39.0 million (2018: RM48.3 million).

18 RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	82,791	86,265	77,305	80,785
Amount due from related party	1,179	-	1,179	-
Less: Loss allowance	(47,286)	(45,996)	(41,812)	(40,522)
	36,684	40,269	36,672	40,263
Other receivables	8,898	11,382	8,774	11,258
Less: Loss allowance	(239)	(239)	(115)	(115)
	8,659	11,143	8,659	11,143
Deposits	3,013	3,594	2,967	3,548
Prepayments	826	842	786	841
	12,498	15,579	12,412	15,532
	49,182	55,848	49,084	55,795

Credit terms of trade receivables and amount due from related party range from 0 to 120 days (2018: 0 to 120 days). Analysis of the credit risk and receivables are disclosed in Note 28(b).

19 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	9,960	10,916	9,960	10,916
Cash and bank balances	1,240	8,447	1,005	7,525
	11,200	19,363	10,965	18,441

The interest rates for the deposits ranged from 3.00% to 3.25% (2018: 2.90% to 3.25%) per annum for the Group and Company.

Deposits of the Group and Company at the end of the reporting period has maturity period of 1 day (2018: 1 day). Bank balances are deposits held at call with banks and earn no interest.

20 NON-CURRENT ASSETS HELD FOR SALE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net book value				
At 1 January	1,129	10,946	1,129	10,946
Transfer to property, plant and equipment (Note 9)	-	(85)	-	(85)
Disposals	(1,129)	(9,732)	(1,129)	(9,732)
At 31 December	-	1,129	-	1,129

During the financial year, properties of the Group and Company with carrying values of RM1.1 million (2018: RM9.7 million) were disposed for a total consideration of RM3.3 million (2018: RM14.0 million), giving rise to gain on disposal of RM2.2 million (2018: RM4.3 million).

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	12,534	11,673	12,534	11,673
Accrued expenses (Note c)	80,446	20,767	80,369	20,670
Other payables	6,841	8,048	6,511	7,947
Provision for termination benefits (Note a)	8,762	33,016	8,762	33,016
Contract liabilities (Note b)	7,168	5,556	7,168	5,556
	115,751	79,060	115,344	78,862

Credit terms of trade payables normally range from no credit to 90 days (2018: 90 days)

(a) Provision for termination benefits

The provision for termination benefits relates to provision in respect of manpower rationalisation arising from exercise undertaken by management to rescale operations across the Group and Company. The provision is expected to be utilised within the next twelve months.

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	33,016	42,132	33,016	42,132
Charge for the financial year	36,036	-	36,036	-
Utilisation	(990)	(9,116)	(990)	(9,116)
Reclassification to accrued expense	(59,300)	-	(59,300)	-
At 31 December	8,762	33,016	8,762	33,016

21 TRADE AND OTHER PAYABLES (CONTINUED)

(b) Contract liabilities

Contract liabilities are in relation to advance receipts from customers and provision for product returns, previously presented as deferred income and accrued expenses respectively. The services are expected to be rendered to the customers within the next twelve months.

Movement of contract liabilities during the year were as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January	5,556	9,394	5,556	9,394
Contract liabilities including revenue (net) recognised during the financial year	7,168	5,556	7,168	5,556
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(5,556)	(9,394)	(5,556)	(9,394)
At 31 December	7,168	5,556	7,168	5,556

(c) Accrued expenses

Included in accrued expenses of the Group and Company is termination benefits in relation to employees that were identified and confirmed amounted to RM59.3million. Accruals for termination benefits were expected to be settled within the next twelve months.

22 BORROWINGS

	Group and Company	
	2019	2018
	RM'000	RM'000
Bankers' acceptance	4,688	4,169

During the financial year, the Group and Company had a bankers' acceptance facility with a term of 3 months. The facility's effective interest rate is 3.78% (2018: 4.07%) per annum and is repayable in entirety on its maturity date.

Credit facilities as at 31 December 2019 available to the Group and Company amounts to RM13.8 million (2018: RM40.3 million).

