Menang Corporation (M) Berhad

(Company No : 5383-K)

ANNUAL REPORT 2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Group Managing Director/Group Chief Executive Officer
Mr Too Kok Leng

Deputy Group Managing Director
Y.A.M. Raja Shahruddin Rashid

Group Executive Director
Ms Marianna Binti Aly Shun

Non-Independent Non-Executive Director
Dr. Christopher Shun Kong Leng, CFP®, RFP™

Independent Non-Executive Directors
Mr Chiam Tau Meng
Mr Leou Thiam Lai

SECRETARY

Ms Tai Yit Chan
(MAICSA 7009143)

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: (603) 7720 1188
Fax: (603) 7720 1111

BUSINESS ADDRESS

8th Storey, South Block
Wisma Golden Eagle Realty
(formerly known as Wisma Selangor Dredging)
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel: (603) 2161 3366
Fax: (603) 2161 3393

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: (603) 2783 9299
Tel: (603) 2783 9222

AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur

PRINCIPAL BANKERS

MBSB Bank Berhad
Bank Pembangunan Malaysia Berhad
Public Bank Berhad

SOLICITORS

Rahman Too & Co
5, Jalan Wolff
70000 Seremban
Negeri Sembilan Darul Khusus

Kamarudin & Partners
Suites 12A-06 & 12A-07,
Level 12A
Heritage House
No. 33, Jalan Yap Ah Shak
50300 Kuala Lumpur

Mohanadass Partnership
B-21-8, The Vertical
Avenue 3, Bangsar South City
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Omar Ismail Hazman & Co
Lot 152-3-10 & 152-3-11
Komplex Maluri, Jalan Jejaka
Taman Maluri, Cheras
55100 Kuala Lumpur

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Stock Name : MENANG
Stock Code : 1694
Sector : PROPERTIES

MR TOO KOK LENG

Group Managing Director/ Group Chief Executive Officer, Malaysian, Aged 59, Male

Mr Too Kok Leng ("Mr Too") holds a B.A (Hons) in Law and was admitted to the Malaysian Bar in 1983. He started his own practice in 1988 and was practising under the name and style of Rahman, Too & Co. in Seremban and Kuala Lumpur. He specialised in the corporate and banking fields rendering legal advice to several banks and public listed companies. He has since ventured into his own private business in property and other related activities.

Mr Too was appointed as an Independent Non-Executive Director of Menang on 1 August 1995. On 29 November 2016, Mr Too was appointed as Group Managing Director / Group Chief Executive Officer of Menang and ceased to be the Chairman of Remuneration Committee and member of Audit Committee following his appointment as Group Managing Director/ Group Chief Executive Officer of Menang. He attended eight (8) out of nine (9) board meetings held in the financial year ended 30 June 2018.

Mr Too also serves as an Independent Non-Executive Director in TH Heavy Engineering Berhad.

Y.A.M. RAJA SHAHRUDDIN RASHID

Deputy Group Managing Director, Malaysian, Aged 51, Male

Y.A.M. Raja Shahruddin Rashid Ibni Almarhum Sultan Idris Iskandar Shah ("Y.A.M. Raja Shahruddin Rashid"), holds a Bachelor of Arts in Business and Management. Y.A.M. Raja Shahruddin Rashid has extensive experience in the corporate sector, having worked for various banks and corporations where he specialised in Marketing and Processing and Corporate Loans for 5 years. He was engaged as Officer in the Marketing and Processing, Corporate Banking Department for Kewangan Usaha Bersatu Berhad (KUBB) from 1993 to 1995, Officer in the Corporate Loans and Marketing Department for Arab-Malaysian Finance Berhad from 1995 to 1997. He was appointed as General Manager in Property Development and Management for Maymerge (M) Sdn. Bhd. from 1997 to 2004. He was appointed as Executive Director in Property Development, Construction and Property Management for Menang Development (M) Sdn. Bhd., a wholly owned subsidiary of Menang Corporation (M) Berhad from January 2005 to December 2007.

Y.A.M. Raja Shahruddin Rashid, who was appointed as a Non-Independent Non-Executive Director of Menang on 20 September 2016, has been re-designated as Deputy Group Managing Director on 1 November 2016. He attended all the nine (9) board meetings held in the financial year ended 30 June 2018.

Y.A.M. Raja Shahruddin Rashid is the brother-in-law of both Ms Marianna Binti Aly Shun and Dr. Christopher Shun Kong Leng.

MS MARIANNA BINTI ALY SHUN

Group Executive Director, Malaysian, Aged 31, Female

Ms Marianna Binti Aly Shun holds a Bachelor of Arts from Monash University, Melbourne, Australia. She has gained experience in real estate development since 2005 and worked for several private real estate development companies.

Ms Marianna Binti Aly Shun was appointed as Group Executive Director of the Company on 29 November 2016. She attended all the nine (9) board meetings held in the financial year ended 30 June 2018.

Ms Marianna Binti Aly Shun is the sister of Dr. Christopher Shun Kong Leng and sister-in-law of Y.A.M. Raja Shahruddin Rashid.

DR. CHRISTOPHER SHUN KONG LENG, CFP®, RFP™

Non-Independent Non-Executive Director, Malaysian, Aged 53, Male

Dr. Christopher Shun Kong Leng ("Dr. Christopher Shun") graduated from Boston University with a Bachelor of Science in Business Administration with Summa Cum Laude and Bachelor of Arts in Economics with Magna Cum Laude in May 1987. He pursued a Merchant Banking career with Hill Samuel Bank, London from 1987 to 1989. In 1991, he obtained his Master of Science in Management from the MIT Sloan School of Management, U.S.A. He subsequently joined Bankers Trust London as a Merger and Acquisition Associate. He completed his Doctor of Business Administration (D.B.A.) from Henley Management College, Brunel University, United Kingdom in 2004. He taught Property Securitisation to Undergraduate Property Honours students at the Royal Melbourne Institute of Technology (RMIT) in 2015. He also taught Property Risk Management to Master of Property students at University of Melbourne since 2016.

Dr. Christopher Shun was previously Senior Vice President, Economic Intelligence Division, Iskandar Regional Development Authority (IRDA) from 2012-2013. He was formerly the Risk Management Advisor to Perbadanan Putrajaya (PPJ) from 2008-2011. Dr. Christopher Shun was appointed in 2007 onto the National Property Research Economic Council (NAPREC) think tank under the oversight of the Ministry of Finance (MOF) advising the Government of Malaysia (GOM) on all matters pertaining to Real Estate policies and Macroeconomic impacts on the Malaysian economy.

Dr. Christopher Shun was appointed to the Board of Menang on 25 February 1991 and was made Executive Director on 1 April 1991. Subsequently, he was appointed as Group Executive Director on 1 January 1992 and he was promoted to Deputy Group Managing Director on 1 July 2005. On 31 December 2007, Dr. Christopher Shun was re-designated as Non-Executive Director. He is also the Chairman of Remuneration Committee, a member of Audit Committee and Nomination Committee. He attended seven (7) out of nine (9) board meetings held in the financial year ended 30 June 2018.

Dr. Christopher Shun is the brother-in-law of Y.A.M. Raja Shahruddin Rashid, and brother of Ms Marianna Binti Aly Shun.

MR CHIAM TAU MENG

Independent Non-Executive Director, Malaysian, Aged 65, Male

Mr Chiam Tau Meng graduated with a Bachelor of Commerce Degree majoring in Accountancy from University of Otago, Dunedin, New Zealand in 1976. He is an Associate Chartered Accountant of the Chartered Accountants Australia and New Zealand. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

He started his career in 1976 as Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979, he joined Malaysian Containers (1974) Berhad as Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as General Manager of Corporate Services.

In 1989, he joined Bee Hin Holdings Sdn. Bhd. as General Manager-Corporate Finance.

In 1992, he joined the management consultancy practice of an international accounting organisation and in 1994, he set up his own consulting practice namely CTM Consulting.

He was appointed as an Independent Non-Executive Director of Menang on 21 October 2005. He is the Chairman of Audit Committee, a member of Nomination Committee and Remuneration Committee. He attended all the nine (9) board meetings held in the financial year ended 30 June 2018.

He also serves as an Independent Non-Executive Director in Hovid Berhad and Tri-Mode System (M) Berhad.

MR LEOU THIAM LAI

Independent Non-Executive Director, Malaysian, Aged 62, Male

Mr Leou Thiam Lai ("Mr Leou") is a Chartered Accountant of Malaysian Institute of Accountants. He is also a fellow member of the Chartered Association of Certified Accountants (UK) and fellow member of the Chartered Tax Institute of Malaysia.

Mr Leou was Group Accountant for Paper Products Berhad from year 1984 to 1986. Then he joined Kotak Kajang Industries Sdn. Bhd. as Group Accountant from 1986 to 1987. He established Leou & Associates and become a Partner since 1988 and in 2014, he established Leou Associates PLT.

Mr Leou was elected as Independent Non-Executive Director of the Company at the Fifty-Second Annual General Meeting held on 29 November 2016. On the same day, he was also appointed as the Chairman of Nomination Committee, a member of Audit Committee and Remuneration Committee. He attended all the nine (9) board meetings held in the financial year ended 30 June 2018.

Mr Leou is an Independent Non-Executive Director in Degem Berhad, Sern Kou Resources Berhad and EA Holdings Berhad.

Other Information

a. Family relationship with Director and/or major shareholder

Save as disclosed, none of the Directors has any family relationship with the other Directors and/or major shareholders of the Company.

b. Conflict of Interest

None of the Directors has any conflict of interest in the Company as disclosed in Note 31 of the financial statements.

c. Conviction for Offence

None of the Directors have any conviction for offences within the past 5 years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

d. Other Directorship of Public Companies

Save as hereinabove disclosed, none of the Directors hold any directorship in any other public companies.

e. Securities holdings in the Company

Details of the Directors' securities holdings in the Company, and its subsidiaries are set out on page 31 of the Annual Report.

KEY SENIOR MANAGEMENT'S PROFILE

MR TEOH CHOO HUANG

Operations Director, Malaysian, Aged 68, Male

Mr Teoh Choo Huang ("Mr Teoh") graduated from the University of Singapore (now National University of Singapore) with Bachelor in Engineering (Mechanic) degree in 1975 and is a Professional Engineer registered with the Board of Engineers Malaysia. He also possesses an MBA degree from the University of Michigan, Ann Arbor, U.S.A.. Mr Teoh also holds an LLB (Hons) degree from the University of London and has qualified as an Advocate & Solicitor, the High Court of Malaya.

Mr Teoh started his career with Kouk Group in 1975 as an engineer in their Flour and Sugar Manufacturing Plants. He then joined Malayawata Steel Berhad (now Ann Joo Steel Berhad) as a Mechanical Engineer in their Integrated Steel Mill in Prai, Penang in September 1976. In June 1983, Mr Teoh left to join Heavy Industries Corporation of Malaysia Berhad, (HICOM) (now DRB-HICOM Berhad). He held various Management and Board positions in the Group and was intimately involved in the planning and implementation of several steel-related projects as well as several Real Property and Construction Projects, notable among which are the Proton City Project (Tg. Malim), Glenmarie Industrial Park and Resort Project (Shah Alam), the Rebak Island Marina Resort (Langkawi).

In 1997, Mr Teoh joined the privately held Maymerge (M) Sdn. Bhd. to help kick-start the planning and development of the extensive landbanks of Maymerge Group situated in Seremban, Mambau, Port Dickson and Melaka respectively. Following an intra-Group restructuring in 2005, Mr Teoh was transferred to its public-listed arm viz Menang Corporation (M) Berhad to oversee the various development projects in the housing, commercial and the recreational sectors.

Mr Teoh has held the post of Operations Director of Menang Group since 2008 and has contributed his experience and expertise towards helping to ensure the successful implementation of three (3) Build-Lease-Maintain-Transfer (BLMT) Projects (consisting of two (2) Campuses and one (1) Training Centre for UiTM) undertaken by the Group under the Private Finance Initiative (PFI) Concept.

He does not hold any directorship in public companies and listed issuers.

MR SIMON WEE HOWE YEW

General Manager - Finance & Operations, Malaysian, Aged 50, Male

Mr Simon Wee Howe Yew holds a Bachelor of Business in Accountancy (Distinction) from RMIT University, Australia. He is a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants.

He has a total of 25 years experience in the field of auditing, financial reporting, treasury, taxation and corporate finance in various industries ranging from financial services, manufacturing, construction and property investment and development. Prior to joining the Group in January 2018, he has served as Chief Financial Officer and management of several public listed companies.

He oversees corporate finance and financial functions of the Group.

He does not hold any directorship in public companies and listed issuers.

Other Information

a. **Family relationship with Director and/or major shareholder**

Save as disclosed, none of the key senior management has any family relationship with the Directors and/or major shareholders of the Company.

b. **Conflict of Interest**

None of the key senior management has any conflict of interest in the Company.

c. **Conviction for Offence**

None of the key senior management has any conviction for offences within the past 5 years other than traffic offences, if any and has not been imposed of any public sanction or penalty by relevant regulatory bodies during the financial year.

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Menang Corporation (M) Berhad ("Menang" or the "Company") was incorporated on 9 July 1964. The Company is a public limited liability company listed on the Main Market of Bursa Malaysia Securities Berhad. Menang and its subsidiaries' (the "Group") principle activities are property developments, construction and government development projects.

Concession Projects

The Group has successfully completed and delivered to UiTM and Government of Malaysia 3 Private Finance Initiative ("PFI") projects. The first of such project commenced in 2010. The 3 PFI projects are detailed as follows:

	UiTM Sremban 3	**UiTM Puncak Alam**	**UiTM Nilai**
Concession Company	Inovatif Mewah Sdn. Bhd. ("IMSB")	Rumpun Positif Sdn. Bhd. ("RPSB")	Protokol Elegan Sdn. Bhd. ("PESB")
Date of Concession Agreement	4 May 2010	30 April 2012	25 July 2012
Type of Development	Campus	Campus	Training Center

On 18 July 2018, the Group announced the proposed disposal of its entire 51% equity interests in both RPSB and PESB, for a total cash consideration of RM43.5 million. The financial impact of these proposed disposals have been presented as discontinued operations (assets/liabilities classified as held for sales) in the financial statements.

Property Development

During the financial year ended 30 June 2018 ("FYE 2018"), the property industry continued to be subdued due to various external and internal factors including but not limited to the following:

i) Oversupply of completed property units;
ii) Tough lending conditions imposed on the property sector by the financial institution; and
iii) Depreciation of Ringgit Malaysia, causing inflationary pressure resulting in less disposable income to consumer.

Consequent to the above, many property launches by developers were deferred.

The Group will continue its effort to improve the infrastructure on its development properties and prepare for launches when market condition improves.

DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND FINANCIAL CONDITION

Significant Changes in Performance, Financial Position and Liquidity

	2018	**2017**	**Variance**	**%**
Group				
Net Assets (RM'000)	385,059	373,033	12,642	3.4
Operating Financial Assets (RM'000)	377,382	900,385	(523,003)	(58.1)
Borrowings (RM'000)	279,745	671,728	(391,983)	(58.4)
Net Current Assets (RM'000)	183,827	72,313	111,514	154.2
NTAs per share (RM)	0.66	1.14	(0.48)	(42.1)
Revenue (RM'000)	42,784	35,414	7,370	20.8
Gross Profit (RM'000)	32,901	25,478	7,423	29.1
Gross Profit Margin (%)	76.9	71.9	–	–
Profit for the year (RM'000)	12,027	7,511	4,516	60.13
Total comprehensive income for the financial year (RM'000)	12,026	7,511	4,515	60.11

The Group's continuing operations recorded 21% higher revenue and 29% higher gross profit of RM42.78 million and RM32.90 million respectively for the FYE 2018 compared to RM35.41 million and RM25.48 million for the financial year ended 30 June 2017 ("FYE 2017") mainly due to change in accounting estimate required by IC12 Service Concession Arrangements.

Profit for FYE2018 increased to RM12.0 million from RM7.5 million achieved in FYE2017 due to gains from a reversal of impairment losses amounting to approximately RM20 million arising from revaluation of the investment properties, land held for sale and inventories of the Group.

The decrease in NTA per share to RM0.66 from RM1.14 in FYE 2017 was mainly due to addition of share capital pursuant to the Bonus Issue completed during the financial year.

Total borrowings have reduced to RM279.75 million for FYE 2018 from RM671.73 million for FYE 2017 mainly due to RM381.63 million borrowings from discontinued operations reclassified to liabilities held for sale and the progressive repayments of bank borrowings.

Capital Expenditure Requirements, Capital Structure and Capital Resources

The Group has no plans to incur material capital expenditure; nor are there any material commitments on capital expenditures.

REVIEW OF OPERATING ACTIVITIES

Concession Projects

On 18 July 2018, the Group announced its proposed disposal of 51% interests in both RPSB and PESB for a total consideration of RM43.5 million. Proceeds from the disposal will be utilised to repay bank borrowings amounting to RM20 million and finance preliminary development expenditure. We expect the completion of the proposal by end of first quarter of calendar year 2019.

The remaining concession business (Inovatif Mewah Sdn. Bhd.) will continue to provide consistent streams of income and cashflow to the Group. The Group is in the process of getting approvals to raise a sukuk to refinance its floating rate bank loans.

Property Development

The Group intends to commence development of its landbanks once the property market condition improves in the near future.

Project Management and Investment Holding; and Other Segments

There were no major changes in the Group's project management and investment structure during the financial year under review.

IDENTIFIED ANTICIPATED OR KNOWN RISKS

The Group's main risks are property market risk and interest rate risk.

