Menang Corporation (M) Berhad

Registration No. : 196401000240 (5383-K)

2019

ANNUAL REPORT

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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

SECRETARIES

Ms. Wong Youn Kim
(MAICSA 7018778)

Ms. Khoo Wei Lee
(MAICSA 7063165)

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: (603) 2241 5800
Fax: (603) 2282 5022

BUSINESS ADDRESS

8th Storey, South Block
Wisma Golden Eagle Realty
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 PLT
Chartered Accountants
Baker Tilly 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

Sanjay Mohan Advocates & Solicitors
Unit 5.01, Level 5
WORK@Clearwater
Jalan Changkat Semantan
50490 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

DIRECTORS' PROFILE

MR. TOO KOK LENG

Group Managing Director/ Group Chief Executive Officer, Malaysian, Aged 60, 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 all six (6) board meetings held in the financial year ended 30 June 2019.

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 52, 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 six (6) board meetings held in the financial year ended 30 June 2019.

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 32, Female

Ms. Marianna Binti Aly Shun ("Ms. Marianna") 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 was appointed as Group Executive Director of the Company on 29 November 2016. She attended all six (6) board meetings held in the financial year ended 30 June 2019.

Ms. Marianna 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 54, 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 all six (6) board meetings held in the financial year ended 30 June 2019.

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 66, Male

Mr. Chiam Tau Meng ("Mr. Chiam") 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, Mr. Chiam joined Bee Hin Holdings Sdn. Bhd. as General Manager-Corporate Finance.

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

Mr. Chiam 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 six (6) board meetings held during the financial year ended 30 June 2019.

Mr. Chiam also serves as an Independent Non-Executive Director in KIP Real Estate Investment Trust and Tri-Mode System (M) Berhad.

MR. LEOU THIAM LAI

Independent Non-Executive Director, Malaysian, Aged 63, 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 Menang 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 five (5) out of six (6) board meetings held in the financial year ended 30 June 2019.

Mr. Leou is also 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 hereinabove 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 30 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 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 33 of this Annual Report.

KEY SENIOR MANAGEMENT'S PROFILE

MR. TEOH CHOO HUANG

Operations Director, Malaysian, Aged 69, Male

Mr. Teoh Choo Huang ("Mr. Teoh") graduated from the University of Singapore (now National University of Singapore) with Bachelor in Engineering (Mechanical) 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 joined 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) and 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.

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

MR. SIMON WEE HOWE YEW

General Manager - Finance & Operations, Malaysian, Aged 51, Male

Mr. Simon Wee Howe Yew ("Mr. Simon") 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 (MIA).

Mr. Simon 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 listed companies.

Mr. Simon oversees corporate finance and financial functions of the Group.

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

MR. TAN FOOK WENG

Accountant, Malaysian, Aged 33, Male

Mr. Tan Fook Weng ("Mr. Tan") graduated as Dean's List of Bachelor of Commerce (Honours) Accounting from Universiti Tunku Abdul Rahman, Malaysia. He actively participated in various curriculum activities during his time in university. Mr. Tan is a fellowship member of Association of Chartered Certified Accountants ("ACCA") since year 2016.

Prior to joining Menang Group, Mr. Tan worked with BDO PLT and gained audit experience in various industry portfolios including property, plantation, oil & gas and education. He joined the Group as Accounts Executive in 2009 and has subsequently been promoted to Accountant of Menang Group of Companies.

Mr. Tan has contributed his services to the Group for approximate 10 years and is currently responsible for the financial management and financial reporting of the Group.

Mr. Tan 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 as disclosed in Note 30 of the financial statements.

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.

MANAGEMENT DISCUSSION
AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Menang Corporation (M) Berhad ("Menang" or the "Company") was incorporated at 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") principal 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 Financing 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. However, on 18 July 2019, the proposed disposals lapsed due to non-fulfilment of the condition precedents in connection with the required approvals from UKAS and lenders.

The Group still intends to dispose its interests in both companies which fulfils the requirements in MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* ("MFRS 5"). Accordingly, the assets and liabilities of RPSB and PESB continued to be reclassified as held for sale in the Consolidated Statement of Financial Position ("CSOFP"); while the income, expenses and profit after tax of RPSB and PESB will continued to be reclassified and presented as results from discontinued operations in the Consolidated Statement of Comprehensive Income ("CSOCI").