22 BORROWINGS (CONTINUED)

The table below details changes in the Group's and the Company's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Company's statement of cash flows as cash flows from financing activities.

			Non-cash movement		
	At 1 January 2019	Cash flows	Accretion of interest	Others*	At 31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Company					
Borrowings	4,169	245	274	-	4,688
Loan due to fellow subsidiary	15,000	-	365	(15,365)	-
Lease liabilities	88,369	(16,724)	4,687	-	76,332
	107,538	(16,479)	5,326	(15,365)	81,020

			Non-cash movement		
	At 1 January 2018	Cash flows	Accretion of interest	Others	At 31 December 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Group and Company					
Borrowings	20,903	(17,125)	391	-	4,169
Loan due to fellow subsidiary	15,000	(487)	487	-	15,000
Loan due to ultimate holding	43,000	(44,436)	1,436	-	-
	78,903	(62,048)	2,314	-	19,169

* Settlement of loan via non-cash transactions as disclosed in Note 26.

23 SHARE CAPITAL AND OTHER RESERVES (CONTINUED)

	Group and Company			
		2019		2018
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Ordinary shares				
Issued and fully paid				
At 1 January/31 December	217,228	400,310	217,228	400,310

Other reserves

The other reserves comprises the cumulative net change in the fair value of financial assets designated at FVOCI until the assets are derecognised or impaired.

	Group and Company Financial assets at FVOCI reserve RM'000
At 1 January 2019	1,789
Revaluation of financial assets at FVOCI	(1,784)
At 31 December 2019	5

24 COMMITMENTS

(a) Capital commitments

	Group and Company	
	2019 RM'000	2018 RM'000
Property, plant and equipment: - approved by the Directors but not contracted	15,340	8,614

24 COMMITMENTS (CONTINUED)

(b) Operating lease commitments – as lessee

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group and Company
	2018
	RM'000
- Not later than one year	16,949
- Later than one year and not later than five years	69,161
- Later than five years	17,961
	104,071

The Group and Company leases premises for the use of offices and printing plant under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

In the previous financial year, the Group and Company recognised operating lease payments of RM2.1 million as expenses.

From 1 January 2019, the Group and Company has recognised ROU for these leases except for short term and low-value leases, see Note 10 and 31 for further information.

25 CONTINGENT LIABILITIES

The Group is a defendant in 13 (2018: 11) legal suits with contingent liabilities amounting to approximately RM4.6 million (2018: RM3.6 million) as at 31 December 2019. Of the 13 legal suits, 12 (2018: 9) suits are for alleged defamation, 1 (2018: 2) suit is for breach of contract.

In relation to the defamation suits against the Group, these have emanated exclusively from its extensive reporting of news and events. As the purveyor of news and information, the Group faces the threat of legal suits on a daily and an ongoing basis. The law does not restrict anyone from filing a suit against another regardless of motive, objective and amount. Even practising the highest standard of reporting and journalism will not avoid the risk of legal suits for the simple reason that people will sue if they perceive that they have been wronged. Hence, having regard to the array of legal defences available to a media company, simply having a legal suit filed against it does not necessarily nor automatically translate into a liability for the Group, whether contingent or otherwise. Furthermore, it is noted that regardless of amount claimed, the current trend of award for defamation suits once liability is determined by the Courts is between RM50,000 to RM300,000. In addition, for the defamation suits against it, the Group already has in place insurance coverage against damages, if any, awarded against it.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at 31 December 2019 as the Directors are of the opinion that most of the claims have no sustainable merit. The Directors do not therefore expect the outcome of the legal suits against the Group to have a material impact on the financial position of the Group.