FORWARD-LOOKING STATEMENT

For financial year 2018/2019, the Group will continue to focus its efforts towards the following:

i) disposal of non-core financial assets;
ii) realign property strategies to meet the ever changing market demand;
iii) seek strategic partnerships for future developments;
iv) to acquire strategic new land banks, particularly in Klang Valley;
v) to restructure and optimise existing bank financing to address interest rate risk and interest savings; and
vi) to seek new additional government projects.

CONCLUSIONS

The Board of Directors and the management would like to express our gratitude to all our shareholders, bankers, solicitors, authorities, customers, suppliers, business partners, advisors, and staff for your continuous supports and contributions to the Group.

Thank you.

AUDIT COMMITTEE
REPORT

The Board of Directors ("Board") of Menang Corporation (M) Berhad ("Menang" or "the Company") is pleased to present the report on the Audit Committee for the financial year ended 30 June 2018.

COMPOSITION AND ATTENDANCE

The Audit Committee currently consists of three (3) members, majority of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants.

The Audit Committee met nine (9) times during the financial year ended 30 June 2018 and the attendance record is tabulated as follows:-

Audit Committee Members	Designation	Date of Meetings Held/Attended									Total Attendance
		25 Aug 2017	19 Oct 2017	30 Oct 2017	22 Nov 2017	29 Nov 2017	01 Dec 2017	12 Dec 2017	22 Feb 2018	21 May 2018	
Chiam Tau Meng (Chairman of Audit Committee)	Independent Non-Executive Director	√	√	√	√	√	√	√	√	√	9/9
Leou Thiam Lai	Independent Non-Executive Director	√	√	√	√	√	√	√	√	√	9/9
Dr. Christopher Shun Kong Leng, CFP®, RFP™	Non-Independent Non-Executive Director	√	√	√	–	√	√	–	√	√	7/9

During the financial year ended 30 June 2018, the external auditors, at the invitation of the Audit Committee, have attended three (3) Audit Committee meetings.

AUTHORITY

The Audit Committee is given the authority by the Board to investigate any matter of the Company and its subsidiaries within its terms of reference, the resources which are required to perform its duties, the authority to have full and unrestricted access to any information of the Company and the authority to have direct communication channels with the external auditors and person(s) carrying out the internal audit function. The Committee shall obtain independent/external professional advice and to be able to convene meetings with the external auditors, internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Audit Committee shall promptly report such matter to Bursa Securities.

RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The Audit Committee is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring our Group's management of its financial risk processes, accounting and financial reporting practices, risk and sustainability management, ensuring the efficacy of the Group's system of internal control and in maintaining oversight of both the internal and external audit functions.

A detailed terms of reference of the Audit Committee has been drawn up and approved by the Board and is available on the Company's website: *www.menangcorporation.com.* The terms of reference of the Audit Committee is reviewed regularly and was last reviewed on 25 August 2017.

The Chairman of the Audit Committee engages on a continuous basis with the Management, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board through its Nomination Committee performs an annual review and assessment of the term of office and performance of the Audit Committee to assess the Audit Committee's effectiveness in carrying out its duties as set out in terms of reference. The Board is satisfied that the Audit Committee has effectively discharged its duties in accordance with the terms of reference for the financial under review.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE DURING THE FINANCIAL YEAR

During the financial year under review, a summary of the activities undertaken by the Audit Committee in discharging its duties and responsibilities were as follows:-

(i) Reviewed the external auditors' scope of work and their audit plan for the financial year ended 30 June 2018;

(ii) Reviewed with the external auditors the results of their audit, the audit report, the management letter, including management's response and internal control recommendations in respect of control weaknesses noted in the course of their audit;

(iii) Reviewed the audited financial statements before recommending it for the Board's approval;

(iv) Reviewed the performance of external auditors and recommended to the Board for re-appointment;

(v) Reviewed and recommended the audit fees payable to the external auditors for the Board's approval;

(vi) Reviewed the Company's compliance with the MMLR of Bursa Securities, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements;

(vii) Reviewed the quarterly unaudited financial results, announcements and audited financial statements of the Company prior to submission for the Board's consideration and approval to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards approved by the MASB;

(viii) Reviewed the internal audit function and risk and sustainability management needs, programme and plan for the financial year under review and annual assessment of the internal audit function and risk and sustainability management performance;

(ix) Reviewed the audit reports presented by internal auditor on findings and recommendations with regard to system and controls weaknesses noted in the course of their audit and management's responses thereto and ensuring material findings are adequately addressed by management;

(x) Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance ("MCCG") for the purpose of preparing the Statement on Corporate Governance pursuant to the requirement of Paragraph 15.25 of the MMLR of Bursa Securities before recommending them to the Board and the prescribed corporate governance principles and practices under the MCCG;

(xi) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control and its recommendation to the Board for inclusion in the Annual Report;

(xii) Reviewed related party transactions (if any) that may arise within the Group; and

(xiii) Conducted private sessions with the external and internal auditors in the absence of the Executive Directors and Management in conjunction with the Audit Committee meetings.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional firm, namely CGRM Infocomm Sdn. Bhd. ("CGRM") that reports directly to Audit Committee. It is the responsibility of CGRM to provide the Audit Committee with independent and objective reports on the extent of compliance of the various operating units within the Group's established policies and procedures as well as relevant statutory requirements.

The principal role of CGRM is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively and to ensure proper system of internal controls of the Group are in place.

CGRM has conducted the following audit during the financial year:-

(i) Authority Limit and Corporate Disclosures; and
(ii) Corporate Governance Review.

The total costs incurred for internal audit function of the Group in respect of the financial year ended 30 June 2018 amounted to RM33,319.94.

Further details of the activities of Internal Audit Function are set out in the Statement on Risk Management and Internal Control on page *20* of the Annual Report.

The Board of Directors ("the Board") of Menang Corporation (M) Berhad ("Menang" or the "Company") and its subsidiaries (the "Group") recognises the importance of good corporate governance and is fully committed to ensure that the high standard of corporate governance are observed throughout the Group within the framework as expounded by the Malaysian Code on Corporate Governance ("MCCG") to safeguard and enhance shareholders' value. In discharging the Company's responsibilities in achieving the above objectives, the Board has taken steps and various measures to enhance its corporate governance practices.

This Corporate Governance Overview Statement provides the summary of the Company's corporate governance practices during the financial year with reference to the three (3) principles set out in the MCCG.

This Corporate Governance Overview Statement is supported with a Corporate Governance Report, based on a prescribed format as outlined in Paragraph 15.25(2) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") so as to provide the detailed application of the Company's corporate governance practices against the MCCG. The Corporate Governance Report is available on the Company's website at *www.menangcorporation.com* as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Board takes full responsibility for the overall performance of the Company and the Group by setting the vision and objectives, establishing goals for management and monitoring its achievement, directing the policies, strategic action plans and ultimately the enhancement of long term shareholders' value. Whilst, the Group Managing Director/Group Chief Executive Officer ("MD/CEO") together with the Executive Directors, supported by the Management staff, are closely involved in the Company's day-to-day management and operations.

The Board is guided by a Board Charter which sets out the principles for the operation of the Board and the Group. It fully describes the functions of the Board and those functions delegated to Management. The Board reviews its Board Charter periodically and updates the Board Charter in line with the changes in legislations and best practices of the Group that may impact the Board in discharging its responsibilities. The Board Charter was recently reviewed on 25 August 2017 in line with the practices in the MCCG and is available on the Company's website at *www.menangcorporation.com*.

Through oversight, review and counsel, the Board establishes and promotes the Group's business and organisational objectives, provides leadership to the Group, oversees business affairs and integrity, and works with the Management to determine the Group's mission and long-term strategy.

Collectively, the Board brings a balance of skills and experience appropriate to the business owing to their diverse background in business, accounting, finance, legal and commercial field amongst others.

To assist in the discharge of its responsibilities, the Board has established the following Board Committees to perform certain of its functions and to provide recommendations and advice:

- Audit Committee;
- Nomination Committee; and
- Remuneration Committee.

The Board appoints the Chairman and members of the Committee accordingly. Each Committee operates its functions within their terms of reference approved by the Board and which are periodically reviewed by the Board.

The respective Chairman of the Audit Committee, Nomination Committee and Remuneration Committee report to the Board accordingly subsequent to the respective Committee meetings. The ultimate responsibility for decision making lies with the Board.

The Directors allocate sufficient time and effort to carry out their responsibilities. It is also the Board's policy for Directors to notify the Chairman of the Board before accepting any new directorships notwithstanding that the MMLR allow a Director to sit on the boards of up to five (5) listed issuers.

The Board met nine (9) times during the financial year ended ("FYE") 30 June 2018. The attendance of each Director at the Board Meetings held during the FYE 30 June 2018 is as follows:-

Name of Directors	No. of Meetings Attended/Held	Percentage (%)
Mr Too Kok Leng *(Group Managing Director/Group Chief Executive Officer)*	8/9	88.89
Y.A.M. Raja Shahruddin Rashid *(Deputy Group Managing Director)*	9/9	100.00
Ms Marianna Binti Aly Shun *(Group Executive Director)*	9/9	100.00
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Non-Independent Non-Executive Director)*	7/9	77.78
Mr Chiam Tau Meng *(Independent Non-Executive Director)*	9/9	100.00
Mr Leou Thiam Lai *(Independent Non-Executive Director)*	9/9	100.00

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling the roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings.

The Company has also put in place various policies such as Corporate Disclosure Policy, Code of Ethics and Whistle Blowing Policy, and these policies are reviewed periodically by the Board, and are available on the Company's website at *www.menangcorporation.com*.

Currently, the Company has not appointed a Chairman of the Board and will endeavour to identify a suitable candidate to be appointed as Chairman of the Board soonest possible. Nevertheless, there is a clear division of roles and responsibilities between the Chairman and the Group MD/CEO, details of which are clearly set out in the Board Charter for ensuring there is a balance of power and authority in the Company. The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. Whilst, the Group MD/CEO is the conduit between the Board and the Management in ensuring the success of the governance and management functions of the Company.

The Board has access to the advice and services of the Company Secretary who is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016 ("CA"). The Company Secretary is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance of the Group.

All the Board members have full and timely access to all necessary and relevant information within the Group. Board papers are distributed prior to the Board Meeting to enable the Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently. The Board papers include the agenda and reports that cover amongst others, areas of strategic, financial, operational and regulatory compliance matters that require the Board's approval.

II. Board Composition

The strength of the Board lies in the composition of its members. The current members of the Board have a wide range of expertise, extensive experience and come from diverse backgrounds. The Board currently comprises three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of MMLR of Bursa Securities which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent directors.

Although the Board does not comprise at least 50% of Independent Directors as recommended in the MCCG, the Board believes that the Independent Directors together with the Chairman of Audit Committee and Nomination Committee who are both Independent Non-Executive Directors are able to exercise strong independent judgement and provide independent views and advices to all Board deliberations.

The Board is satisfied that the current composition fairly reflects the investment of minority shareholders in the Company through the representation of the two (2) Independent Non-Executive Directors. The presence of Independent Non-Executive Directors also safeguards the interest of the stakeholders in ensuring that the highest standard of conduct and integrity are maintained. Their role is to ensure that any decision of the Board is deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Board is therefore of the opinion that the current size and composition of the Board is adequate for facilitating effective and objective decision making given the scope and nature of the Group's business and operations. The wide spectrum of knowledge, skills and experience of the Board members strengthen the leadership which is necessary for the stewardship of the Group. The profiles of each Director are presented on pages *3* to *5* of the Annual Report.

The Board is of the view that diversity on the board enhances the decision-making capability of the Company and it improves board discussions process by allowing different perspectives to be included in decision making. The current policy adopted by the Board is to avoid any gender bias and treat both genders with fair and equal consideration. It has been a long-standing practice for the Company to have at least one (1) woman director on the Board, which it is still practicing to date.

The Board has through its Nomination Committee, conducted an annual assessment on the effectiveness of the Board as a whole and the contribution of each individual Director.

The Nomination Committee exclusively of Non-Executive Directors are as follows:-

Name	Designation
Mr Leou Thiam Lai (Chairman)	Independent Non-Executive Director
Mr Chiam Tau Meng	Independent Non-Executive Director
Dr. Christopher Shun Kong Leng, CFP®, RFP™	Non-Independent Non-Executive Director

The effectiveness of the Board Committees is assessed in terms of composition, required mix of skills, experience, structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairmen of the respective Board Committees. During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors and found them to be independent and objective during Board's deliberations. The Independent Non-Executive Directors of the Company had also devoted sufficient time and attention to the Group's affairs. Currently, none of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

The Nomination Committee is satisfied that the Board and its Committees are considered to be fully effective and have the right composition and sufficient knowledge of related areas. Overall the quality of individual Director was considered strong and the Directors were found to possess the relevant qualifications, knowledge, experience and ability to understand the technical requirements, risks and management of the Company's business.

The Board also through the Nomination Committee undertook an evaluation on the Audit Committee to review its performance and determine whether the Audit Committee had carried out its duties in accordance with its terms of reference. It was satisfied with the performance and effectiveness of the Audit Committee.

The Board was satisfied with the outcome of the evaluation and was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board and individual Directors.

In accordance with the Constitution of the Company, all Directors who are appointed by the Board are subject to re-election by the shareholders at the next Annual General Meeting ("AGM") subsequent to their appointment. At least one-third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

At this forthcoming 54th AGM, Dr. Christopher Shun Kong Leng and Mr Leou Thiam Lai shall retire from office and be eligible for re-election pursuant to the Constitution of the Company. Their profiles are set out in the section on Directors' Profile of this Annual Report.

The Chairman of the Nomination Committee, Mr Leou Thiam Lai is an Independent Non-Executive Director. During the FYE 30 June 2018, the Nomination Committee held one (1) meeting and all the members registered full attendance. Below is a summary of the key activities undertaken by the Nomination Committee in discharge of its duties for the FYE 30 June 2018:-

(a) Annual assessment of the Board, the Board Committees and the individual Directors;
(b) Reviewed the terms of reference;
(c) Recommended the re-election and retirement by rotation of Directors at the 53rd Annual General Meeting;
(d) Reviewed the continuation of office of Independent Directors; and
(e) Reviewed the List of Directors' Training for Directors.

The Board acknowledges the importance of continuous education and training to keep abreast with regulatory updates and developments in the market place to enable them to discharge their duties and responsibilities more effectively. The Directors will continue to undergo relevant courses and seminars accredited by Bursa Securities under the Continuing Education Programme for directors of public listed companies to keep abreast with industry, regulatory and compliance issues, trends and best practices.

During the FYE 30 June 2018, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Name of Directors	Course	Date
Mr Too Kok Leng	Malaysian Code on Corporate Governance	21 May 2018
Y.A.M. Raja Shahruddin Rashid	Malaysian Code on Corporate Governance	21 May 2018
Ms Marianna Binti Aly Shun	Malaysian Code on Corporate Governance	21 May 2018
Dr. Christopher Shun Kong Leng, CFP®, RFP™	Malaysian Code on Corporate Governance	21 May 2018
Mr Chiam Tau Meng	Case Study Workshop for Independent Directors Malaysian Code on Corporate Governance	09 Nov 2017 21 May 2018
Mr Leou Thiam Lai	Malaysian Code on Corporate Governance	21 May 2018

The Company Secretary circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meeting. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

III. Remuneration

The Board through its Remuneration Committee assists the Group in attracting, retaining and motivating its Directors in order to run the Group successfully.

The Remuneration Committee consists of the following members:-

Name	Designation
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Chairman)*	Non-Independent Non-Executive Director
Mr Chiam Tau Meng	Independent Non-Executive Director
Mr Leou Thiam Lai	Independent Non-Executive Director

The Remuneration Committee met once during the FYE 30 June 2018 which was attended by all the Remuneration Committee members. The Remuneration Committee had reviewed the remuneration package for Executive Directors which reflects the level of risk and responsibility, the individual's performance indicators ("KPI") in the job, the performance of the Company and considered the packages are well within the comparable companies in similar industry. The Remuneration Committee had also reviewed the fees for Non-Executive Directors, which reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

The remuneration package is necessary to attract, retain and motivate Directors to provide good stewardship, as well as motivate key management personnel to successfully manage the Group. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The detailed remuneration of the Board is disclosed in the Corporate Governance Report of the Company.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure the financial statements of the Group comply with the applicable financial reporting standards in Malaysia.

The Audit Committee comprises three (3) members, majority of whom are Independent Non-Executive Directors, and all of them are financial literate and have sufficient understanding of the Group's business. The Audit Committee is chaired by an Independent Non-Executive Director, namely Mr Chiam Tau Meng. The Chairman and one other member of the Audit Committee are also members of the Malaysian Institute of Accountants.

The composition of Audit Committee, including its roles and responsibilities, number of meetings and attendance of Audit Committee, summary of Audit Committee activities and Internal Auditors' activities during the financial year under review as set out in Audit Committee Report on page *10* to page *12* of this Annual Report.

The Board maintains a good professional relationship with the external and internal auditors through the Audit Committee in discussing with them their audit plans, audit findings and financial statements. The Audit Committee invites the external auditors at least twice a year to discuss their findings and audited financial statements of the Group. In addition, the Audit Committee also met with the external auditors three (3) times during the FYE 30 June 2018 without the presence of the Executive Directors and Management.

The Audit Committee together with the Group MD/CEO had undertaken an assessment of the performance and suitability of the external auditors based on the quality of services, sufficiency of resources, adequate resources and trained professional staff assigned to the audit. The Audit Committee was satisfied with the independence, performance and suitability of the external auditors based on the assessment and recommended to the Board and subsequently, proposed to shareholders for approval for the re-appointment of Messrs Baker Tilly Monteiro Heng as external auditors of the Company for the financial year ending 30 June 2019.