Property Development

During the financial year ended 30 June 2019 ("FYE 2019"), 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

	2019	2018	Variance	%
Net Assets (RM'000)	395,957	385,059	10,898	2.83
Operating Financial Assets (RM'000)	360,010	377,382	(17,372)	(4.60)
Borrowings (RM'000)	254,672	279,745	(25,073)	(8.96)
Net Current Assets (RM'000)	177,415	183,827	(6,412)	(3.49)
NTA per share (RM)	0.67	0.66	0.01	1.52
Revenue (RM'000)	42,113	42,784	(671)	(1.57)
Gross Profit (RM'000)	30,793	32,901	(2,108)	(6.41)
Gross Profit Margin (%)	73.1	76.9		
Profit for the year (RM'000)	10,896	12,027	(1,131)	(9.40)
Total comprehensive income for the financial year (RM'000)	10,896	12,026	(1,130)	(9.40)

The Group's continuing operations recorded a slightly lower revenue and gross profit of RM42.11 million and RM30.79 million respectively for FYE 2019 compared to RM42.78 million and RM32.90 million for the financial year ended 30 June 2018 ("FYE 2018") mainly due to lower finance income from operating financial assets and inventory written off.

Profit for FYE 2019 is RM10.90 million as compared to RM12.03 million in FYE 2018. In FYE 2018 there was a reversal of impairment of approximately RM20 million from revaluation of the investment properties and inventories of the Group.

The Group's net assets increased from RM385.06 million in FYE 2018 to RM395.96 million in FYE 2019. The Group's net current assets decreased RM183.83 million in FYE 2018 to RM177.42 million in FYE 2019 due to repayment of borrowings. Effectively, the Group's NTA per share stood at 67 sen.

Total borrowings reduced to RM254.68 million for FYE 2019 from RM279.75 million in FYE 2018 mainly due to repayments made during the financial year. The Group's gearing risk is mitigated by the Group's operating financial assets of RM360.01 million (FYE 2018: RM377.38 million), held under the concession agreement with the Government of Malaysia.

Capital Expenditure Requirements, Capital Structure and Capital Resources

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

REVIEW OF OPERATING ACTIVITIES

Concession Projects

As stated, the Group intends to dispose its interests in RPSB and PESB. The remaining concession business (IMSB) will continue to provide consistent streams of income and cashflow to the Group.

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 2019/2020, 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 banking facilities to address interest rate risk and interest savings; and
vi) to seek new government projects.

CONCLUSIONS

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

Thank you.

AUDIT COMMITTEE
REPORT

COMPOSITION OF AUDIT COMMITTEE

CHAIRMAN
Mr. Chiam Tau Meng *(Independent Non-Executive Director)*

MEMBERS
Mr. Leou Thiam Lai *(Independent Non-Executive Director)*
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Non-Independent Non-Executive Director)*

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 30 June 2019, there were five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Committee Members	Position	Date of Meetings Held/Attended					Total Attendance
		23 Aug 2018	16 Oct 2018	29 Nov 2018	21 Feb 2019	27 May 2019	
Mr. Chiam Tau Meng	Chairman	√	√	√	√	√	5/5
Mr. Leou Thiam Lai	Member	√	√	√	√	√	5/5
Dr. Christopher Shun Kong Leng, CFP®, RFP™	Member	√	√	√	√	√	5/5

During the financial year ended 30 June 2019, the External Auditors, at the invitation of the Audit Committee ("AC"), have attended three (3) Audit Committee Meetings.

RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The AC is responsible for assisting the Board of Directors (the "Board") in fulfilling its statutory and fiduciary responsibilities of monitoring the 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.

The Terms of Reference of the AC are reviewed regularly and approved by the Board. The current AC Terms of Reference is available for viewing on the Company's website at www.menangcorporation.com.

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

REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

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

SUMMARY OF ACTIVITIES

In line with the Term of Reference of AC, the following activities were carried out by the AC during the financial year:-

1. Financial Reporting & Compliance

(i) Reviewed the quarterly unaudited financial results and audited financial statements prior to submission to the Board for approval and subsequent announcement, focusing on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal and regulatory requirements to ensure compliance with the provisions of the Companies Act, 2016 and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

(ii) 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 Corporate Governance Report pursuant to the requirement of Paragraph 15.25 of the MMLR of Bursa Securities and the prescribed corporate governance principles and practices under the MCCG before recommending them to the Board;

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

(iv) Reviewed related party transactions (if any) that may arise within the Group.