26 SIGNIFICANT RELATED PARTY DISCLOSURES

The related parties of, and the relationship with the Group and Company, are as follows:

Related parties	Relationship
Media Prima Berhad ("MPB")	Ultimate holding company
Subsidiaries (Note 29(a))	Subsidiaries
Sistem Televisyen Malaysia Berhad ("STMB")	Fellow subsidiary
Big Tree Outdoor Sdn. Bhd. ("BTO")	Fellow subsidiary
Media Prima Digital Sdn. Bhd. ("MPD")	Fellow subsidiary
One FM Radio Sdn. Bhd. ("One FM")	Fellow subsidiary
Primeworks Studios Sdn Bhd ("PWS")	Fellow subsidiary
Rev Asia Holdings Sdn Bhd ("RAHSB")	Fellow subsidiary
Synchrosound Studio Sdn Bhd ("HotFM")	Fellow subsidiary
Big Tree Outdoor Sdn Bhd ("BTO")	Fellow subsidiary
Honda (Malaysia) Sdn Bhd ("Honda")	Related by virtue of a common major shareholder^ of both Honda and the Company
TMR Media Sdn Bhd ("TMR")	Related by virtue of a common major shareholder^ of both TMR and the Company
Percetakan Nasional Malaysia Berhad ("PNMB")	Related by virtue of a common major shareholder^ of both PNMB and the Company
Telekom Malaysia Berhad ("TM")	Related by virtue of a common director of both TM and the Company

^ The relationship to the major shareholder was considered as significant beginning 2 July 2019. This was the date the major shareholder first acquired a significant block of shares of the ultimate holding company.

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the significant related party transactions which were carried out based on terms and conditions agreed by the parties during the current financial year and the previous financial year:

Significant related party transactions:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Management fees charged by:				
- ultimate holding company	(24,585)	(24,919)	(24,585)	(24,919)
- a fellow subsidiary	(11,173)	(9,630)	(11,173)	(9,630)
Media related solution charged to:				
- Honda	604	-	604	-
- TM	1,170	-	1,170	-
Provision of transmitter, internet and telephone charged by TM	(1,111)	-	(1,111)	-
Provision of printing and distribution services charged to:				
- TMR	370	-	370	-
- PNMB	1,030	-	1,030	-
Sale of advertisements to STMB	923	545	923	545
Interest on advances from a fellow subsidiary	(365)	(488)	(365)	(488)
Rental expense charged by a subsidiary	-	-	(1,482)	(1,858)
Rental income charged by a subsidiary to a fellow subsidiary	133	128	-	-
Rental income charged to MPB	3,551	5,013	3,551	5,013
Transfer of tax credit from STMB	-	2,291	-	-
Digital advertisement charged from MPD	(130)	(469)	(130)	(469)
Advertisement and promotion expenses charged from BTO	-	(424)	-	(424)
Intercompany loans:				
- Disbursement to MPB	-	(204,120)	-	(204,120)
- Repayment to MPB	-	(43,000)	-	(43,000)
- Interest on loan from MPB	-	(1,436)	-	(1,436)
- Interest on loan to MPB	11,731	-	11,731	-
Settlement of intercompany balances to MPB	(10,078)	-	(10,078)	-
Settlement of intercompany balances from/(to) related companies:				
- STMB	(12,959)	-	(12,959)	-
- MPD	4,070	-	4,070	-
- Hot FM	17,502	-	17,502	-
- One FM	346	-	346	-
- RAHSB	1,301	-	1,301	-
- PWS	(27,542)	-	(27,542)	-
- BTO	(155)	-	(155)	-

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party balances:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amount due from related party:				
- PNMB	1,030	-	1,030	-
Amount due from/(to):				
- MPB	(30,912)	(5,483)	(30,912)	(5,483)
- One FM	(306)	(1,990)	(306)	(1,990)
- STMB	2,601	5,298	2,601	5,298
- MPD	(2,348)	377	(1,853)	872
- NST Properties	-	-	11,245	13,203
- NST	-	-	1,007	1,007
- BH	-	-	1,007	1,007
Intercompany loans (from)/to:				
- MPB	203,994	204,120	203,994	204,120
- One FM	-	(15,000)	-	(15,000)

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Key management personnel of the Company are the Executive Directors, Non-Executive Directors and the senior management of the Company. Key management compensation was as follows:

	Group and Company	
	2019	2018
	RM'000	RM'000
Basic salary and bonuses	2,373	1,250
Fees and other allowances	312	158
Defined contribution plan	85	269
Benefits-in-kind	2	14
	2,772	1,691

27 FINANCIAL INSTRUMENTS BY CATEGORY

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

	Amortised cost	Financial assets at FVOCI	Total
	RM'000	RM'000	RM'000
2019			
Financial assets			
Group			
Financial assets at FVOCI	-	688	688
Receivables excluding prepayments	48,356	-	48,356
Deposits, bank and cash balances	11,200	-	11,200
Amount due from ultimate holding company	203,994	-	203,994
Amount due from fellow subsidiaries	2,745	-	2,745
Total	266,295	688	266,983
Company			
Amount due from a subsidiary	11,245	-	11,245
Financial assets at FVOCI	-	688	688
Receivables excluding prepayments	48,298	-	48,298
Deposits, bank and cash balances	10,965	-	10,965
Amount due from ultimate holding company	203,994	-	203,994
Amount due from fellow subsidiaries	2,745	-	2,745
Total	277,247	688	277,935

27 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

	Amortised cost	Financial assets at FVOCI	Total
	RM'000	RM'000	RM'000
2018			
Financial assets			
Group			
Financial assets at FVOCI	-	2,472	2,472
Receivables excluding prepayments	55,006	-	55,006
Deposits, bank and cash balances	19,363	-	19,363
Amount due from ultimate holding company	204,120	-	204,120
Amount due from fellow subsidiaries	6,170	-	6,170
Total	284,659	2,472	287,131
Company			
Amount due from a subsidiary	13,203	-	13,203
Financial assets at FVOCI	-	2,472	2,472
Receivables excluding prepayments	54,954	-	54,954
Deposits, bank and cash balances	18,441	-	18,441
Amount due from ultimate holding company	204,120	-	204,120
Amount due from fellow subsidiaries	6,170	-	6,170
Total	296,888	2,472	299,360

27 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

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

Other financial liabilities at amortised cost

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade and other payables excluding statutory liabilities, provisions and contract liabilities	95,278	35,457	94,870	35,259
Amount due to ultimate holding company	30,913	5,483	30,913	5,483
Amounts due to subsidiaries	-	-	2,014	2,014
Amount due to fellow subsidiaries	2,856	19,222	2,361	18,727
Lease liabilities	76,332	-	76,332	-
Borrowings	4,688	4,169	4,688	4,169
Total	210,067	64,331	211,178	65,652

28 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures, where required.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, price risk, interest rate risk, credit risk and investment of excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into currencies other than Ringgit Malaysia.

The exposure of the Group to currency fluctuations is minimal. The Group does not enter into any financial instruments to hedge movements in foreign currency exchange unless the risk is deemed to be significant.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as financial assets at fair value through other comprehensive income. No financial instruments or derivatives have been employed to hedge this risk as the risk is deemed to be insignificant.

(iii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from the Group's borrowings from licensed banks and loan to ultimate holding company.

The Group does not enter into any financial instruments to hedge movements in interest rate unless the risk is deemed to be significant.

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk arises from deposits with banks and financial institutions, financial assets carried at amortised cost and at fair value through other comprehensive income (FVOCI).

Trade receivables

Credit risk for trade receivables is managed by analysing the credit risk for each of the Group and Company's new clients before standard payment and delivery terms and conditions are offered. The exposure to credit risk is monitored on an ongoing basis.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position. The Group and Company holds bank guarantees and deposits placed by customers as collateral to reduce its credit risk.

The Group and Company has no significant concentration of credit risk as it trades with large number of customers. Due to these factors, the Group and Company believes that no additional credit risk beyond amounts allowed for collection losses is inherent in the Group and Company's trade receivables.