For the FYE 30 June 2018, total fees incurred for the external auditors, Messrs Baker Tilly Monteiro Heng by the Company and the Group are RM132,000 and RM242,000 respectively.

II. Risk Management and Internal Control Framework

During the current financial year, the Board and Management maintained the existing risk management framework that was adopted previously. The risk management framework comprised a risk and sustainability management committee and process to systematically identify, assess and report the significant risk areas of the Group. This process also provides the Group's risk tolerance parameters for assessing risks.

The Group has outsourced its internal audit function to CGRM Infocomm Sdn. Bhd. ("CGRM"). CGRM is an independent professional firm that supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the adequacy and effectiveness of the Group's internal control systems. The results of the audits and the recommendations for improvement or actions needed to be taken by the Management were presented at the Audit Committee Meeting.

In the planning and throughout the course of their audit work, CGRM made reference to the International Professional Practices Framework and Code of Ethics issued by the Institute of Internal Auditors, Inc (USA) with classification and reporting according to the principles of COSO Internal Control – Integrated Framework as well as the Group's policies.

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

I. Communication with Stakeholders

The Company recognises the importance of accountability to its stakeholders through an effective and constructive communication policy that enables both the Board and Management to communicate effectively with its shareholders, stakeholders and the public generally about performance, corporate governance and other matters affecting shareholders' interest. The Company reaches out to its shareholders through its distribution of the annual reports and other explanatory circulars. Announcements are made to the public with regards to the Company's corporate proposal, financial results and other required announcements.

II. Conduct of General Meeting

The Annual General Metting ("AGM") is the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session in which shareholders may raise questions pertaining to the business activities of the Company. The Chairman of the Audit Committee, Nomination Committee and Remuneration Committee were present at the last AGM. All Directors will attend the upcoming AGM, which shall provide shareholders opportunities to enquire the Directors in person on the Company's performance and operations. The Chairman of the AGM had notified the shareholders on the demand for a poll on all resolutions as set forth in the Agenda of the previous AGM for the interest of all shareholders and chaired the meeting in an orderly manner. The Company will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. An independent scrutineer will also be appointed to validate the votes cast at any general meeting of the Company.

Further, in line with the good corporate governance practice, the notice of the previous AGM was issued at least 28 days before the AGM date. In addition to being despatched individually to shareholders, the Notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Malaysia Berhad. This allows shareholders to have immediate access of the notice of AGM and make the necessary preparations for the AGM.

The outcome of all resolutions proposed at the previous AGM was announced to Bursa Securities at the end of the meeting day while the Minutes of the previous AGM were published on the Company's website as soon as practicable after the conclusion of the AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act 2016, the Directors on page *102* of this annual report have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act 2016 so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 30 June 2018.

In the process of preparing these financial statements, and other than as disclosed in the notes to the financial statements, the Directors have reviewed the accounting policies and practices to ensure that they were consistently applied throughout the year. In cases where judgment and estimates were made, they were based on reasonableness and prudence.

The Board has also taken all such necessary steps to ensure that proper internal controls are in place to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

This Statement is adopted and confirmed by a resolution of the Board dated 16 October 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

This Statement on Risk Management and Internal Control is made pursuant to Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board of Directors ("the Board") is pleased to provide this statement which has been prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies". It outlines the key elements of the risk management and internal control systems within the Group for the current financial year.

Board of Director's Responsibility

The Board acknowledges its responsibility for the Group's systems of risk management and internal control and the need to review its adequacy and integrity regularly. However, such a system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and the system by its nature can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Risk Management Framework

During the current financial year, the Board and Management maintained the existing risk management framework that was adopted previously. The Board, through the Audit Committee, reviews the adequacy and effectiveness of the Group's risk management and internal control system which has been embedded in all aspect of the Group's activities on continuous basis and reviews the significant risks identified regularly to ensure sufficient measures are taken to mitigate the risk.

Internal Audit

The Group has outsourced its internal audit function to CGRM Infocomm Sdn Bhd ("CGRM"). CGRM is an independent professional firm supports the Audit Committee, and by extension, the Board, by providing an independent assurance on the effectiveness of the Group's systems of internal control.

During the financial year under review, CGRM assessed the adequacy and effectiveness of the Group's key business areas in terms of governance, risk assessment and system of internal control. CGRM reports to the Audit Committee who in turn reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by the management to rectify highlighted issues.

In the planning and throughout the course of their audit work, CGRM made reference to the International Professional Practices Framework and Code of Ethics issued by the Institute of Internal Auditors, Inc (USA) with classification and reporting according to the principles of COSO Internal Control – Integrated Framework as well as the Group's policies.

Key Elements of Internal Control

In order to achieve a sound control environment, the key elements in the framework of the Group's internal control systems are identified as follows:-

1. The Group has a defined organisation structure with clear lines of reporting responsibility which are aligned to the Group business and operational requirements.
2. Comprising the Group Managing Director/Group Chief Executive Officer, Group Deputy Managing Director, Group Executive Director, Operations Director, and General Manager - Finance & Operations assumed an active management and decision-making role in the day-to-day operations of the Group.
3. The Group's financial results were compared against the Board approved budget and reviewed during the Audit Committee and Board meeting.
4. The Group maintained documented internal policies, objectives and operational procedures as part of the internal controls of the Group.
5. The Group maintained an effective reporting system to ensure timely generation and aggregation of financial and operations information as required for Senior Management review.
6. The Group maintained an open communication channel between the Board, Senior Management, Accountant and the auditors (both internal and external) to ensure timely conveyance of information for internal control disclosures and financial reporting.
7. Adequate insurance coverage of major assets to ensure that assets of the Group are sufficiently covered against any mishap that may result in losses to the Group.

Conclusion

Several internal control improvements and risk areas were identified by internal auditors during the financial year ended 30 June 2018. These were reviewed by the Audit Committee and Board and closely monitored by Management to ensure the integrity of internal controls and minimisation of risks. The Management will continue to take adequate measures to strengthen the control environment in which the Group operates.

The Board is committed to an effective internal control system and is of the view that there is a continuous process in evaluating and managing significant risks faced by the Group and the underlying controls to mitigate these risks. The Board will take cognizance of the continuous process for identifying, evaluating and managing the significant risks face by the Company.

In addition to the above, the Board had received letters of assurance dated 3 October 2018 from the Group Managing Director and Accountant with regards to the adequacy and effectiveness of the Group risk management and system of internal control in place for the financial year.

Based on the foregoing, the Board is of the opinion that the system of internal control and risk management processes are adequate to provide reasonable assurance in safeguarding shareholders' investments, the Group's assets and other stakeholders' interest. There were no major internal control weaknesses identified that may result in any material loss or uncertainties for the financial year 30 June 2018 that would require disclosure in this annual report.

Review by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this annual report for the year ended 30 June 2018.

This Statement on Risk Management and Internal Control as adopted and confirmed by the resolution of the Board dated 16 October 2018.

Introduction

Menang Corporation (M) Berhad ("Menang" or the "Company") and its subsidiaries (the "Group") recognises the importance of sustainability and its increasing impact on the business and is committed to creating a culture of sustainability with an emphasis on integrating the Environment, Social and Governance ("ESG") considerations in decision making.

Sustainability Governance Structure

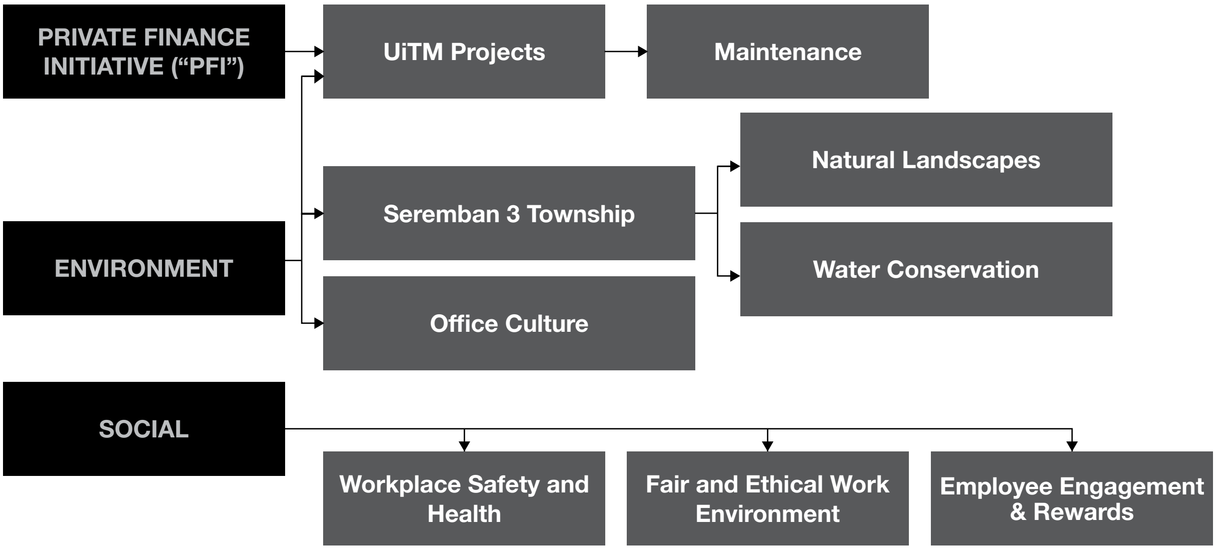
The Group's overall sustainability strategy is determined by the Board of Directors (the "Board" or "BOD") in the following governance structure:

The Risk & Sustainability Management Committee ("RSMC") is chaired by our Group Chief Executive Officer / Group Managing Director and comprises members of Senior Management who are responsible for the overall implementation and management of sustainability matters which would include:

- identifying key sustainability areas and issues;
- determining materiality of sustainability issues;
- formulating and proposing action plans;
- implementing approved action plans; and
- reviewing performance and recommending improvements.

The RSMC convenes regularly every quarter and report their findings to the Audit Committee accordingly.

KEY SUSTAINABILITY AREAS



PRIVATE FINANCE INITIATIVE ("PFI")

The Group has worked in close partnership with the Government of Malaysia and Universiti Teknologi Mara (UiTM) since 2010 under PFI scheme to provide the service of constructing and maintaining highly valued education and training facilities for the development of an enlarged pool of educated and skilled labour which could contribute positively to Malaysian society. We have today successfully constructed and delivered 2 UiTM campuses and an UiTM training centre.

UiTM Projects

The Group's first UiTM project was completed and fully operational in 2014, situated in our flagship Seremban 3 township. The UiTM Seremban 3 Campus houses 3 main faculties, namely, Faculty of Computer Science and Mathematics, Faculty of Sports Science and Recreation and Faculty of Administrative Science and Policy Studies. The UiTM Seremban 3 Campus able to accommodate up to 5,000 students.

The second project was the Kompleks Alam Bina dan Seni Reka, UiTM Puncak Alam Campus which was completed in year 2015. This campus can accommodate student population of 3,000 and houses the Faculty of Building, Planning and Surveying as well as the Faculty of Art and Design.

Last but not least, the UiTM Institute of Leadership and Development located in Bandar Enstek, Nilai which commenced full operations in year 2016. The Institute conducts leadership and development programs for UiTM staff with state-of-the-art training facilties.

Maintenance of Campuses and Training Centre

Upon completion of all 3 UiTM Projects, our team took upon the responsibility of maintaining the campuses and the training centre for the concession period of 20 years. We provide an efficient and systematic way of maintaining the campuses and the training centre by providing proper resources such as well-trained and skilled workers and automated monitoring systems in place. A high level of standard is achieved with consistently high key performance indicators and the Group believes in setting a benchmark for future projects or other PFIs to promote a culture of high level and effective maintenance of public buildings in the country.

ENVIRONMENT

The Group is aware that the growth and development of our communities have a large impact on the natural environment and we constantly keep in mind the environmental impact of our operations and strive to minimise these impacts while contributing towards greener, more environmentally friendly movements.

UiTM Projects

During the construction of the UiTM campuses and training centre, our team endeavoured to implement many eco-friendly and green concepts for the architecture and infrastructure of the buildings in order to attain a good level typical of Green Buildings.

Furthermore, our maintenance team on-site provide assistance to the management by consistently monitoring water and energy usage throughout the campuses and the training centre. They will periodically identify areas of concern and provide recommendations on how best to conserve water or energy in these particular areas. They take very seriously their task in green efforts and conservation.

Also, in UiTM Seremban 3 Campus, we have launched the first ever 'district cooling plant & ice-making facility' which serves to conserve and utilise energy as efficiently as possible. The cooling plant diverts energy used during off-peak hours to ice making facilities to produce ice which is then in turn used as a cooling agent for the air conditioners. This helps to conserve on the high energy level usually needed to cool the buildings during peak hours.

Furthermore, UiTM Puncak Alam Campus is highly known for their efforts in creating a smart green campus through sustainable campus initiatives and our maintenance teams strives to keep this in mind and assist in that area as much as possible.

Seremban 3 Township - Preserving Natural Landscape & Water Conservation

Our 441 acres Seremban 3 township, less than 10 minutes drive from the heart of Seremban Town which holds our UiTM Seremban 3 Campus, has been another focus point for the Group green efforts. We have always made it a priority to preserve the natural landscape as much as possible when developing the property. Our team takes great effort in harvesting and replanting trees, plants and grass while expanding the natural water features and encouraging the natural ecosystem that currently exists.

Furthermore, our team predominantly utilises these natural water features and harvesting rainwater for fieldwork consumption such as watering the landscape in our efforts towards water conservation. Keeping in mind to preserve these natural ecosystems and to avoid polluting them by minimising chemical usage on our property and instead opting for more organic solutions whenever possible.

Office Culture

The Group endeavours to encourage an office culture of green habits towards green efforts which include the 3Rs (Reduce, Reuse & Recycling), using environmentally friendly paper for our printing and photocopying purposes while encouraging double-sided printing and conserving energy when not in use. We also encourage our employees to carpool and utilise the public transports when attending work or work events outside the office with a mind to minimising carbon emissions created from transportation.

SOCIAL

The Group recognises the importance of sustaining good internal dynamics and acknowledges that employees are one of the Group's most important asset. As such, we are committed to providing the staff with a safe, healthy and engaging work environment to motivate and encourage high performance and productivity towards long-term success.

Workplace Safety and Health

The Group strives towards zero life loss at all workplaces as far as it is practicable. We ensure that all legislative requirements stipulated under Malaysian Occupational Safety and Health Act 1994 are met at all times, including:

- building fire safety and emergency exit protocol training once a year;
- proper safety equipment provided for employees working on-site; and
- upkeep of first aid kit to provide immediate medical assistance.

A Fair and Ethical Work Environment

The Group strives to provide employees with an environment that presents professional and intellectual challenges and encourages effective teamwork whilst in accordance with Malaysian Employment Act 1955. Futhermore, we subcribe to:

- a code of conduct and ethics that rejects discrimination, harassment and intimidation;
- fair hiring and recruitment selection that are conducted in a manner that is fair, objective, consistent, non-discriminatory and legally defensible; and
- re-employment of former employees and retired employees who are:
  - o qualified for the job vacancy;
  - o with good work history and good performance records; and
  - o reasons for resignation or retirement were satisfactory and acceptable with no history of misconduct that may have led to termination or legal actions from the Group.

Employee Engagement

Regular communication sessions are held to encourage an effective flow of information and align business goals and objectives across all levels of the workforce. This includes the following:

1. Open door policy that encourages communication between employees, finding productive solutions and resolving any issues together, promoting inter-departmental cooperation and aligning goals and objectives across all levels of the Group's workforce.
2. The Human Resource Department regularly conducts staff meetings and provide private counselling sessions when necessary. Also, the Group encourages regular engagement among Senior Management, Human Resource and employees.
3. Regular Group events including collective employee birthday celebrations and Malaysian festival celebrations like Chinese New Year and Hari Raya lunches.

Rewards

The Group also strives to provide competitive packages and comprehensive benefits to foster innovation and reward performance.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

2. AUDIT FEES AND NON-AUDIT FEES

During the financial year, the amount incurred by the Company and Group in respect of the audit fees and non-audit fees for services rendered by the external auditors were as follows:-

	Company (RM)	Group (RM)
Audit Services	43,000	153,000
Non-Audit Services	89,000	89,000
Total	132,000	242,000

The non-audit services comprised the following assignments:-

1. Professional fees rendered in connection with the Proposed Bonus Issue.
2. Agreed-Upon Procedures on Adjustments to the Exercise Price and to the Number of Outstanding Warrants 2014/2019 pursuant to the Deed Poll of Menang dated 20 June 2014.
3. Review of Statement on Risk Management and Internal Control.
4. Review on Key Audit Area.
5. Review of Reporting on Other Information.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries which involved directors' and major shareholders' interest either still subsisting at the end of the financial year ended 30 June 2018 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no recurrent related party transactions of a revenue nature during the financial year ended 30 June 2018.

COMPLIANCE STATEMENT

The Board of Directors is satisfied that in the financial year ended 30 June 2018, the Company complied with the principles and recommendations of the Malaysian Code on Corporate Governance.

This statement is adopted and confirmed by the resolution of the Board dated 16 October 2018.

Financial Statements

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The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year		
- Continuing operations	13,769	(3,129)
- Discontinued operations	(1,742)	–
	12,027	(3,129)
Attributable to:		
Owners of the Company	13,299	(3,129)
Non-controlling interests	(1,272)	–
	12,027	(3,129)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 June 2018.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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 Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

On 9 January 2018, the Company issued 213,685,960 ordinary shares by capitalising the amounts of RM84,043,199 and RM22,799,781 from the capital reduction reserve and retained earnings respectively on the basis of four bonus shares for every five existing ordinary share.