(v) Conducted private sessions with the External and Internal Auditors in the absence of the Executive Directors and Management in conjunction with the AC Meetings.

2. External Audit

(i) Reviewed the External Auditors’ scope of work, budget and audit plan outlining their audit team, audit timeline, key areas of audit focus, communication of other significant audit matters and other updates and amendments.

(ii) Reviewed the results of the audit, the External Auditors’ Report, the Management Letter, including Management’s response and internal controls recommendations in respect of control weaknesses noted in the course of their audit.

(iii) Reviewed and recommended to the Board of Directors the re-appointment and the remuneration of the External Auditors.

3. Internal Audit, Risk & Sustainability Management

(i) Reviewed and assessed the Internal Audit Function and risk & sustainability management needs, plans and performance for the financial year under review.

(ii) Reviewed and approved the internal audit plan and budget for the financial year ended 30 June 2019.

(iii) Reviewed the audit reports presented by Internal Auditors on findings and recommendations with regards to system and control weaknesses noted in the course of their audit and Management’s responses thereto and ensuring material findings are adequately addressed by Management;

(iv) Reviewed the Risk & Sustainability Management Working Committee’s Report and ensuring regular identification of risks and appropriate measures were taken to mitigate any significant risks.

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 the AC. It is the responsibility of CGRM to provide the AC 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.

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

(i) *Human Resources & Administration Management;* and
(ii) *Machineries & Facilities Maintenance*

In the Internal Audit Report, the findings arising from the audit fieldwork were highlighted together with suitable recommendations for improvement to the Management for review and further action where necessary. These findings covered key operational and management control areas as well as financial and accounting control.

As part of their scope of work, the Internal Auditors would also conduct a status update on the implementation of their recommendations to the Management. A follow up audit review on *Corporate Disclosures of the Company* was conducted based on the Internal Audit Review carried out in the previous financial year.

The total costs incurred for Internal Audit Function of the Group in respect of the financial year ended 30 June 2019 amounted to RM34,888.10.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on page 23 of this Annual Report.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors (the “Board”) is committed to maintaining high standards of corporate governance and strives to ensure that it is practiced throughout Menang Corporation (M) Berhad (the “Company”) and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities in order to protect and enhance shareholders’ value and raise the performance of the Group.

COMPLIANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In this Statement, the Board provides a summary of the corporate governance practices adopted and applied by the Company based on the principles and best practices set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”) and the governance standards prescribed in the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) throughout the year under review. This Statement is to be read together with the Corporate Governance (“CG”) Report 2019 of the Company which 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 is responsible for the overall performance of the Group and continues to retain full and effective control over the Group. This includes responsibility for reviewing and adopting strategic plans for the Group in line with its vision and objectives while overseeing the conduct of the Group’s business.

The Board comprises of members who have a wide range of experience in fields such as legal, management, finance, construction and property development to successfully direct and supervise the Group’s business activities. A brief profile of each Director is presented on pages 3 to 5 of this Annual Report.

The Management

The Board delegates the responsibility of implementing the Group’s strategies, business plans, policies and day-to-day management to the Group Managing Director/Chief Executive Officer (“MD/CEO”) together with the Executive Directors and supported by the Key Senior Management and staff. A brief profile on our Key Senior Management is presented on pages 6 to 7 of this Annual Report.

The Group MD/CEO also provides assistance whenever appropriate and works with the Board and the Board Committees in discharging their duties. The Group MD/CEO will report on the performance and activities of the Group for the period under review, including explanations on any significant developments or changes.

The Board Committees

The Board has established three (3) Board Committees to assist the Board, namely:
- the Audit Committee;
- the Nomination Committee; and
- the Remuneration Committee

The Board appoints the Chairman and members of respective Board Committees. Each Board Committee is governed by their own Terms of Reference, which is approved by the Board and are periodically reviewed.

The Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and the Board Committees, as well as the relationship between the Board with the Management and shareholders. The Board Charter is reviewed by the Board from time to time and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter was last updated on 25 August 2017 and is made available for reference on the Company's website at www.menangcorporation.com.