The Group and Company applies MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 1 year before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and Company has identified Malaysian Consumer Price Index ("MACPI") and inflation as the most relevant factor, and accordingly, adjust the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and Company, and a failure to make contractual payments. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

On that basis, the loss allowance was determined as follows for trade receivables:

	Gross RM'000	Average expected loss rate %	Collective impairment RM'000	Net RM'000
2019				
Group				
Not past due	23,806	2.8	661	23,145
Past due 1-3 months	13,958	14.8	2,068	11,890
Past due 4-6 months	1,933	43.9	849	1,084
Past due 7-12 months	4,226	86.6	3,661	565
Past due more than 12 months	40,047	100.0	40,047	-
	83,970		47,286	36,684
Company				
Not past due	23,800	2.8	661	23,139
Past due 1-3 months	13,958	14.8	2,068	11,890
Past due 4-6 months	1,932	43.9	849	1,083
Past due 7-12 months	4,221	86.7	3,661	560
Past due more than 12 months	34,573	100.0	34,573	-
	78,484		41,812	36,672

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Trade receivables (continued)

On that basis, the loss allowance was determined as follows for trade receivables: (continued)

	Gross RM'000	Average expected loss rate %	Collective impairment RM'000	Net RM'000
2018				
Group				
Not past due	26,698	2.9	726	25,972
Past due 1-3 months	11,019	14.3	1,574	9,445
Past due 4-6 months	4,578	43.4	1,986	2,592
Past due 7-12 months	32,027	93.3	29,896	2,131
Past due more than 12 months	11,943	98.1	11,814	129
	86,265		45,996	40,269
Company				
Not past due	26,697	2.9	726	25,971
Past due 1-3 months	11,019	14.3	1,574	9,445
Past due 4-6 months	4,578	43.4	1,986	2,592
Past due 7-12 months	32,027	93.3	29,896	2,131
Past due more than 12 months	6,464	98.1	6,340	124
	80,785		40,522	40,263

The closing allowances for trade receivables reconcile to the opening loss allowances as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	45,996	42,569	40,522	37,096
Increase in loss allowance	1,290	3,427	1,290	3,426
At 31 December	47,286	45,996	41,812	40,522

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables

Credit risk for deposits and other receivables are mainly arising from rental deposits and staff advances. The Group and Company manages the credit risk of rental deposits together with the specific leasing arrangements. Staff advances have low credit risks as these are mostly provided to existing staffs. These are managed on a monthly basis.

Deposits and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments or refunds. Nevertheless, deposits and other receivables that are written off could still be subject to enforcement activities.

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

Deposits and other receivables provided are not secured by any collateral or supported by any other credit enhancements.

The Group and Company use the three stages approach for deposits and other receivables which reflect their credit risk and how the loss allowances are determined for each of those stages. The Group and Company determine the probability of default for these deposits and other receivables considering historical data and macroeconomic information (such as market interest rates). Refer to Note 2(h)(iv) for accounting policy on impairment on financial assets.

Internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of ECL provision)
			RM'000	RM'000	RM'000
Group					
2019					
Performing	0%	12 month ECL	11,672	-	11,672
Non-performing	100%	Lifetime ECL	239	(239)	-
Total			11,911	(239)	11,672
2018					
Performing	0%	12 month ECL	14,737	-	14,737
Non-performing	100%	Lifetime ECL	239	(239)	-
Total			14,976	(239)	14,737

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Deposits and other receivables (continued)

Internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of ECL provision)
Company					
2019					
Performing	0%	12 month ECL	11,626	-	11,626
Non-performing	100%	Lifetime ECL	115	(115)	-
Total			11,741	(115)	11,626
2018					
Performing	0%	12 month ECL	14,691	-	14,691
Non-performing	100%	Lifetime ECL	115	(115)	-
Total			14,806	(115)	14,691

The closing allowances for deposits and other receivables reconcile to the opening loss allowances as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December	239	239	115	115

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from intercompanies

The Group and Company has intercompany transaction with subsidiaries and fellow subsidiaries. The Group and Company monitors the results of the other companies regularly. As at the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

The Group and Company use the three stages approach for amounts due from subsidiaries and fellow subsidiaries which reflect their credit risk and how the loss allowances are determined for each of those stages. The Company determines the probability of default for these amounts individually using internal information available. Refer to Note 2(h)(iv) for accounting policy on impairment on financial assets.