During the financial year, additional warrants 2014/2019 of 106,842,440 units were issued pursuant to the adjustments to the number of outstanding warrants as a result of the bonus issued.

DIRECTORS

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

Dr. Christopher Shun Kong Leng, CFP®, RFP™
Chiam Tau Meng
Too Kok Leng*
Y.A.M. Raja Shahruddin Rashid*
Leou Thiam Lai
Marianna Binti Aly Shun*

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Shun Leong Kwong	
Dato' Abdul Mokhtar Ahmad	
Dato' Shahrir Bin Abdul Jalil	
Teoh Choo Huang	
Lechumanan A/L Patoo	
Jatil Aliah Binti Abdul Hasim	
Mazliatul Akma Binti Zulkipli	
Rauharofzazila Binti Ahmad	
Rosli Bin Abdullah	(Resigned on 31 May 2018)
Jeyashree A/P Segar	(Appointed on 31 May 2018)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares and warrants in the Company and its related corporations during the financial year were as follows:

Interest in the Company

	Number of ordinary shares			
	At 1 July 2017	**Additions**	**Sold**	**At 30 June 2018**
The Company				
- Menang Corporation (M) Berhad				
Direct interests				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	26,740,000	21,392,000	–	48,132,000
Too Kok Leng	13,190,800	10,552,640	–	23,743,440

	Number of warrants 2014/2019			
	At 1 July 2017	**Additions**	**Exercised/ Sold**	**At 30 June 2018**
The Company				
- Menang Corporation (M) Berhad				
Direct interests				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	13,380,000	10,704,000	–	24,084,000

By virtue of his interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dr. Christopher Shun Kong Leng, CFP®, RFP™ is deemed to have interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

The other directors in office at the end of the financial year did not have any interest in shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of the emoluments received or due and receivable, by the directors as disclosed in Note 25 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 a party to any arrangements where the object is 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.

INDEMNITY TO DIRECTORS AND OFFICERS

Every director or other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him, in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted to him by the Court in respect of any negligence default breach of duty or breach of trust.

During the financial year, the total amount of indeminity coverage and insurance premium paid for the directors and officers of the Company were RM15,000,000 and RM37,050 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TOO KOK LENG
Director

Y.A.M. RAJA SHAHRUDDIN RASHID
Director

Date: 16 October 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-current assets					
Plant and equipment	5	147	195	31	19
Investment properties	6	53,788	50,124	10,409	10,572
Land held for property development	7	76,654	66,945	–	–
Operating financial assets	8	360,012	864,869	–	–
Investments in subsidiaries	9	–	–	275,063	275,090
Investment in an associate	10	236	235	–	–
Other investments	11	5	6	–	–
Total non-current assets		490,842	982,374	285,503	285,681
Current assets					
Inventories	12	109,003	102,125	–	–
Operating financial assets	8	17,370	35,516	–	–
Trade and other receivables	13	29,484	46,658	42,214	25,117
Tax assets	14	189	2	26	–
Deposits, cash and bank balances	15	37,554	31,415	193	538
		193,600	215,716	42,433	25,655
Assets of a disposal group classified as held for sale	16	524,291	–	–	–
Total current assets		717,891	215,716	42,433	25,655
TOTAL ASSETS		1,208,733	1,198,090	327,936	311,336

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	240,396	133,553	240,396	133,553
Reserves	18	77,106	170,651	51,107	161,079
		317,502	304,204	291,503	294,632
Non-controlling interests		67,557	68,829	–	–
TOTAL EQUITY		385,059	373,033	291,503	294,632
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	19	42,898	58,454	–	–
Loans and borrowings	20	246,712	623,200	12,150	–
Total non-current liabilities		289,610	681,654	12,150	–
Current liabilities					
Trade and other payables	21	56,862	94,705	16,281	16,704
Tax liabilities		–	170	–	–
Loans and borrowings	20	33,033	48,528	8,002	–
		89,895	143,403	24,283	16,704
Liabilities of a disposal group classified as held for sale	16	444,169	–	–	–
Total current liabilities		534,064	143,403	24,283	16,704
TOTAL LIABILITIES		823,674	825,057	36,433	16,704
TOTAL EQUITY AND LIABILITIES		1,208,733	1,198,090	327,936	311,336

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

		Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
	Note		(Restated)		
Continuing operations					
Revenue	22	42,784	35,414	2,280	82,307
Cost of sales	23	(9,883)	(9,936)	–	–
Gross profit		32,901	25,478	2,280	82,307
Other income		21,880	5,362	52	–
Administrative expenses		(10,900)	(10,775)	(3,426)	(3,015)
Other expenses		(432)	(271)	(757)	(215)
		(11,332)	(11,046)	(4,183)	(3,230)
Operating profit/(loss)		43,449	19,794	(1,851)	79,077
Finance costs	24	(17,251)	(17,654)	(1,278)	–
Share of results of an associate, net of tax		1	59	–	–
Profit/(Loss) before tax	25	26,199	2,199	(3,129)	79,077
Tax (expense)/credit	26	(12,430)	1,622	–	–
Profit/(Loss) for the financial year from continuing operations		13,769	3,821	(3,129)	79,077
(Loss)/Profit for the financial year from discontinued operation, net of tax	16	(1,742)	3,690	–	–
Profit/(Loss) for the financial year		12,027	7,511	(3,129)	79,077
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Fair value adjustment of available-for-sale financial assets		(1)	–	–	–
Total comprehensive income/(loss) for the financial year		12,026	7,511	(3,129)	79,077

Statements of Comprehensive Income
(continued)

	Note	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Profit/(Loss) attributable to:					
Owners of the Company					
- From continuing operations		15,041	7,629	(3,129)	79,077
- From discontinued operations		(1,742)	3,690	–	–
		13,299	11,319	(3,129)	79,077
Non-controlling interests		(1,272)	(3,808)	–	–
		12,027	7,511	(3,129)	79,077
Total comprehensive income/(loss) attributable to:					
Owners of the Company					
- From continuing operations		15,040	7,629	(3,129)	79,077
- From discontinued operations		(1,742)	3,690	–	–
		13,298	11,319	(3,129)	79,077
Non-controlling interests		(1,272)	(3,808)	–	–
		12,026	7,511	(3,129)	79,077
Basic and diluted earnings/(loss) per share (sen):	27				
- From continuing operations		3.13	1.59		
- From discontinued operations		(0.36)	0.76		
		2.77	2.35		

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

	← Attributable to owners of the Company					→	
	Share capital RM'000	Capital reduction reserve RM'000	Available-for-sale reserve RM'000	Retained earnings RM'000	Subtotal RM'000	Non-controlling interests RM'000	Total equity RM'000
Group							
At 1 July 2016	133,553	84,044	4	75,284	292,885	72,637	365,522
Total comprehensive income for the financial year							
Profit for the financial year, representing the total comprehensive income	–	–	–	11,319	11,319	(3,808)	7,511
Transactions with owners							
Share dividends paid to non-controlling interests of subsidiaries	–	–	–	–	–	51,673	51,673
Ordinary shares issued to non-controlling interest	–	–	–	–	–	(51,673)	(51,673)
Total transactions with owners	–	–	–	–	–	–	–
At 30 June 2017	133,553	84,044	4	86,603	304,204	68,829	373,033
Total comprehensive income for the financial year							
Profit for the financial year	–	–	–	13,299	13,299	(1,272)	12,027
Other comprehensive loss for the financial year	–	–	(1)	–	(1)	–	(1)
Total comprehensive income	–	–	(1)	13,299	13,298	(1,272)	12,026
Transactions with owners							
Issuance of ordinary shares pursuant to bonus shares issued, representing total transactions with owners	106,843	(84,044)	–	(22,799)	–	–	–
At 30 June 2018	240,396	–	3	77,103	317,502	67,557	385,059

Statements of Changes In Equity
(continued)

	Share capital RM'000	Capital reduction reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
Company				
At 1 July 2016	133,553	84,044	(2,042)	215,555
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income	–	–	79,077	79,077
At 30 June 2017	133,553	84,044	77,035	294,632
Total comprehensive income for the financial year				
Loss for the financial year, representing total comprehensive loss	–	–	(3,129)	(3,129)
Transactions with owners				
Issuance of ordinary shares pursuant to bonus shares issued	106,843	(84,044)	(22,799)	–
Total transactions with owners	106,843	(84,044)	(22,799)	–
At 30 June 2018	240,396	–	51,107	291,503

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- Continuing operations		26,199	2,199	(3,129)	79,077
- Discontinued operations		(104)	6,875	–	–
		26,095	9,074	(3,129)	79,077
Adjustments for:					
Depreciation of investment properties		163	163	163	163
Depreciation of plant and equipment		74	97	6	5
Gain on disposal of plant and equipment		(3)	–	–	–
Gain on retention sum measured at amortised cost		–	(5)	–	–
Impairment losses on:					
- amounts owing by subsidiaries		–	–	562	12
- investments in subsidiaries		–	–	27	37
- trade receivables		194	–	–	–
Interest expense		45,836	49,238	1,278	–
Interest income		(575)	(364)	–	–
Interest income on operating financial assets		(36,531)	(39,037)	–	–
Inventories written back		(6,878)	–	–	–
Reversal of impairment loss on:					
- amount owing by an associate		(597)	–	–	–
- investment property		(3,827)	–	–	–
- land held for property development		(9,709)	–	–	–
- other receivables		(500)	–	–	–
Share of results of an associate,net of tax		(1)	(59)	–	–
Share of profits on joint venture project		–	(4,464)	–	–
Waiver of interest on late payment		–	(576)	–	–
Operating profit/(loss) before changes in working capital		13,741	14,067	(1,093)	79,294
Changes in working capital:					
Inventories		–	(484)	–	–
Operating financial assets		72,047	63,017	–	–
Trade and other receivables		3,213	(922)	456	1,577
Trade and other payables		(934)	(24,464)	(397)	1,738
Net cash generated from/ (used in) operating operations		88,067	51,214	(1,034)	82,609
Tax paid		(280)	(45)	(26)	–
Net cash from/(used in) operating activities carried down		87,787	51,169	(1,060)	82,609

Statements of Cash Flows
(continued)

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net cash flows from/ (used in) operating activities brought down		87,787	51,169	(1,060)	82,609
Cash flows from investing activities					
Repayment made to an associate		477	(426)	–	–
Additional investment in subsidiaries		–	–	–	(80,027)
Advances to subsidiaries		–	–	(18,141)	–
Interest received		575	364	–	–
Proceeds from disposal of plant and equipment		3	–	–	–
Purchase of plant and equipment		(26)	(26)	(18)	(19)
Placement of time deposits		(2,139)	(3,161)	–	–
Withdrawal in pledged deposits		21	1,318	–	–
Net cash used in investing activities		(1,089)	(1,931)	(18,159)	(80,046)
Cash flows from financing activities	(a)				
Drawdown of term loans		31,721	20,890	20,000	–
Interest paid		(59,258)	(59,334)	(1,126)	–
Payment of finance lease liability		(4)	(16)	–	–
Repayments to consortium parties		(4,258)	(15,361)	–	–
Repayments to subsidiaries		–	–	–	(2,974)
Repayments of term loans		(28,477)	(30,341)	–	–
Net cash flows (used in)/from financing activities		(60,276)	(84,162)	18,874	(2,974)
Net increase/(decrease) in cash and cash equivalents		26,422	(34,924)	(345)	(411)
Cash and cash equivalents at the beginning of the financial year		24,660	59,584	538	949
Cash and cash equivalents at the end of the financial year	15	51,082	24,660	193	538

(a) Reconciliation of liabiltiies arising from financing activities

Group

	Note	1 July 2017 RM'000	Cash flows RM'000	Non-cash item RM'000	30 June 2018 RM'000
Loans and borrowings	16, 20	671,728	(56,018)	45,666	661,376
Amount owing to consortium parties		36,148	(4,258)	–	31,890
		707,876	(60,276)	45,666	693,266

Company

	Note	1 July 2017 RM'000	Cash flows RM'000	Non-cash item RM'000	30 June 2018 RM'000
Loans and borrowings	20	–	18,874	1,278	20,152

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

1. CORPORATE INFORMATION

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

The registered office is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at 8th Storey, South Block, Wisma Golden Eagle Realty, 142-A, Jalan Ampang, 50450 Kuala Lumpur.

The Company is principally engaged in investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 October 2018.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial year:

Amendments/Improvements to FRSs	
FRS 12	Disclosure of Interests in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendments to FRS 12 Disclosure of Interests in Other Entities

Amendments to FRS 12 clarify that entities classified as held for sale are required to apply all the disclosure requirements of FRS 12 except for the disclosure requirements set out in paragraphs B10-B16.

The Group has applied the Amendments prospectively and accordingly, has disclosed the information relating to the disposal group classified as held for sale in Note 16.

Amendments to FRS 107 Statement of Cash Flows

Amendments to FRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The Group and the Company have applied the Amendments prospectively and accordingly, have disclosed the reconciliation in Note (a) of the Statement of Cash Flows.

2. BASIS OF PREPARATION (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs")

2.3.1 Transitioning Entities

Effective Date and Applicability

The Malaysian Accounting Standards Board has on 28 October 2015 announced that Transitioning Entities ("TEs") shall be required to apply the Malaysian Financial Reporting Standards ("MFRS") Framework for annual periods beginning on or after 1 January 2018. The entity that has applied MFRSs for annual periods beginning on or after 2 September 2014 shall not revert to apply FRSs even if it meets the criteria to do so. TEs comprise entities that are within the scope of **MFRS 141 *Agriculture*** and/or **IC Interpretation 15 *Agreements for the Construction of Real Estate***, including the parent, significant investor(s) and joint venturer(s).

The Group and the Company shall prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 30 June 2019.

In accordance with paragraphs 30 and 31 of MFRS 108 Accounting Policies, Changes in Accounting Estimates, entities are required to disclose the estimated impact from the application of the new standards on their financial statements in the period of initial application.

2.3.2 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations and amendments to IC Interpretations that have been issued, but yet to be effective

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018/ 1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 4	Insurance Contracts	1 January 2018
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangement	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred

2. BASIS OF PREPARATION (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs") (Continued)

2.3.2 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations and amendments to IC Interpretations that have been issued, but yet to be effective (Continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (Continued)		
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2018
New IC Interpretation		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Interpretations		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

The following are brief discussion on the four new MFRSs which may be relevant to the Group:

Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards ("MFRS 1")

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

MFRS 9 *Financial Instruments*

Key requirements of MFRS 9:

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

- In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2. BASIS OF PREPARATION (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs") (Continued)

2.3.2 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations and amendments to IC Interpretations that have been issued, but yet to be effective (Continued)

MFRS 9 *Financial Instruments* (Continued)

Key requirements of MFRS 9: (Continued)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 *Revenue from Contracts with Customers*

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

2. BASIS OF PREPARATION (Continued)

2.3 MASB Approved Accounting Standards ("MFRSs") (Continued)

2.3.2 New MFRSs, amendments/improvements to MFRSs, new IC Interpretations and amendments to IC Interpretations that have been issued, but yet to be effective (Continued)

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

2.3.3 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Interpretations.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and the expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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 that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(a) Subsidiaries and business combination (Continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

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

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of the assets (including its share of any assets held jointly), the liabilities (including its shares of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).
- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method in accordance with FRS 128 Investment in Associates and Joint Venture.

The Group has assessed the nature of its joint arrangement and determined them to be a joint venture and accounted for its interest in the joint venture using the equity method.

(e) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint venture and an associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

3.3 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Financial instruments (Continued)

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

Financial assets

<u>Loans and receivables</u>

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss through the amortisation process.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(b) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Financial instruments (Continued)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

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

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

(e) Offsetting of financial instruments

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

3.4 Plant and equipment

(a) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as a separate item of plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Plant and equipment (Continued)

(b) Subsequent costs

The cost of replacing a part of an item of plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

(c) Depreciation

Plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Plant and machinery	10% - 25%
Motor vehicles	20%
Furniture, fittings and equipment	10% - 25%
Site office and signboards	20%
Renovation	10% - 20%

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

(d) Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. The Group and the Company use the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

For building, depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of 50 years. Freehold land is not depreciated.

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in profit or loss.

3.7 Property development activities

(a) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

(b) Property development costs

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

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the percentage of completion method. The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

Where the financial outcome of a development activity cannot be reliably estimated, property development costs incurred is probable, and the property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net reliasable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as advance billings.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Inventories

Land and completed properties

Land and completed properties held for sale are stated at the lower of cost and net realisable value.

In the case of completed development properties held as inventories, cost includes:
- the cost of land, whether freehold or leasehold
- amounts paid to contractors for construction of the development properties
- an allocation of borrowing costs, planning and design costs, cost of site preparation, construction overheads, common costs including the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approved selling prices) and other related costs.

The cost of each unit of development property is determined based on specific identification.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.9 Operating financial assets

The Group constructs or upgrades infrastructure (construction or upgrade services) and operates and maintains that infrastructure (operation services) for a specific period of time under a single contract or arrangement. Under these concession arrangements, the grantor controls significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangements under the financial asset model as the Group has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identified. The allocation is performed by reference to the fair values of the services provided even if the contract stipulate individual prices for certain services. This is because, the amounts specified in the contracts may not necessarily be representative of the fair values of the services provided or the price that would be charged if the services were sold on a standalone basis. The Group estimates the relative fair values of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire.