The Group and Company monitors the results of the related company regularly. As at 31 December 2019, there was no indication that the intercompany receivables are not recoverable. As such, the Group and Company did not recognise any allowance for impairment as the impact is immaterial.

Amounts due from ultimate holding company

The following table contains an analysis of the credit risk exposure of amount due from ultimate holding company for which an ECL allowance is recognised. The gross carrying amount of amount due from ultimate holding company disclosed below also represents the Group and Company's maximum exposure to credit risk on these assets:

Group and Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default	Loss allowance	Carrying amount (net of ECL provision)
			RM'000	RM'000	RM'000
2019					
Performing	0%	12 month ECL	203,994	-	203,994
2018					
Performing	0%	12 month ECL	204,120	-	204,120

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from fellow subsidiaries

Group and Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
2019					
Performing	0%	12 month ECL	2,745	-	2,745
2018					
Performing	0%	12 month ECL	5,298	-	5,298
Under performing	0%	Lifetime ECL	1,146	(274)	872
Total			6,444	(274)	6,170

Amounts due from fellow subsidiaries

The loss allowance for amount due from fellow subsidiaries reconciles to the opening loss allowance as follows:

2019

Group and Company	Under-performing RM'000
At 1 January 2019	274
Loss allowance reversed	(274)
At 31 December 2019	-

2018

Group and Company	Under-performing RM'000
At 1 January 2018	2
Loss allowance recognised	272
At 31 December 2018	274

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from subsidiaries

The following table contains an analysis of the credit risk exposure of amounts due from subsidiaries for which an ECL allowance is recognised. The gross carrying amount of amounts due from subsidiaries disclosed below also represents the Company's maximum exposure to credit risk on these assets:

Company internal credit rating	ECL rate	Basis for recognition of ECL provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of ECL provision) RM'000
2019					
Performing	0%	12 month ECL	11,245	-	11,245
Non-performing	100%	Lifetime ECL	31,253	(31,253)	-
Total			42,498	(31,253)	11,245
2018					
Performing	0%	12 month ECL	13,203	-	13,203
Non-performing	100%	Lifetime ECL	31,250	(31,250)	-
Total			44,453	(31,250)	13,203

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Amounts due from subsidiaries (continued)

The loss allowance for amount due from subsidiaries reconciles to the opening loss allowance as follows:

2019

Group and Company	Non-performing RM'000	Total RM'000
At 1 January 2019	31,250	31,250
Loss allowance recognised	3	3
At 31 December 2019	31,253	31,253

2018

Group and Company	Non-performing RM'000	Total RM'000
At 1 January 2018	31,237	31,237
Loss allowance recognised	13	13
At 31 December 2018	31,250	31,250

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Cash and cash equivalents

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk arising from is represented by the carrying amounts in the statement of financial position.

For banks and financial institutions, only independently rated parties with a minimum rating of “A” are accepted. The Group seeks to invest cash assets safely and profitably. The Group and Company considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely as these financial institutions have low credit risks. In addition, the company has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institution in Malaysia. As such, the Group and Company did not recognise any allowance for impairment as the impact is immaterial.

(c) Liquidity risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Group’s and the Company’s non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statements of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	1 – 2 years	2-3 years	More than 3 years	Total
	RM’000	RM’000	RM’000	RM’000	RM’000
Group					
2019					
Trade and other payables excluding statutory liabilities and contract liabilities	95,278	-	-		95,278
Amounts due to fellow subsidiaries	2,856	-	-	-	2,856
Amount due to ultimate holding company	30,913	-	-	-	30,913
Borrowings	4,688	-	-	-	4,688
Lease liabilities	12,645	13,347	15,827	34,512	76,332