3.10 Non-current assets or disposal groups held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Non-current assets or disposal groups held for sale (Continued)

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal group's are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rate basis, expect that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amoritsed or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.11 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of profit or loss and other comprehensive income is represented as if the operation has been discontinued from the start of the comparative period.

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances, deposits and other short-term highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include deposits pledged that form an integral part of the Group's cash management.

3.13 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Impairment of assets (Continued)

(a) Impairment and uncollectibility of financial assets (Continued)

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Impairment of assets (Continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.14 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Provisions (Continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(ii) Maintenance income

Maintenance income is recognised as and when services are rendered.

(iii) Sale of properties

Revenue from sale of properties is recognised upon signing of the sale and purchase agreement, and completion of the agreement.

(iv) Interest income

Interest income is recognised using the effective interest method. The notional interest income resulting from the accretion of discount on operating financial assets using the effective interest rate method is recognised in profit or loss.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(vi) Management fee

Management fee is recognised on an accrual basis.

3.17 Borrowings costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Borrowings costs (Continued)

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its 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.

3.18 Taxes

(a) Income tax

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

(i) Current tax

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

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Taxes (Continued)

(a) Income tax (Continued)

(ii) Deferred tax (Continued)

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(b) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.19 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employee Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Fair value measurements

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

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3.22 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Revenue recognition in relation to Concession Agreement

Interest income resulting from the accretion of discount on operating financial assets using the effective interest rate method is described in Note 3.16.

Significant judgement is required in determining the profit margin used in estimating the relative fair values of various services provided in concession arrangements. In making the judgement, the Group evaluates by making reference to the current condition and operating environment of companies in the similar industry in Malaysia.

(b) Impairment of investment properties and land held for properties development

The Group and the Company assess impairment of investment properties and land held for properties development whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The Group engages several professional valuers to perform valuations on various assets as disclosed separately in the respective notes to the financial statement.

The carrying amounts of the non-financial assets are disclosed in Notes 6 and 7.

(c) Assessment of obsolete or slow moving inventories

The Group and the Company asseses the adequacy of their provision for obsolete or slow moving inventories based on their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the provision for of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's and the Company's inventories are disclosed in Note 12.

(d) Disposal group classified as held for sale

As disclosed in Note 16, on 18 July 2018, the Board of Directors announced a plan to dispose two subsidiaries namely, Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd., which operates in Malaysia. The Board of Directors considered that the subsidiaries met the criteria to be classified as disposal group classified as held for sale at that date for the following reasons:

- Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd. are available for immediate sale and can be sold to a potential buyer in its current condition;
- The Board of Directors had entered into preliminary negotiations with a potential buyer; and
- The Board of Directors expects negotiations to be finalised and the sale to be completed by first quarter of 2019.

The carrying amounts of the disposal group held for sale are disclosed in Note 16.

5. PLANT AND EQUIPMENT

	Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Site office and signboards RM'000	Renovation RM'000	Total RM'000
Group						
2018						
Cost						
At 1 July 2017	1,482	978	2,566	326	198	5,550
Additions	–	–	26	–	–	26
Disposals	–	(487)	–	–	–	(487)
At 30 June 2018	1,482	491	2,592	326	198	5,089
Accumulated depreciation						
At 1 July 2017	1,373	951	2,507	326	198	5,355
Charge for the financial year	41	19	14	–	–	74
Disposals	–	(487)	–	–	–	(487)
At 30 June 2018	1,414	483	2,521	326	198	4,942
Net carrying amount						
At 30 June 2018	68	8	71	–	–	147
2017						
Cost						
At 1 July 2016	1,482	978	2,540	326	198	5,524
Additions	–	–	26	–	–	26
At 30 June 2017	1,482	978	2,566	326	198	5,550
Accumulated depreciation						
At 1 July 2016	1,328	913	2,493	326	198	5,258
Charge for the financial year	45	38	14	–	–	97
At 30 June 2017	1,373	951	2,507	326	198	5,355
Net carrying amount						
At 30 June 2017	109	27	59	–	–	195

5. PLANT AND EQUIPMENT (Continued)

	Motor vehicles RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Company				
2018				
Cost				
At 1 July 2017	70	1,057	27	1,154
Additions	–	18	–	18
At 30 June 2018	70	1,075	27	1,172
Accumulated depreciation				
At 1 July 2017	70	1,038	27	1,135
Charge for the financial year	–	6	–	6
At 30 June 2018	70	1,044	27	1,141
Net carrying amount				
At 30 June 2018	–	31	–	31
2017				
Cost				
At 1 July 2016	70	1,038	27	1,135
Additions	–	19	–	19
At 30 June 2017	70	1,057	27	1,154
Accumulated depreciation				
At 1 July 2016	70	1,033	27	1,130
Charge for the financial year	–	5	–	5
At 30 June 2017	70	1,038	27	1,135
Net carrying amount				
At 30 June 2017	–	19	–	19

6. INVESTMENT PROPERTIES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Freehold land, at cost				
At beginning/end of the financial year	59,879	59,879	4,325	4,325
Building, at cost				
At beginning/end of the financial year	8,114	8,114	8,114	8,114
Less: Accumulated depreciation				
At beginning of the financial year	(1,865)	(1,702)	(1,867)	(1,704)
Charge for the financial year	(163)	(163)	(163)	(163)
At end of the financial year	(2,028)	(1,865)	(2,030)	(1,867)
Less: Accumulated impairment loss				
At beginning of the financial year	(21,846)	(21,846)	–	–
Reversal of impairment loss	3,827	–	–	–
At end of the financial year	(18,019)	(21,846)	–	–
Development expenditure				
At beginning/end of the financial year	5,842	5,842	–	–
Carrying amount				
At 30 June	53,788	50,124	10,409	10,572

Investment properties of the Group with carrying amount of RM8,500,000 have been pledged as security to secure the term loans granted to the Company as disclosed in Note 20(a).

Fair value information

The fair value of investment properties of the Group and the Company are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Freehold land	–	8,500	70,573	79,073
Buildings	–	–	9,262	9,262
	–	8,500	79,835	88,335
2017				
Freehold land	–	–	93,147	93,147
Buildings	–	–	8,898	8,898
	–	–	102,045	102,045

6. INVESTMENT PROPERTIES (Continued)

Fair value information (Continued)

The fair value of investment properties of the Group and the Company are categorised as follows: (Continued)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018				
Freehold land	–	–	4,672	4,672
Buildings	–	–	9,262	9,262
	–	–	13,934	13,934
2017				
Freehold land	–	–	5,886	5,886
Buildings	–	–	8,898	8,898
	–	–	14,784	14,784

The valuation of certain investment properties of the Group as at 30 June 2018 is determined using open market method which is derived by way of independent valuation performed by the professional valuer. The valuation is generally derived using the sales comparison approach, where sales price of comparable buildings in close proximately are adjusted for differences in key attributes such as property size and is therefore recognised under Level 2 of the fair value hierarchy. The directors and the professional valuer consider that it is appropriate to use the sales comparison approach.

The valuation of Level 3 investment properties as at 30 June 2018 and 2017 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity and replacement cost model respectively.

There are no Level 1 investment property during the financial years ended 30 June 2018 and 30 June 2017. During the financial year, there is a transfer for certain investment properties between Level 2 and Level 3 due to change of valuation method. In previous financial year, there were no transfer between Level 2 and Level 3.

During the financial year, the impairment loss is reversed for an investment property as the recoverable amount of the investment property is higher than its carrying amount.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Direct operating expenses: - non-income generating investment properties	596	949	33	20

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2018 RM'000	Group 2017 RM'000
Freehold land, at cost		
At beginning/end of the financial year	80,574	80,574
Less: Accumulated impairment losses		
At beginning of the financial year	(13,629)	(13,629)
Reversal of impairment loss	9,709	–
At end of the financial year	(3,920)	(13,629)
Carrying amount at 30 June	76,654	66,945

Land held for property development of the Group with carrying amount of RM12,812,000 have been pledged as security to secure the term loans granted to the Company as disclosed in Note 20(a).

The land held for property development of the Group categorised at Level 3 as at 30 June 2018 and 2017 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity and replacement cost model respectively except for the valuation of certain land held for property development of the Group categorised at Level 2 with fair value of RM36,850,000 as at 30 June 2018 is determined using open market method which is derived by way of independent valuation performed by the professional valuer. The valuation is generally derived using the sales comparison approach, where sales price of comparable buildings in close proximately are adjusted for differences in key attributes such as property size. The directors and the professional valuer consider that it is appropriate to use the sales comparison approach.

During the financial year, the impairment loss is reversed for certain land held for property development as the recoverable amount is higher than its carrying amount.

8. OPERATING FINANCIAL ASSETS

	Group 2018 RM'000	Group 2017 RM'000
Non-current	360,012	864,869
Current	17,370	35,516
	377,382	900,385

The Group entered into certain concession agreements with UiTM and the Government of Malaysia ("the Government") as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of UiTM campuses and to carry out the maintenance works in relation to the maintenance of the facilities and infrastructure.

Each concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works ("Maintenance Period"). The maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expiring on the last date of the Maintenance Period. Upon expiry of the Maintenance Period, the Group is required to handover the facilities and infrastructure at no cost to UiTM in a well-maintained and operational condition.

8. OPERATING FINANCIAL ASSETS (Continued)

UiTM will pay the Group throughout the Maintenance Period concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. They carry interest at rates ranging from 3.91% to 4.37% (2017: 3.91% to 4.37%) per annum and repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreements.

All rights, interest and title limited to the availability charges, any amount payable by the Government of Malaysia, and reimbursement of costs by UiTM are assigned to a financial institution to secure a term loan facility granted to the Group as disclosed in Note 20(a).

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018	**2017**
	RM'000	**RM'000**
Unquoted shares, at cost		
At beginning of the financial year	412,061	332,034
Add: Additions during the financial year #	–	80,027
At end of the financial year	412,061	412,061
Less: Accumulated impairment losses		
At beginning of the financial year	(136,971)	(136,934)
Add: Impairment during the financial year	(27)	(37)
At end of the financial year	(136,998)	(136,971)
	275,063	275,090

In the previous financial year, certain subsidiaries had issued share dividends to the Company. Upon declaration of the share dividends by the subsidiaries, the Company and the corporate shareholders of the subsidiaries had requested the share dividends to be converted into share capital on 21 April 2017 resulting in additions of investment in subsidiaries of RM80.027 million.

9. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries, all of which have principal place of business incorporated in Malaysia, are as follows:

Name of the Company	Effective interest in equity held by the Group 2018 %	2017 %	Principal activities
Subsidiaries			
Menang Development (M) Sdn. Bhd.	100.00	100.00	Property development
Menang Leasing and Credit (M) Sdn. Bhd.	100.00	100.00	Leasing and hire purchase
Menang Management Services (M) Sdn. Bhd.	100.00	100.00	Management services
Menang Properties (M) Sdn. Bhd.	100.00	100.00	Property investment
Menang Aquatics Sdn. Bhd.	100.00	100.00	Investment holding and undertaking of landscaping projects
Menang Construction (M) Sdn. Bhd.	100.00	100.00	Property construction
Equitiplus Sdn. Bhd.	100.00	100.00	Investment holding
Hitung Panjang Sdn. Bhd.	100.00	100.00	Investment holding
Temeris Holdings Sdn. Bhd.	100.00	100.00	Investment holding
Menang Industries (M) Sdn. Bhd.	100.00	100.00	Investment holding
Menang Plantations (M) Sdn. Bhd.	100.00	100.00	Dormant
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.	100.00	100.00	Dormant
Subsidiary of Hitung Panjang Sdn. Bhd.			
Maztri Padu Sdn. Bhd.	100.00	100.00	Management services and property development
Subsidiary of Menang Leasing and Credit (M) Sdn. Bhd.			
Menang Finservices (M) Sdn. Bhd.	100.00	100.00	Licensed money-lender
Subsidiary of Menang Land (M) Sdn. Bhd.			
Menang Saujana Sdn. Bhd.	100.00	100.00	Property development
Subsidiary of Menang Aquatics Sdn. Bhd.			
Menang Greens Sdn. Bhd.	100.00	100.00	Landscaping and turf farming
Subsidiaries of Equitiplus Sdn. Bhd.			
Harapan Akuarium (M) Sdn. Bhd.	100.00	100.00	Investment holding
Menang Equities (M) Sdn. Bhd.	100.00	100.00	Investment holding

9. INVESTMENTS IN SUBSIDIARIES (Continued)

The details of the subsidiaries, all of which have principal place of business are incorporated in Malaysia, are as follows: (Continued)

Name of the Company	Effective interest in equity held by the Group 2018 %	Effective interest in equity held by the Group 2017 %	Principal activities
Subsidiary of Temeris Holdings Sdn. Bhd.			
Temeris Resorts Development Sdn. Bhd.	100.00	100.00	Property development
Subsidiaries of Menang Development (M) Sdn. Bhd.			
Menang Land (M) Sdn. Bhd.	100.00	100.00	Investment holding
Twin Version Sdn. Bhd.	100.00	100.00	Investment holding
Charisma Cheer Sdn. Bhd.	100.00	100.00	Investment holding
Inovatif Mewah Sdn. Bhd.	71.00	71.00	Concession arrangements
Rumpun Positif Sdn. Bhd. #	51.00	51.00	Concession arrangements
Protokol Elegan Sdn. Bhd.#	51.00	51.00	Concession arrangements

The subsidiaries have been reclassified as disposal group classified as held for sale (Note 16).

(a) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	Continuing operation	Discontinued operations		
	Inovatif Mewah Sdn. Bhd. RM'000	Rumpun Positif Sdn. Bhd. RM'000	Protokol Elegan Sdn. Bhd. RM'000	Total RM'000
2018				
NCI percentage of ownership interest and voting interest	29%	49%	49%	
Carrying amount of NCI	27,215	27,990	12,352	67,557
Profit/(Loss) allocated to NCI	699	1,087	(3,058)	(1,272)
2017				
NCI percentage of ownership interest and voting interest	29%	49%	49%	
Carrying amount of NCI	26,516	26,900	15,413	68,829
(Loss)/Profit allocated to NCI	(824)	(4,321)	1,337	(3,808)

9. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Continuing operation	Discontinued operations		
	Inovatif Mewah Sdn. Bhd. RM'000	Rumpun Positif Sdn. Bhd. RM'000	Protokol Elegan Sdn. Bhd. RM'000	Total RM'000
2018				
Assets and liabilities				
Non-current assets	328,648	314,802	117,146	760,596
Current assets	98,272	75,225	24,646	198,143
Non-current liabilities	(278,164)	(301,868)	(92,029)	(672,061)
Current liabilities	(54,909)	(36,247)	(29,766)	(120,922)
Net assets	93,847	51,912	19,997	165,756
Results				
Revenue	42,688	34,724	14,906	92,318
Profit/(Loss) for the financial year	2,410	2,220	(6,241)	(1,611)
Total comprehensive income/(loss)	2,410	2,220	(6,241)	(1,611)
Net cash from operating activities	48,757	27,102	18,435	94,294
Net cash (used in)/from investing activities	(8,854)	265	21	(8,568)
Net cash used in financing activities	(34,703)	(52,189)	(15,486)	(102,378)
	5,200	(24,822)	2,970	(16,652)
Dividends paid to NCI	–	–	–	–

9. INVESTMENTS IN SUBSIDIARIES (Continued)

(b) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows: (Continued)

	Continuing operation	Discontinued operations		
	Inovatif Mewah Sdn. Bhd. RM'000	Rumpun Positif Sdn. Bhd. RM'000	Protokol Elegan Sdn. Bhd. RM'000	Total RM'000
2017				
Assets and liabilities				
Non-current assets	345,279	328,746	122,088	796,113
Current assets	83,439	67,123	24,773	175,335
Non-current liabilities	(286,270)	(299,515)	(95,701)	(681,486)
Current liabilities	(51,015)	(46,660)	(24,921)	(122,596)
Net assets	91,433	49,694	26,239	167,366
Results				
Revenue	35,320	47,716	21,975	105,011
(Loss)/Profit for the financial year	(2,842)	(8,818)	2,727	(8,933)
Total comprehensive (loss)/income	(2,842)	(8,818)	2,727	(8,933)
Net cash from/(used in) operating activities	23,692	19,781	(2,737)	40,736
Net cash from/(used in) investing activities	19,595	1,749	(133)	21,211
Net cash used in financing activities	(41,510)	(21,121)	(585)	(63,216)
	1,777	409	(3,455)	(1,269)
Dividends paid to NCI	18,647	24,500	8,526	51,673

10. INVESTMENT IN AN ASSOCIATE

	Group 2018 RM'000	Group 2017 RM'000
Unquoted shares, at cost #	–	–
Share of results of associates		
At beginning of the financial year	235	176
Current year share of results	1	59
At end of the financial year	236	235
	236	235

This represents investment in an associate with a carrying amount of RM30 (2017: RM30).

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

Name of Associate	Ownership interest/ voting interest 2018 %	Ownership interest/ voting interest 2017 %	Nature of relationship
Pacific Bright Sdn. Bhd.	30	30	To act as manager for a consortium

(a) The summarised financial information of the associate, not adjusted for the proportion of the ownership interest held by the Group, is as follows:

	Group 2018 RM'000	Group 2017 RM'000
Assets and Liabilities		
Current assets	6,115	5,203
Current liabilities	(5,330)	(4,420)
Net assets	785	783
Results:		
Revenue	–	–
Profit for the financial year	2	197
Total comprehensive income	2	197
Net cash flows used in operating activities/ Net decrease in cash and cash equivalents	@	(53)

@ This represents cash flows used in operating activities and net decrease in cash and cash equivalents amounting to RM74.