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year RM'000	1 – 2 years RM'000	2-3 years RM'000	3-4 years RM'000	Total RM'000
Group					
2018					
Trade and other payables excluding statutory and contract liabilities	35,457	-	-		35,457
Amounts due to fellow subsidiaries	19,222	-	-		19,222
Amount due to ultimate holding company	5,483	-	-		5,483
Borrowings	4,169	-	-		4,169
Company					
2019					
Trade and other payables excluding statutory and contract liabilities	94,870	-	-	-	94,870
Amounts due to subsidiaries	2,014	-	-	-	2,014
Amounts due to fellow Subsidiaries	2,361	-	-	-	2,361
Amount due to ultimate holding company	30,913	-	-	-	30,913
Borrowings	4,688	-	-	-	4,688
Lease liabilities	12,645	13,347	15,827	34,512	76,332
2018					
Trade and other payables excluding statutory and contract liabilities	35,259	-	-	-	35,259
Amounts due to subsidiaries	2,014	-	-	-	2,014
Amounts due to fellow subsidiaries	18,727	-	-	-	18,727
Amount due to ultimate holding company	5,483	-	-		5,483
Borrowings	4,169	-	-		4,169

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For the purposes of sustaining or changing the capital structure, the Group may adjust the amount of dividends paid to shareholders of the Company.

The Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total equity. Debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position). Total equity is calculated as "equity" as shown in the consolidated statement of financial position.

The Group's and the Company's strategy was to maintain the gearing ratio within the limits allowed by covenants.

The Group and Company have complied with the capital requirements imposed by their borrowings as at financial year end.

The gearing ratios are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Total borrowings (Note 22)	4,688	4,169	4,688	4,169
Total equity	210,822	325,610	200,370	316,433
Total capital	215,510	329,779	205,058	320,602
Gearing ratio	2%	1%	2%	1%

29 SUBSIDIARIES AND ASSOCIATES

The Group's equity interests in subsidiaries and associates, their respective principal activities and countries of incorporation are as follows:

(a) Subsidiaries

Name of company	Principal activities	Country of incorporation	Group's interest 2019 %	Group's interest 2018 %
Print Towers Sdn. Bhd. (formerly known as Berita Harian Sdn. Berhad (BH))	Dormant	Malaysia	100	100
Business Times (Malaysia) Sdn. Bhd.	Dormant	Malaysia	100	100
Marican Sdn. Bhd.	Dormant	Malaysia	92.5	92.5
New Straits Times Sdn. Bhd. (NST)	Dormant	Malaysia	100	100
NSTP e-Media Sdn. Bhd.	Internet based online services	Malaysia	100	100
Shin Min Publishing (Malaysia) Sdn. Bhd.	Dormant	Malaysia	89.6	89.6
The New Straits Times Properties Sdn. Bhd.	Property management services	Malaysia	100	100

(b) Associate

Name of company	Principal activities	Country of incorporation	Group's interest 2019 %	Group's interest 2018 %
Asia Magazines Limited	Dormant	Hong Kong	29	29

30 FAIR VALUE

(a) Fair value

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

The fair values of long term financial liabilities categorised as level 2 in the fair value hierarchy, together with the carrying amounts shown in the statement of financial position, are as follows:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Lease liabilities	63,687	63,687	-	-
Company				
Lease liabilities	63,687	63,687	-	-
Amount due to a fellow subsidiary	-	-	15,000	15,000

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value

Group

	Level 2	
	2019	2018
	RM'000	RM'000
Financial asset		
Financial assets at FVOCI	688	2,472

31 CHANGES IN ACCOUNTING POLICIES

(a) MFRS 16 Leases

The Group and Company have adopted MFRS 16 Leases retrospectively from 1 January 2019, but have not restated comparatives for the 2018 financial year, as permitted under the transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.

As a lessor, the Group and Company are not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application.

On adoption of MFRS 16, the Group and Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The associated right-of-use ("ROU") assets were measured on a retrospective basis as if the new requirements has always been applied.

In applying MFRS 16 for the first time, other than those mentioned in other notes in the financial statements, the Group and Company has applied the following practical expedients permitted by the Standard to leases previously classified as operating leases under MFRS 117:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

31 CHANGES IN ACCOUNTING POLICIES

(a) MFRS 16 Leases (continued)

The Group and Company as a lessor

As a lessor, the Group and Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group and Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2(h) on impairment of financial assets). In addition, the Group and Company reviews regularly the estimated unguaranteed residual value.

(b) Operating leases

The Group and Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

31 CHANGES IN ACCOUNTING POLICIES

(a) MFRS 16 Leases (continued)

(i) Adjustment as at 1 January 2019

As at 1 January 2019, the change in accounting policies has affected the following items:

	Previously reported as at 31.12.2018 RM'000	Effect of adoption of MFRS 16 RM'000	Restated as at 1.1.2019 RM'000
Group			
Reconciliation of consolidated statement of financial position:			
Non-current assets			
Property, plant and equipment	77,538	(10,188)	67,350
Right-of-use-assets	-	98,547	98,547
Non current liabilities			
Lease liabilities	-	63,687	63,687
Equity attributable to owners of the Company			
Accumulated losses	325,610	(9)	325,601
Company			
Reconciliation of consolidated statement of financial position:			
Non-current assets			
Property, plant and equipment	77,538	(10,188)	67,350
Right-of-use-assets	-	98,547	98,547
Non current liabilities			
Lease liabilities	-	63,687	63,687
Equity attributable to owners of the Company			
Accumulated losses	316,433	(9)	316,424

31 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) MFRS 16 Leases (continued)

Reconciliation from operating lease commitments:

	Group and Company 1.1.2019 RM'000
Operating lease commitments as at 31 December 2018, as previously reported	104,071
(Less): Discounting impact at initial application	(16,464)
Effects of adoption of MFRS 16:	
(Less): short term leases not recognised as a liability	(68)
Add/(Less): contracts reassessed as lease contracts	33
Add/(Less): adjustments as a result of a different treatment of extension or termination	797
Lease liability recognised as at 1 January 2019	88,369
Of which are:	
Current lease liabilities	12,037
Non-current lease liabilities	76,332
	88,369

32 FINANCIAL SUPPORT

The ultimate holding company, Media Prima Berhad, has confirmed that it will continue to provide continued financial support and other support necessary to enable the Company, meet its liabilities and obligations as and when they fall due.

33 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 12 March 2020.

Registration No.

196101000449 (4485-H)

THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)

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

We, Tan Sri Dato' Seri Utama Hj Ismail bin Hj Omar and Mustapha Kamil bin Mohd Janor, two of the Directors of The New Straits Times Press (Malaysia) Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 5 to 91 are drawn up so as to give a true and fair view of the state of the financial position of the Group and Company as at 31 December 2019 and financial performance of the Group and of the Company for the financial year ended 31 December 2019 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 March 2020.

TAN SRI DATO' SERI UTAMA HJ ISMAIL BIN HJ OMAR
CHAIRMAN

MUSTAPHA KAMIL BIN MOHD JANOR
DIRECTOR

12 March 2020
Petaling Jaya

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

I, Farnida binti Ngah, the officer primarily responsible for the financial management of The New Straits Times Press (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 91 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.

FARNIDA BINTI NGAH
GROUP CHIEF FINANCIAL OFFICER

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Malaysia on 12 March 2020, before me.

PESURUHJAYA SUMPAH
No. B 508
WONG CHOY YIN
1.7.2018 - 31.12.2020
MALAYSIA

COMMISSIONER FOR OATHS

3 Damansara Shopping Mall
3, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(Incorporated in Malaysia)
Registration No. 196101000449 (4485-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of The New Straits Times Press (Malaysia) Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 91.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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 THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(CONTINUED)
(Incorporated in Malaysia)
Registration No. 196101000449 (4485-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) 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 on 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE NEW STRAITS TIMES PRESS (MALAYSIA) BERHAD
(CONTINUED)
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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) 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.

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

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

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.

PricewaterhouseCoopers PLT

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
02910/02/2021 J
Chartered Accountant

Kuala Lumpur
12 March 2020