11. OTHER INVESTMENTS

	Group 2018 RM'000	Group 2017 RM'000
Available-for-sale financial assets		
At fair value:		
- Quoted shares in Malaysia	5	6
Market value		
- Quoted shares	5	6

12. INVENTORIES

	Group 2018 RM'000	Group 2017 RM'000
At cost		
Land and completed properties	109,003	80,257
At net realisable value		
Land and completed properties	–	21,868
	109,003	102,125

During the financial year, the Group wrote back RM6,878,000 (2017: Nil) in respect of inventories previously written down.

Included in inventories is a freehold land in Seremban with carrying amount of RM2,813,000 (2017: RM2,813,000) held by a subsidiary whereby an agreement had been entered into with a third party developer to develop the land.

Included in inventories are lands with carrying amount of RM27,795,000 (2017: RM21,359,000) which the Group has entered into Consortium Agreement, Deed of Trusts, Shareholders Agreements and Memorandum of Re-iteration and Confirmation. These inventories are subject to a joint venture arrangement where the Group has a 30% interest.

Inventories of the Group with carrying amount of RM14,323,000 (2017: Nil) have been pledged as security to secure the term loans granted to the Company as disclosed in Note 20(a).

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000
Trade receivables			
Third parties	(a)	8,542	22,856
Non-trade receivables			
Amount owing by an associate	(b)	1,117	1,594
Amount owing by a joint operation project	(c)	–	516
Other receivables	(d)	20,004	20,585
GST refundable		–	2,098
Deposits		737	768
Prepayments		148	208
		22,006	25,769
Less: Allowance for impairment losses			
- trade receivables		(944)	(750)
- amount owing by an associate		(120)	(717)
- other receivables		–	(500)
		(1,064)	(1,967)
		29,484	46,658

	Note	Company 2018 RM'000	Company 2017 RM'000
Non-trade receivables			
Amounts owing by subsidiaries	(b)	102,685	84,570
GST refundable		–	459
Deposits		43	43
Prepayments		49	46
		102,777	85,118
Less: Allowance for impairment losses			
- amounts owing by subsidiaries		(60,563)	(60,001)
		42,214	25,117

(a) The normal trade credit terms granted by the Group ranging from 30 to 60 (2017: 30 to 60) days from date of invoice.

(b) The amounts owing by subsidiaries and an associate represent advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash.

(c) Amount owing by a joint operation project represents the share of results for the joint operation project, which is unsecured, interest-free and repayable upon completion of the joint operation project.

(d) Included in other receivables is an amount of RM19,977,000 (2017: RM19,977,000) retained by High Court arising from the compulsory acquisition by the Malaysian Government of the Klang Lands pending appeal against the quantum of compensation paid.

13. TRADE AND OTHER RECEIVABLES (Continued)

(e) Ageing analysis of trade receivables

The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Neither past due nor impaired	7,561	14,128
1 to 30 days past due but not impaired	6	6
31 to 60 days past due but not impaired	6	6
61 to 90 days past due but not impaired	6	6,506
91 to 120 days past due but not impaired	6	21
More than 121 days past due but not impaired	13	1,439
	37	7,978
Impaired - individually	944	750
	8,542	22,856

<u>Receivables that are impaired</u>

The Group's and the Company's trade and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment loss is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
At beginning of the financial year	1,967	1,967	60,001	59,989
Charge for the financial year - Individually impaired	194	–	562	12
Reversal of impairment loss	(1,097)	–	–	–
At the end of the financial year	1,064	1,967	60,563	60,001

14. TAX ASSETS

This amount is in respect of tax paid in advance to the tax authorities.

15. DEPOSITS, CASH AND BANK BALANCES

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Continuing operations				
Cash and bank balances	25,717	17,789	193	538
Deposits placed with licensed banks	11,837	13,626	–	–
	37,554	31,415	193	538
Discontinued operations (Note 16)				
Cash and bank balances	13,528	–	–	–
Deposits placed with licensed bank	8,873	–	–	–
	22,401	–	–	–
	59,955	31,415	193	538

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances		39,245	17,789	193	538
Deposits placed with licensed banks	(a)	20,710	13,626	–	–
		59,955	31,415	193	538
Less: Deposits with maturity more than 3 months	(b)	(8,873)	(6,734)	–	–
Less: Pledged deposits	(c)	–	(21)	–	–
Cash and cash equivalents as reported in the statement of cash flows		51,082	24,660	193	538

(a) Included in deposits placed with licensed banks amounting to RM11,837,000 (2017: RM136,000) are placements made for a period of three months or less, depending on the immediate cash requirements of the Group and bear interest at rates ranging from 2.60% to 3.60% (2017: 2.95% to 3.15%) per annum.

(b) Deposits with maturities more than 3 months are placements made for a period of more than 3 months and bear interest at rates of 3.40% (2017: 3.40%) per annum and mature within one year.

(c) Included in deposits with licensed banks was an amount in the previous financial year, RM21,000 pledged to a licensed bank as a security favouring a third party for providing and installing all the necessary materials in the substation building leased by a subsidiary of the Company. This amount was not freely available for general use.

16. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

(a) Assets/(liabilities) of disposal group classified as held for sale

On 18 July 2018, the Board of Directors announced a proposal to dispose two subsidiaries namely, Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd.. The assets and liabilities related to Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd. have been presented as held for sale. The completion for the transaction is expected by the first quarter of 2019.

Assets of a disposal group classified as held for sale

	2018 RM'000
Operating financial assets	487,487
Trade and other receivables	14,387
Deposits, cash and bank balances (Note 15)	22,401
Tax assets	16
	524,291

Liabilities of a disposal group classified as held for sale

	2018 RM'000
Loan and borrowings (Note 20(a))	381,631
Deferred tax liabilities (Note 19)	29,717
Trade and other payables	32,821
	444,169

(b) Discontinued operations

As disclosed in Note (a) above, the comparative statements of comprehensive income have been re-presented to show the discontinued operations separately from continuing operations.

(i) Analysis of the result of discontinued operation and the result recognised on the disposal groups are as follows:

	2018 RM'000	2017 RM'000
Revenue	49,630	69,691
Cost of sales	(21,113)	(31,218)
Gross profit	28,517	38,473
Other income	266	104
Administrative cost	(302)	(118)
Profit from operations	28,481	38,459
Finance costs	(28,585)	(31,584)
(Loss)/Profit before tax of discontinued operations	(104)	6,875
Tax expense	(1,638)	(3,185)
(Loss)/Profit for the financial year from discontinued operations, net of tax	(1,742)	3,690

16. ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Continued)

(b) Discontinued operations (Continued)

(ii) The following items have been charged/(credited) in arriving at (loss)/profit before tax:

	2018 RM'000	2017 RM'000
Auditor's remuneration	33	28
Interest expense on:		
- term loans	28,417	30,035
- unwinding of discounts on retention sum	166	1,549
- others	2	–
Interest income from deposits	(263)	(99)
Gain on retention sum measured at amortised cost	–	(5)

(iii) Cash flows generated from/(used in) discontinued operation:

	2018 RM'000	2017 RM'000
Net cash from operating activities	45,537	17,103
Net cash from/(used in) investing activities	286	(8,972)
Net cash used in financing activities	(67,675)	(14,362)
	(21,852)	(6,231)

17. SHARE CAPITAL

	Group/Company			
	Number of shares		Amount	
	2018 Unit'000	2017 Unit'000	2018 RM'000	2017 RM'000
Issued and fully paid up:				
At the beginning of the financial year	267,107	267,107	133,553	133,553
Issued during the financial year	213,686	–	106,843	–
At the end of the financial year	480,793	267,107	240,396	133,553

On 9 January 2018, the Company issued 213,685,960 ordinary shares by capitalising the amounts of RM84,043,199 and RM22,799,781 from the capital reduction reserve and retained earnings respectively on the basis of four bonus shares for every five existing ordinary share.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. RESERVES

	Note	Group 2018 RM'000	Group 2017 RM'000
Retained earnings		77,103	86,603
Capital reduction reserve	(a)	–	84,044
Available-for-sale reserve	(b)	3	4
		3	84,048
		77,106	170,651

	Note	Company 2018 RM'000	Company 2017 RM'000
Retained earnings		51,107	77,035
Capital reduction reserve	(a)	–	84,044
		51,107	161,079

(a) The capital reduction reserve arose from the capital reduction exercise done on 28 January 2011, pursuant to the requirements of Section 64 of the Companies Act 1965 in Malaysia. On 9 January 2018, the Company has utilised the capital reduction reserve by issuing the ordinary shares to the members of the Company.

(b) The available-for-sale reserve represents fair value changes, net of tax arising from financial assets classified as available-for-sale.

19. DEFERRED TAX LIABILITIES

	Group 2018 RM'000	Group 2017 RM'000
At beginning of the financial year	(58,454)	(57,121)
Recognised in profit or loss (Note 26)	(14,161)	(1,333)
Reclass disposal group classified as held for sale (Note 16)	29,717	–
At end of the financial year	(42,898)	(58,454)

(a) Presented after appropriate offsetting as follows:

	Group 2018 RM'000	Group 2017 RM'000
Deferred tax assets	2,858	27,548
Deferred tax liabilities	(45,756)	(86,002)
	(42,898)	(58,454)

19. DEFERRED TAX LIABILITIES (Continued)

(b) This is in respect of estimated deferred tax assets/(liabilities) arising from temporary differences as follows:

	Group	
	2018 RM'000	**2017 RM'000**
Deferred tax assets		
Unutilised tax losses	2,858	10,211
Unabsorbed industrial building allowances	–	17,337
	2,858	27,548
Deferred tax liabilities		
Operating financial assets	(45,589)	(85,835)
Inventories	(167)	(167)
	(45,756)	(86,002)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Unutilised tax losses	67,302	63,100	20,357	19,705
Unabsorbed capital allowances	623	571	–	–
	67,925	63,671	20,357	19,705

The deductible temporary differences do not expire under the current tax legislation.

20. LOANS AND BORROWINGS

		Group		Company	
		2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Current - secured					
Term loan I	(a)	25,031	24,159	–	–
Term loan II	(a)	–	12,986	–	–
Term loan III	(a)	–	11,379	–	–
Term loan IV	(a)	8,002	–	8,002	–
Finance lease liability	(b)	–	4	–	–
		33,033	48,528	8,002	–

20. LOANS AND BORROWINGS (Continued)

		Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current - secured					
Term loan I	(a)	234,562	256,109	–	–
Term loan II	(a)	–	278,055	–	–
Term loan III	(a)	–	89,036	–	–
Term loan IV	(a)	12,150	–	12,150	–
		246,712	623,200	12,150	–
Total borrowings		279,745	671,728	20,152	–

(a) Terms loans

Term loans I, II and III are secured over the following:

(i) all agreements in relation to the concession agreements (Note 8);

(ii) debenture creating a first fixed and floating charge over all present and future assets of a subsidiary;

(iii) assignment over designated accounts; and

(iv) corporate guarantee from a subsidiary and corporate shareholders of subsidiaries.

Term loan IV is secured over the following:

(i) legal charge over the investment properties of a subsidiary (Note 6);
(ii) legal charge over the land held for property development of a subsidiaries (Note 7); and
(iii) legal charge over the inventories of a subsidiary (Note 12).

Term loans I, II and III are repayable commencing on September 2014, December 2015 and January 2017 respectively.

Term loan IV is repayable by two scheduled principal repayment with first principal repayment on/before June 2019 and second principal repayment on/before October 2019.

The term loans bear interest at rates ranging from 5.75% to 9.00% (2017: 5.75% to 8.15%) per annum.

A significant covenant for the Term loan III is that the maximum Total Indebtedness to Equity ratio of 84.3:15.7 must not be exceeded at all times.

Term loan II and III had been reclassified as liabilities of a disposal group classified as held for sale (Note 16).

20. LOANS AND BORROWINGS (Continued)

(b) Finance lease liability

	Group 2018 RM'000	Group 2017 RM'000
Future minimum lease payments	–	4
Less: Future finance charges	–	–
Total present value of minimum lease payments	–	4
Payable within one year		
Future minimum lease payments	–	4
Less: Future finance charges	–	–
Total present value of minimum lease payments	–	4

In the previous financial year, the finance lease liability of the Group bore an interest rate of 2.55% per annum.

21. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current					
Trade payables					
Trade payables	(a)	2,688	8,137	–	–
Retention sums	(b)	–	20,720	–	–
		2,688	28,857	–	–
Other payables and accruals					
Amounts owing to subsidiaries	(c)	–	–	14,358	14,384
Amounts owing to directors	(c)	183	276	59	28
Other payables	(d)	32,414	37,966	–	–
Deferred income	(e)	12,018	9,320	–	–
GST payables		1,525	2,084	1,525	2,084
Accruals	(f)	8,028	16,185	339	208
Deposits		6	17	–	–
		54,174	65,848	16,281	16,704
		56,862	94,705	16,281	16,704

21. TRADE AND OTHER PAYABLES (Continued)

(a) The normal trade credit terms granted to the Group ranging from 30 to 40 (2017: 30 to 40) days.

(b) In the previous financial year, this was in respect of retention sums payable to the contractors of the Group pursuant to the letter of award entered into with the contractors.

The retention sums repayable in 18 months from date of completion in relation to each concession agreement was measured at amortised cost at imputed interest rates ranging from 7.50% to 8.20% per annum.

(c) Amounts owing to subsidiaries and directors represent advances and payments made on behalf which are unsecured, interest-free and repayable upon demand.

(d) Included in other payables as at the end of the financial year is an amount of RM31,890,000 (2017: RM36,148,000) distributable to the other consortium parties arising from the compulsory acquisition by the Malaysian Government of the Klang Lands.

(e) Deferred income is the maintenance reserve fund relating to a sinking fund established for the purpose of carrying out capital replacements for the Facilities and Infrastructure of UiTM campus by a subsidiary of the Company. The deferred income is initially recognised in the consolidated statement of financial position at the fair value of consideration received. Deferred income is subsequently recognised in profit or loss upon rendering the services.

(f) Included in accruals are the following:

	Group	
	2018 **RM'000**	**2017** **RM'000**
Conversion premium to convert Seremban 3 land from agriculture land to residential land and commercial land	5,527	5,527

The conversion premium will be payable when the vacant land is due for development.

22. REVENUE

	Group		Company	
	2018 **RM'000**	**2017** **RM'000** **(Restated)**	**2018** **RM'000**	**2017** **RM'000**
Continuing operations				
Management fees	96	94	2,280	2,280
Construction revenue	–	(8,007)	–	–
Interest income on operating financial assets	16,937	17,644	–	–
Maintenance income	10,585	10,517	–	–
Fair value of supplementary services	15,166	15,166	–	–
Dividend income	–	–	–	80,027
	42,784	35,414	2,280	82,307

22. REVENUE (Continued)

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Discontinued operations				
Construction revenue	–	18,977	–	–
Interest income on operating financial assets	19,594	21,394	–	–
Fair value of supplementary services	17,058	16,758	–	–
Maintenance income	12,978	12,562	–	–
	49,630	69,691	–	–
	92,414	105,105	2,280	82,307

23. COST OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Continuing operations				
Construction contracts	–	61	–	–
Maintenance costs	9,883	9,875	–	–
	9,883	9,936	–	–
Discontinued operations				
Construction contracts	9,806	11,509	–	–
Maintenance costs	11,307	19,709	–	–
	21,113	31,218	–	–
	30,996	41,154	–	–

24. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Continuing operations				
Interest expense on:				
- term loans	17,248	17,497	1,278	–
- finance lease liabilities	1	2	–	–
- others	2	155	–	–
	17,251	17,654	1,278	–

24. FINANCE COSTS (Continued)

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Discontinued operations				
Interest expense on:				
- term loans	28,417	30,035	–	–
- unwinding of interest on retention sum	166	1,549	–	–
- others	2	–	–	–
	28,585	31,584	–	–
	45,836	49,238	1,278	–

25. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Continuing operations				
Auditors' remuneration:				
- auditors of the Company				
- statutory audit	152	132	43	41
- under provision in prior financial year	1	16	–	8
- other services	89	12	89	12
- component auditors of the Group				
- statutory audit	–	11	–	–
Depreciation of investment properties	163	163	163	163
Depreciation of plant and equipment	74	97	6	5
Employee benefits expense [Note (a)]	4,411	4,282	1,227	1,471
Dividend received	–	–	–	(80,027)
Gain on disposal of plant and equipment	(3)	–	–	–
Inventories written back	(6,878)	–	–	–
Impairment loss on:				
- amount owing by subsidiaries	–	–	562	12
- investments in subsidiaries	–	–	27	37
- trade receivables	194	–	–	–
Interest expense on:				
- term loans	17,248	17,497	1,278	–
- finance lease liability	1	2	–	–
- others	2	155	–	–
Interest income from:				
- deposits	(312)	(260)	–	–
Management fees	–	–	(2,280)	(2,280)

25. PROFIT/(LOSS) BEFORE TAX (Continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (Continued)

	Group		Company	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000
Rental of premises	405	415	–	–
Reversal of impairment loss on:				
- amount owing by an associate	(597)	–	–	–
- investment property	(3,827)	–	–	–
- land held for property development	(9,709)	–	–	–
- other receivables	(500)	–	–	–
Share of profits on joint operation project	–	(4,464)	–	–
Share of results of associate	(1)	(59)	–	–
Waiver of interest on late payment	–	(576)	–	–

(a) Employee Benefits Expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	3,552	3,213	745	976
Defined contribution plan	325	231	68	63
Social security contribution	33	30	9	10
Other employee benefits	501	808	405	422
	4,411	4,282	1,227	1,471

Included in employee benefits expenses are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive:				
Fees	15	15	15	15
Salaries and emoluments	1,328	934	214	175
	1,343	949	229	190
Non-executive:				
Fees	15	20	15	20
Emoluments	323	367	252	287
	338	387	267	307

The estimated monetary value of benefit-in-kind received by the executive directors otherwise than in cash from the Group amounted to RM134,000 (2017: RM233,000).

26. TAX EXPENSE/(CREDIT)

	Group 2018 RM'000	Group 2017 RM'000 (Restated)	Company 2018 RM'000	Company 2017 RM'000
Continuing operations				
Current income tax				
Based on results for the financial year	–	200	–	–
(Over)/Under provision in prior financial years	(139)	6	–	–
	(139)	206	–	–
Deferred tax (Note 19)				
Origination of temporary differences	4,215	(1,157)	–	–
Under/(Over) provision in prior financial year	8,354	(671)	–	–
	12,569	(1,828)	–	–
Tax expense/(credit) from continuing operations	12,430	(1,622)	–	–
Discontinued operations				
Current income tax				
Based on results for the financial year	46	24	–	–
Deferred tax (Note 19)				
Origination of temporary differences	1,556	3,140	–	–
Under provision in prior financial year	36	21	–	–
	1,592	3,161	–	–
Tax expense from discontinued operations (Note 16)	1,638	3,185	–	–
Total tax expense recognised in profit or loss	14,068	1,563	–	–

26. TAX EXPENSE/(CREDIT) (Continued)

The numerical reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000 (Restated)**	**2018 RM'000**	**2017 RM'000**
Profit before tax from continuing operations	26,199	2,199	(3,129)	79,077
Profit before tax from discontinued operations	(104)	6,875	–	–
	26,095	9,074	(3,129)	79,077
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	6,263	2,178	(615)	18,978
Tax effect on non-deductible expenses	3,718	4,817	472	762
Tax effect on non-taxable income	(5,185)	–	(13)	(19,207)
Utilisation of deferred tax assets previously not recognised				
- continuing operations	1,021	(4,788)	156	(533)
(Over)/Under provision in prior financial years				
- current tax	(139)	6	–	–
- deferred tax	8,390	(650)	–	–
Tax expense	14,068	1,563	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial year.

The Group has an estimated unutilised tax losses, unabsorbed capital allowances and unabsorbed industrial building allowances of RM79,211,000 (2017: RM70,984,000), RM623,000 (2017: RM571,000) and Nil (2017: RM26,398,000) respectively, available for set off against future profits.

The Company has an estimated unutilised tax losses of RM20,357,000 (2017: RM19,705,000) available for set off against future profits.

27. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2018 RM'000	**2017 RM'000 (restated)**
Profit attributable to owners of the Company:		
- Continuing operations	15,041	7,629
- Discontinued operations	(1,742)	3,690
	13,299	11,319

	2018 '000	**2017 '000 (restated)**
Weighted average number of ordinary shares for basic earnings per share	480,793	480,793 #

	2018 sen	**2017 sen (restated)**
Basic earnings/(loss) per ordinary share		
- Continuing operations	3.13	1.59
- Discontinued operations	(0.36)	0.76
	2.77	2.35

\# The calculation of basic earnings per share is adjusted retrospectively arising from the increase in number of ordinary shares as a result of bonus issue (Note 17).

(b) Diluted

The diluted earnings per ordinary share of the Group for the financial years ended 30 June 2017 and 2018 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

28. OPERATING SEGMENTS

The Group is principally engaged in property development, concession arrangements, project management and investment holding.

The Group has arrived at four reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

Property development	:	Development of residential and commercial properties.
Project management and investment holding	:	Investment holding, letting out of properties and provision of management services.
Concession arrangements	:	Construction and maintenance of facilities and infrastructure.
Others	:	Landscaping, turf farming and licensed money lending.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax but not including non-recurring losses.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

28. OPERATING SEGMENTS (Continued)

	Project management and investment holding RM'000	Property development RM'000	Concession arrangements RM'000	Others RM'000	Adjustments and Eliminations RM'000	Consolidation RM'000
2018						
Business segments						
Revenue from external customer	96	–	92,318	–	–	92,414
Inter-segment revenue	2,280	–	–	–	(2,280)	–
Total revenue	2,376	–	92,318	–	(2,280)	92,414
Segment results	(3,731)	(5,899)	60,833	(25)	–	51,178
Interest income	1	311	263	–	–	575
Interest expense	(1,278)	(1)	(44,557)	–	–	(45,836)
Depreciation of plant and equipment and investment properties	(169)	(65)	–	(3)	–	(237)
Inventories written back	–	6,878	–	–	–	6,878
Reversal of impairment loss on:						
- land held for property development	–	9,709	–	–	–	9,709
- investment property	3,827	–	–	–	–	3,827
Share of results of an associate, net of tax	–	1	–	–	–	1
(Loss)/Profit before tax	(1,350)	10,934	16,539	(28)	–	26,095
Tax expense	–	–	(14,068)	–	–	(14,068)
(Loss)/Profit for the financial year	(1,350)	10,934	2,471	(28)	–	12,027
Assets:						
Investment in associates	–	236	–	–	–	236
Additions to non–current assets	19	7	–	–	–	26
Segment assets	19,479	256,610	932,304	151	–	1,208,544
Liabilities:						
Segment liabilities	22,362	40,048	718,350	16	–	780,776

28. OPERATING SEGMENTS (Continued)

	Project management and investment holding RM'000	Property development RM'000	Concession arrangements RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
2017						
Business segments						
Revenue from external customer	94	–	105,011	–	–	105,105
Inter-segment revenue	95,167	–	–	1	(95,168)	–
Total revenue	95,261	–	105,011	1	(95,168)	105,105
Segment results	(3,099)	(2,949)	63,643	(27)	–	57,568
Interest income	4	246	114	–	–	364
Interest expense	–	(141)	(49,097)	–	–	(49,238)
Depreciation of plant and equipment and investment properties	(168)	(85)	–	(7)	–	(260)
Gain on retention sum measured at amortised cost	–	–	5	–	–	5
Waiver of interest on late payment	–	–	576	–	–	576
Share of results of an associate, net of tax	–	59	–	–	–	59
(Loss)/Profit before tax	(3,263)	(2,870)	15,241	(34)	–	9,074
Tax expense	(1)	(64)	(1,498)	–	–	(1,563)
(Loss)/Profit for the financial year	(3,264)	(2,934)	13,743	(34)	–	7,511
Assets:						
Investment in associates	–	235	–	–	–	235
Additions to non-current assets	19	7	–	–	–	26
Segment assets	16,775	227,547	953,628	138	–	1,198,088
Liabilities:						
Segment liabilities	2,627	45,631	718,166	9	–	766,433

28. OPERATING SEGMENTS (Continued)

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

(a) Revenue

	Group	
	2018 RM'000	2017 RM'000
Total revenue for reportable segments	92,414	105,105
Discontinued operations (Note 16)	(49,630)	(69,691)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	42,784	35,414

(b) Reconciliation of profit or loss

	Group	
	2018 RM'000	2017 RM'000
Total profit for reportable segments	12,027	7,511
Discontinued operations (Note 16)	1,742	(3,690)
Profit of the Group per consolidated statement of profit or loss and other comprehensive income	13,769	3,821

(c) Reconciliation of assets and liabilities

	Group	
	2018 RM'000	2017 RM'000
Assets		
Segment assets	1,208,544	1,198,088
Tax assets	189	2
Total assets	1,208,733	1,198,090
Liabilities		
Segment liabilities	780,776	766,433
Deferred tax liabilities	42,898	58,454
Tax liabilities	–	170
Total liabilities	823,674	825,057

28. OPERATING SEGMENTS (Continued)

Information about major customers

Revenue from transactions with a major customer who individually accounted for 10% or more of the Group's revenue is as follows:

	Group	
	2018 RM'000	2017 RM'000
Customer A		
- Continuing operations	42,688	35,320
- Discontinued operations	49,630	69,691
	92,318	105,011

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

(i) Loans and receivables
(ii) Available-for-sale financial assets
(iii) Other financial liabilities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets				
Loans and receivables				
Operating financial assets	377,382	900,385	–	–
Deposits, cash and bank balances	37,554	31,415	193	538
Trade and other receivables, excluding prepayments and GST refundable	29,336	44,352	42,165	24,612
Available-for-sale				
Other investments	5	6	–	–
	444,277	976,158	42,358	25,150
Other financial liabilities				
Loans and borrowings	279,745	671,728	20,152	–
Trade and other payables, excluding GST payables	55,337	92,621	14,756	14,620
	335,082	764,349	34,908	14,620

29. FINANCIAL INSTRUMENTS (Continued)

(b) Fair value measurement

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

The carrying amounts of long-term floating rate term loan is reasonable approximation of fair values as the loans will be re-repriced to market interest rate on or near reporting date.

There have been no transfers between the levels during the current and previous financial years.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2018									
Group									
Financial assets									
Loans and receivables									
- Operating financial assets	377,382	–	–	–	–	–	377,382	–	377,382
Available-for-sale financial assets									
- Quoted shares in Malaysia	5	5	–	–	5	–	–	–	–
	377,387	5	–	–	5	–	377,382	–	377,382
Financial liabilities									
Loans and borrowings									
- fixed rate	20,152	–	–	–	–	–	19,367	–	19,367
2017									
Group									
Financial assets									
Loans and receivables									
- Operating financial assets	900,385	–	–	–	–	–	900,385	–	900,385
Available-for-sale financial assets									
- Quoted shares in Malaysia	6	6	–	–	6	–	–	–	–
	900,391	6	–	–	6	–	900,385	–	900,385
Financial liabilities									
Finance lease liability	4	–	–	–	–	–	4	–	4

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of payables, loans and borrowings and finance lease liability are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk, interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential adverse effects on the performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's financial risk management policies.

(a) Liquidity risk

The Group and the Company actively managing their operating cash flow to suit the debt maturity profile so as to ensure that all commitments and funding needs are met. As part of the overall liquidity management, it is the Group's and the Company's policy to ensure continuity in servicing their cash obligations in the future by way of measuring and forecasting their cash commitments and to maintain sufficient levels of cash or cash equivalents to meet their working capital requirements. In addition, the Group and the Company maintain sufficient credit facilities to meet their operational needs and to enable the Group and the Company to continue as going concerns.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the end of the financial year based on contractual undiscounted repayment obligations.

		Contractual undiscounted cash flows			
	Carrying amount RM'000	On demand or within 1 year RM'000	Between 1 and 5 years RM'000	More than 5 years RM'000	Total RM'000
2018					
Group					
Financial liabilities:					
Loans and borrowings	279,745	39,976	199,880	90,382	330,238
Trade and other payables	55,337	55,337	–	–	55,337
	335,082	95,313	199,880	90,382	385,575
Company					
Financial liabilities:					
Loans and borrowings	20,152	21,696	1,126	–	22,822
Trade and other payables	14,756	14,756	–	–	14,756
	34,908	36,452	1,126	–	37,578
2017					
Group					
Financial liabilities:					
Loans and borrowings	671,728	94,038	398,430	465,382	957,850
Trade and other payables	92,621	106,329	–	–	106,329
	764,349	200,367	398,430	465,382	1,064,179
Company					
Financial liabilities:					
Trade and other payables	14,620	14,620	–	–	14,620

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

Cash deposits and trade and other receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group. The Group seeks to invest cash assets safely and profitably. The Group considers the risk of material loss arising in the event of non-performance by a financial counterparty to be unlikely, except when management deems recoverability of specific debtors as doubtful.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

The Company is also exposed to credit risk arising from financial guarantees provided in respect of banking facilities granted to a subsidiary.

At the end of financial year, the maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries.

The Company monitors on an ongoing basis the repayments made by the subsidiary and its financial performance.

The maximum exposure to credit risk amounted to RM259,954,000 (2017: RM671,724,000) representing the outstanding credit facilities of subsidiaries guaranteed by the Company the reporting date. At the reporting date, there was no indication that the subsidiary would default on its repayments.

The financial guarantee has not been recognised as the fair value on initial recognition was immaterial since the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiary's borrowings in view of the security pledged by the subsidiary and it is unlikely that the subsidiary will default within the guarantee provided.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the segments profits of its trade receivables on an ongoing basis.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Credit risk concentration profile (Continued)

As at 30 June 2018, the Group and the Company have no significant concentration of credit risk except for the following:

(a) an amount owing from a single customer in respect of its concession arrangement activities constituting 96.12% (2017: 93.60%) of total trade receivables of the Group; and

(b) the amounts owing from subsidiaries of the Company constituting 99.91% (2017: 98.05%) of total other receivables of the Company.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group has interest bearing financial assets, comprising the deposits that are short term in nature and are not held for speculative purposes but to earn a better yield than cash at banks.

The Group and the Company have interest bearing financial liabilities, comprising secured term loans, finance lease liability and amount owing to a third party as disclosed in Notes 20 and 21.

Interest rates on amount owing to a third party and finance lease liability are fixed. Interest rates for other term loans and deposits vary with reference to the base lending rates of the financial institutions.

Sensitivity analysis for interest rate risk

As at the end of the financial year, if the interest rates had been 50 basis points higher or lower and all other variables held constant, the Group's profit net of tax would decrease or increase by approximately RM2,524,000 (2017: RM2,553,000), arising mainly as a result of exposure to floating rate loans and borrowings.

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from quoted investments held by the Group. Quoted equity instruments in Malaysia are listed on Bursa Securities. These instruments are classified as available-for-sale financial assets.

There has been no change to the Group's exposure to market price risk or the manner in which this risk is managed and measured.

Sensitivity analysis for market price risk

The Group has considered the sensitivity of the financial instruments to market price risk and is of the view that its impact is insignificant.

31. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

31. RELATED PARTY DISCLOSURES (Continued)

(a) Identity of related parties (Continued)

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associate;
(iii) Joint venture;
(iv) Entities in which directors have substantial financial interests; and
(v) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2018 RM'000	**2017 RM'000**
Subsidiaries		
Management fees received and receivable from:		
- Menang Development (M) Sdn. Bhd.	480	480
- Inovatif Mewah Sdn. Bhd.	1,800	1,800
Dividend income received and receivable from:		
- Menang Development (M) Sdn. Bhd.	–	67,167
- Menang Industries Sdn. Bhd.	–	12,860

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, including any directors of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Executive directors' remuneration:				
- fees	15	15	15	15
- emoluments other than fees	1,328	934	214	175
	1,343	949	229	190

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management are to ensure that they would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged since financial year ended 30 June 2017.

32. CAPITAL MANAGEMENT (Continued)

The Group and the Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To remain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2018 and 30 June 2017.

The Group and the Company are not subject to any externally imposed capital requirements except as disclosed in Note 20.

The Group monitors capital using a gearing ratio which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, payables, less cash and bank balances. Capital represents equity attributable to the owners of the Company.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Continuing operations				
Loans and borrowings	279,745	671,728	20,152	–
Trade and other payables	56,862	94,705	16,281	16,704
	336,607	766,433	36,433	16,704
Less: Cash and bank balances	37,554	31,415	193	538
Net debts from continuing operations	374,161	797,848	36,626	17,242
Discontinued operations				
Loans and borrowings	381,631	–	–	–
Trade and other payables	32,821	–	–	–
	414,452	–	–	–
Less: Cash and bank balances	22,401	–	–	–
Net debts from discontinuing operations	436,853	–	–	–
Total capital	317,502	304,204	291,503	294,632
Net debts	811,014	797,848	36,626	17,242
Total capital plus net debts	1,128,516	1,102,052	328,129	311,874
Gearing ratio	72%	72%	11%	6%

Included in the borrowings of the Group is an amount of RM259,594,000 (2017: RM671,724,000) relating to concession agreements. UiTM throughout the Maintenance Period will pay the Group concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreements, as disclosed in Note 8 to the financial statements.

33. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 18 July 2018, the Board of Directors announced a proposal to dispose two subsidiaries namely, Rumpun Posiitf Sdn. Bhd. and Protokol Elegan Sdn. Bhd.. The assets and liabilities related to Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd. have been presented as held for sale. The completion for the transaction is expected by the first quarter of 2019.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **TOO KOK LENG** and **Y.A.M. RAJA SHAHRUDDIN RASHID**, being two of the directors of Menang Corporation (M) Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 33 to 101 are drawn up in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018 and of their financial performance and cash flows for the financial year then ended.

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

TOO KOK LENG
Director

Y.A.M. RAJA SHAHRUDDIN RASHID
Director

Kuala Lumpur

Date: 16 October 2018

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **TAN FOOK WENG**, being the officer primarily responsible for the financial management of Menang Corporation (M) Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements as set out on pages 33 to 101 are 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.

TAN FOOK WENG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 16 October 2018.

Before me,
LAI DIN (NO. W 668)
PESURUHANJAYA SUMPAH MALAYSIA
B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Menang Corporation (M) Berhad, which comprise the statements of financial position as at 30 June 2018 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 33 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Key Audit Matters

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

Group

Valuation of inventories investment properties and land held for property development (Notes 6, 7 and 12)

The Group has significant balances of investment properties, land held for property development and inventories. There is a risk the future performance of the assets may not lead to their carrying values being recoverable in full. Significant judgements arise over the valuation report applied in the recoverable amount calculation.

Our audit response:

Our audit procedures focus on evaluating the valuation report which included, among others:

- assessing the valuation methodology adopted by the Group in accordance to the requirements of relevant accounting standards;
- evaluating the competence, capabilities and objectivity of the external valuers which included consideration of their qualifications and experience;
- understanding the scope and objective of the valuation by reading the terms of engagement to assess whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation reports for all significant properties and discussing with external valuers on their valuation methodology and the significant judgements they made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- assessing the valuation methodology used and appropriateness of the key assumptions based on our knowledge of the property industry.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the 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 financial statements of the Group and of the Company that give a true and fair view in accordance with the 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.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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 contents of this report.

Baker Tilly Monteiro Heng	Kenny Yeoh Khi Khen
No. AF 0117	No. 03229/09/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 16 October 2018

Location	Note	Tenue	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition
Geran No. 27917 Lot No. 48 Mukim of Bukit Raja Daerah Klang Selangor Darul Ehsan	1, 2	Freehold Land	59.32 acres	Vacant Industrial Land for Future Development	N/A	17,942	1998
HSD 97332 PT 25008 Mukim of Klang Daerah Klang Selangor Darul Ehsan	1, 2	Leasehold 99 Years Expiry date - 2103	39.70 acres	Vacant Industrial Land for Future Development	N/A	5,801	1998
HSD 97333 PT 50718 Mukim of Klang Daerah Klang Selangor Darul Ehsan	1, 2	Leasehold 99 Years Expiry date - 2103	27.72 acres	Vacant Industrial Land for Future Development	N/A	4,051	1998
Geran No. 21944 Lot No. 20 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	2	Freehold Land	46.50 acres	Vacant Industrial Land for Future Development	N/A	8,717	1998
Lot No. 663, GM 3689 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	2	Freehold Land	10.37 acres	Vacant Industrial Land for Future Development	N/A	1,945	1998
Lot No. 889, GM 3690 Mukim of Ulu Bernam Daerah Ulu Selangor Selangor Darul Ehsan	2	Freehold Land	10.12 acres	Vacant Industrial Land for Future Development	N/A	1,898	1998
Lot 237, GM 583 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	2	Freehold Land	4.20 acres	Vacant Service Apartments Land for Future Development	N/A	9,150	1998
Lot 1279, CT 6441 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus	2	Freehold Land	3.93 acres	Vacant Hotel Resort Land for Future Development	N/A	8,500	1998
Rasah Jaya Various subdivided lots Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	2	Freehold Land	3.52 acres	On Going Mixed Development Land	N/A	2,882	1998
Seremban 3 Various subdivided lots Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus		Freehold Land	441.47 acres	On Going Mixed Development Land	N/A	167,270	2001
Lot 1570, Geran 3890 Mukim of Rantau, Seremban Negeri Sembilan Darul Khusus		Freehold Land	64.84 acres	Agricultural Land	N/A	5,102	2004

Location	Note	Tenue	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition
Lot 661, Geran No 587 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	1.01 acres	Agricultural Land	N/A	1,129	2004
Lot 996, Geran No 591 Mukim of Si Rusa Daerah Port Dickson Negeri Sembilan Darul Khusus		Freehold Land	2.00 acres	Agricultural Land	N/A	2,230	2004

Note:

1. These properties are subject to a joint venture arrangement where the Group has a 30% interest. Please refer to the announcements in Bursa Malaysia dated 22 June 2017, 25 July 2017, 16 August 2017, 27 September 2017, 13 October 2017, 23 February 2018, 17 April 2018, 28 May 2018, and 28 August 2018; and Note 12 of the Audited Financial Statement for the financial year ended 30 June 2018.

2. These properties have undergone a revaluation exercise to reverse the carrying impairment losses, as explained in Note 6, 7 and 12 of the Audited Financial Statement for the financial year ended 30 June 2018.

ORDINARY SHARES

Total Number of Issued Shares	:	480,793,410
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share
Number of Shareholders	:	10,854

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	214	1.97	3,329	0.00
100 to 1,000	3,489	32.14	1,867,722	0.39
1,001 to 10,000	5,784	53.29	16,093,824	3.35
10,001 to 100,000	1,115	10.27	34,566,040	7.19
100,001 to 24,039,669 (*)	248	2.29	217,658,040	45.27
24,039,670 and above (**)	4	0.04	210,604,455	43.80
TOTAL	10,854	100.00	480,793,410	100.00

Remarks: * - Less than 5% of issued shares
** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	%	No. of Shares Held	%
Dato' Abdul Mokhtar Ahmad	60,480	0.01	54,261,234[(1)]	11.29
Dato' Shun Leong Kwong	16,920	0.00	54,261,234[(1)]	11.29
Datin Mariam Binti Mohamed Eusoff	48,114,081	10.01	54,261,234[(1)]	11.29
Dr. Christopher Shun Kong Leng, CFP®, RFP™	48,132,000	10.01	–	–
Maymerge (M) Sdn. Bhd.	2,160	0.00	54,259,074[(2)]	11.29
Titian Hartanah (M) Sdn. Bhd.	54,259,074	11.29	–	–
Mr Toh May Fook	60,099,300	12.50	–	–

Notes:-

1. Deemed interest through Maymerge (M) Sdn. Bhd. and Titian Hartanah (M) Sdn. Bhd. by virtue of Section 8(4)(c) of the Companies Act 2016 ("the Act").

2. Deemed interest through Titian Hartanah (M) Sdn. Bhd. by virtue of Section 8(4)(c) of the Act.

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest No. of Shares Held	Direct Interest %	Indirect Interest No. of Shares Held	Indirect Interest %
Mr Too Kok Leng	23,743,440	4.94	–	–
Y.A.M. Raja Shahruddin Rashid	–	–	–	–
Ms Marianna Binti Aly Shun	–	–	–	–
Dr. Christopher Shun Kong Leng, CFP®, RFP™	48,132,000	10.01	–	–
Mr Chiam Tau Meng	–	–	–	–
Mr Leou Thiam Lai	–	–	–	–

LIST OF TOP 30 SHAREHOLDERS AS AT 28 SEPTEMBER 2018

	Name of Shareholders	Holdings No. of Shares	Holdings % of Issued Capital
1.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Toh May Fook)	60,099,300	12.50
2.	RHB Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for Titian Hartanah (M) Sdn. Bhd.)	54,259,074	11.29
3.	Christopher Shun Kong Leng	48,132,000	10.01
4.	RHB Nominees (Tempatan) Sdn Bhd (OSK Capital Sdn Bhd for Mariam Binti Mohamed Eusoff)	48,114,081	10.01
5.	RHB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Too Kok Leng)	21,943,440	4.56
6.	Lee Chin Hwa	18,821,520	3.92
7.	Tan Yok Chu	17,594,840	3.66
8.	Dato' Dr. Khor Ah Eng	10,288,520	2.14
9.	Soong Ik Lin	9,702,920	2.02
10.	Yong Kok Thye	5,686,560	1.18
11.	Fong Lai Wah	4,768,200	0.99
12.	Soon Ban Hin Oriental (M) Sdn Bhd	4,000,900	0.83
13.	Liew Sook Pin	3,904,700	0.81
14.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB for Lai Ming Chun @ Lai Poh Lin)	3,600,000	0.75
15.	Lai Yet Chung	3,600,000	0.75
16.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Tay Hock Soon)	3,384,800	0.70
17.	Tan Shoo Li	3,356,140	0.70
18.	Khoo Chiow Ling	2,902,220	0.60
19.	Tee Chee Chong	2,880,000	0.60

	Name of Shareholders	Holdings No. of Shares	% of Issued Capital
20.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Beh Kim Ling)	2,700,000	0.56
21.	Lee Chin Hwa	2,574,000	0.54
22.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim Bee Kua)	2,500,000	0.52
23.	Lam Sau Choo	2,260,800	0.47
24.	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Toh Gian Ming)	2,125,620	0.44
25.	CIMSEC Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tee Bon Ke @ Tee Boo Ke)	1,877,160	0.39
26.	CIMSEC Nominees (Tempatan) Sdn Bhd (Exempt AN for CGS-CIMB Securities (Singapore) Pte. Ltd.)	1,835,100	0.38
27.	Woo Yew Kheong	1,809,000	0.38
28.	HSBC Nominees (Asing) Sdn Bhd (Exempt AN for Credit Suisse)	1,800,000	0.37
29.	Terbit Kapital Sdn. Bhd.	1,743,700	0.36
30.	Terbit Kapital Sdn. Bhd.	1,688,700	0.35

ANALYSIS OF
WARRANT HOLDINGS
as at 28 September 2018

WARRANTS

No. of Warrants Issued	:	240,395,490
Exercise Rights	:	Each Warrant entitles the holder to subcribe for one (1) new ordinary share in the Company
Exercise Price of Warrants	:	RM0.55 per Warrant
Expiry Date of Warrants	:	9 July 2019
Exercise of Warrants	:	Nil
Voting Rights	:	Nil

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Holders	% of Holders	Number of Warrants held	% of Warrant Holdings
Less than 100	378	3.49	14,050	0.01
100 to 1,000	6,784	62.62	2,936,139	1.22
1,001 to 10,000	2,844	26.25	7,992,644	3.32
10,001 to 100,000	616	5.69	22,859,006	9.51
100,001 to 12,019,773(*)	208	1.92	107,073,910	44.54
12,019,774 and above(**)	3	0.03	99,519,741	41.40
TOTAL	10,833	100.00	240,395,490	100.00

Remarks: * - Less than 5% of issued warrants
** - 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Indirect Interest	
Name	No. of Warrants Held	%	No. of Warrants Held	%
Mr Too Kong Leng	–	–	–	–
Y.A.M. Raja Shahruddin Rashid	–	–	–	–
Ms Marianna Binti Aly Shun	–	–	–	–
Dr. Christopher Shun Kong Leng, CFP®, RFP™	24,084,000	10.02	–	–
Mr Chiam Tau Meng	–	–	–	–
Mr Leou Thiam Lai	–	–	–	–

LIST OF TOP 30 WARRANTS HOLDERS AS AT 28 SEPTEMBER 2018

	No. of Warrants	Holdings No. of Warrants	Holdings % of Issued Warrants
1.	Terbit Kapital Sdn. Bhd.	39,142,800	16.28
2.	Mariam Binti Mohamed Eusoff	36,292,941	15.10
3.	Christopher Shun Kong Leng	24,084,000	10.02
4.	Ng Chee Cheng	5,500,000	2.29
5.	Soon Ban Hin Oriental (M) Sdn Bhd	5,000,000	2.08
6.	Fong Lai Wah	4,500,000	1.87
7.	Seik Thye Kong	3,118,200	1.30
8.	Soong Ik Lin	3,110,480	1.29
9.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yeoh Kok Keat)	3,050,160	1.27
10.	Maybank Securities Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim Wei Yee)	3,011,600	1.25
11.	Chin Chin Seong	2,700,000	1.12
12.	Chin Chin Seong	2,412,820	1.00
13.	Teh Soon Seng	2,276,000	0.95
14.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Tiong Ling Ling)	2,244,720	0.93
15.	Ho Mei Ling	1,784,700	0.74
16.	Chiah Lam Chin	1,746,600	0.73
17.	Dato' Dr. Khor Ah Eng	1,529,900	0.64
18.	Lee Teik Aun	1,500,000	0.62
19.	Lian Wah Seng	1,500,000	0.62
20.	Datin Leung Kit Man	1,440,000	0.60
21.	Maybank Nominees (Tempatan) Sdn Bhd (Tay Boon Ping)	1,312,040	0.55
22.	Ng Thiang Tuan	1,250,000	0.52
23.	Molly Poh	1,188,000	0.49
24.	Sia Kok Chin	1,177,400	0.49
25.	Khoo Chiow Ling	1,154,960	0.48
26.	Eugene Goh Zhao Tzen	1,046,000	0.44
27.	Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Kwong Ming Kwei)	1,020,000	0.42
28.	Yap Ah Teck	1,000,060	0.42
29.	UOB Kay Hian Nominees (Asing) Sdn Bhd (Exempt AN for UOB Kay Hian Pte Ltd)	924,240	0.38
30.	Loh Ying Fatt	900,000	0.37

NOTICE OF THE FIFTY-FOURTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fourth Annual General Meeting of MENANG CORPORATION (M) BERHAD ("Menang" or "the Company") will be held at Cornerstone, Level 2, North Block, Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging), 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Thursday, 29 November 2018 at 10.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon. ***(Note 9)***

2. To approve the Directors' Fees and benefits payable of up to RM350,000.00 to the Directors of the Company from 30 November 2018 and up to the date of the next Annual General Meeting, to be paid monthly in arrears. ***Ordinary Resolution 1***

3. To re-elect Dr. Christopher Shun Kong Leng who is retiring pursuant to Clause 103 of the Constitution of the Company. ***Ordinary Resolution 2***

4. To re-elect Mr Leou Thiam Lai who is retiring pursuant to Clause 103 of the Constitution of the Company. ***Ordinary Resolution 3***

5. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 4***

As Special Business

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

6. **Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such allotment and issuance." ***Ordinary Resolution 5***

7. **Retention of Independent Director**

   "THAT Mr Chiam Tau Meng be and is hereby retained as Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance until the conclusion of the next Annual General Meeting." ***Ordinary Resolution 6***

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
Company Secretary

Selangor Darul Ehsan

Date: 31 October 2018

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.

2. Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.

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

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this meeting.

7. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of meeting will be put to vote by way of poll.

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at ***19 November 2018*** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

9. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

10. **Ordinary Resolution 5**
Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016 at the Fifty-Third Annual General Meeting held on 29 November 2017. The Company did not issue any shares pursuant to this mandate obtained.

The Ordinary Resolution is a renewal of the general mandate for the issuance of shares by the Company pursuant to Sections 75 and 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for purpose of funding future investments or working capital of the Group on a timely basis. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.

11. **Ordinary Resolution 6**
Retention of Independent Director

Mr Chiam Tau Meng ("Mr Chiam") was appointed an Independent Non-Executive Director on 21 October 2005. Mr Chiam has served the Company as an Independent Non-Executive Director for more than nine (9) years as at the date of the notice of the Fifty-Fourth Annual General Meeting. In accordance with the MCCG, the Nomination Committee and Board of Directors of the Company, after having assessed the independence of Mr Chiam, consider him to be independent based on amongst others, the following justifications and recommend that Mr Chiam be retained as an Independent Non-Executive Director of the Company:-

(i) He has confirmed and declared that he is an Independent Director as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) He does not have any conflict of interest with the Company and has not been entering/is not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies;
(iii) He is currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiary companies; and
(iv) The Board of Directors of the Company is of the opinion that Mr Chiam is an important Independent Non-Executive Director in view of his many years on the Board with incumbent knowledge of the Company and the Group's activities and corporate history and has provided invaluable contributions to the Board in his role as an Independent Non-Executive Director.

Menang Corporation (M) Berhad (5383-K)
Incorporated in Malaysia

CDS account no. of authorised nominee

No. of shares held

PROXY FORM

I/We*, ...
(name of shareholder as per NRIC, in capital letters)

NRIC No./Company No. ....

of ....
(full address)

and telephone no./email address* ....

being a member/members* of Menang Corporation (M) Berhad (the "Company"), hereby appoint ....

.... NRIC No. ....
(name of proxy as per NRIC, in capital letters)

of ....
(full address)

or failing him/her*, ... NRIC No. ....
(name of proxy as per NRIC, in capital letters)

of ....
(full address)

or failing him/her*, THE CHAIRMAN OF THE MEETING as my/our* proxy to vote for me/us* on my/our* behalf at the Fifty-Fourth Annual General Meeting of the Company, to be held at Cornerstone, Level 2, North Block, Wisma Golden Eagle Realty (formerly known as Wisma Selangor Dredging), 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Thursday, 29 November 2018 at 10.00 a.m. or at any adjournment thereof.

No.	**Resolution**	**For**	**Against**
Ordinary Resolution 1	Approval of Directors' Fees and benefit payable of up to RM350,000.00 to the Directors of the Company from 30 November 2018 and up to the date of the next Annual General Meeting, to be paid monthly in arrears		
Ordinary Resolution 2	Re-election of Dr. Christopher Shun Kong Leng as Director		
Ordinary Resolution 3	Re-election of Mr Leou Thiam Lai as Director		
Ordinary Resolution 4	Re-appointment of Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
Ordinary Resolution 6	Retention of Mr Chiam Tau Meng as an Independent Non-Executive Director, in accordance with the Malaysian Code on Corporate Governance		

* Strike out whichever is not desired.

[Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy may vote or abstain as he/she thinks fit.]

The proportions of my/our holding to be represented by my/our proxies are as follows:

1st proxy	%
2nd proxy	%
TOTAL	100 %

....
Signature or Common Seal
of Member/(s)

Dated this .... day of 2018

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person as proxy to attend and vote in his stead at the same meeting. A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.

2. Where a member of the Company appoints two (2) proxies, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointments shall be invalid.

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

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy shall be signed by the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power of attorney or authority, shall be deposited at the Company's Share Registrar's Office at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof. Any termination of a person's authority to act as a proxy shall be notified in writing and received by the Company at the Registered Office before the commencement of this meeting.

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

8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available a Record of Depositors as at ***19 November 2018*** and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend, speak and vote at this meeting and entitled to appoint proxy or proxies.

9. The Audited Financial Statements in Agenda 1 is meant for discussion only as approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda is not put forward for voting by shareholders of the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms pursuant to Personal Data Protection Act, 2010.

Please fold here

Stamp

Registrar of Menang Corporation (M) Berhad (5383-K)
Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Please fold here

Menang Corporation (M) Berhad (Company No : 5383-K)

8th Storey, South Block
Wisma Golden Eagle Realty
(formerly known as Wisma Selangor Dredging)
142-A, Jalan Ampang
50450 Kuala Lumpur

Tel : (603) 2161 3366
Fax : (603) 2161 3393