Currently, the Company has not appointed Chairman of the Board and will endeavor to identify a suitable candidate to be appointed as Chairman of the Board soonest possible. Nevertheless, the roles of the Chairman and Group Managing Director are distinct and separated to ensure a balance of power and authority as clearly set out in the Board Charter. The Chairman is responsible for the overall leadership and efficient functioning of the Board. 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 Company has also put in place various policies such as Corporate Disclosure Policy, Code of Ethics for Company Directors and Whistle Blowing Policy which are periodically reviewed by the Board and are available on the Company's website.

The Company Secretaries

The Company is supported by two (2) qualified Company Secretaries who possess the requisite qualification and are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. They and their team play a supportive role by ensuring adherence to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations from time to time. The Company Secretaries monitor corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

Financial Year Ended ("FYE") 30 June 2019

During the FYE 30 June 2019, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

Name of Directors	No. of Meetings Attended/Held	Percentage (%)
Mr. Too Kok Leng *(Group Managing Director/Group Chief Executive Officer)*	6/6	100.00
Y.A.M. Raja Shahruddin Rashid *(Deputy Group Managing Director)*	6/6	100.00
Ms. Marianna Binti Aly Shun *(Group Executive Director)*	6/6	100.00
Dr. Christopher Shun Kong Leng, CFP®, RFP™ *(Non-Independent Non-Executive Director)*	6/6	100.00
Mr. Chiam Tau Meng *(Independent Non-Executive Director)*	6/6	100.00
Mr. Leou Thiam Lai *(Independent Non-Executive Director)*	5/6	83.33

The Board acknowledges the importance of continuous education and training, in order to keep abreast with the industry, regulatory and compliance issues, trends and best practices and developments in the market place, to enable them to discharge their duties and responsibilities more effectively.

During the FYE 30 June 2019, 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	Training on Sustainability Reporting	27 May 2019
Y.A.M. Raja Shahruddin Rashid	Training on Sustainability Reporting	27 May 2019
Ms. Marianna Binti Aly Shun	Training on Sustainability Reporting	27 May 2019
Dr. Christopher Shun Kong Leng, CFP®, RFP™	Training on Sustainability Reporting	27 May 2019
Mr. Chiam Tau Meng	Training on Sustainability Reporting	27 May 2019
Mr. Leou Thiam Lai	• Engagement Session with Public Practitioners: Strengthening the Profession Together (KL) • Seminar Percukaian Kebangsaan 2018 • 2019 Budget Seminar • Training on Sustainability Reporting	6 September 2018 13 November 2018 4 December 2018 27 May 2019

The Company Secretaries circulated the relevant guidelines on statutory and regulatory requirements from time to time and update the Board at Board Meetings. 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.

II. BOARD COMPOSITION

As at 30 June 2019, the Board comprised of six (6) members; 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 the MMLR of Bursa Securities. In view of their diversified background and extensive experience, they brought a wide range of technical skills and expertise to the Group and have contributed significantly towards performance monitoring, control as well as governance.

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

The Board is of the view that diversity on the Board enhances the decision-making capability of the Company and it improves the Board's discussion 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 believes that the current composition is appropriate given the collective skills and experiences of the Directors and the Group's current size and nature of business. The Board will continue to monitor and review the Board's size and composition as may be needed.

The Nomination Committee

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 comprises exclusively of Non-Executive Directors 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

During the FYE 30 June 2019, the Nomination Committee held one (1) meeting on 23 August 2018 with full attendance of Nomination Committee members. Below is a summary of the key activities undertaken by the Nomination Committee in discharge of its duties for the FYE 30 June 2019:-

a) Annual assessment of the Board, the Board Committees and the individual Directors;
b) Recommended the re-election and retirement by rotation of Directors at the 54th Annual General Meeting (“AGM”);
c) Reviewed the level of independence of Independent Directors and continuation of office of Independent Directors;
d) Reviewed term of office and performance of the Audit Committee and each of its members; and
e) Reviewed the Terms of Reference of the Nomination Committee.

The Nomination Committee’s Terms of Reference was last reviewed and approved by the Board on 27 May 2019 and is made available for reference on the Company’s website at www.menangcorporation.com.

Annual Assessment

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, risk and management of the Company’s business.

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.

Further, it is satisfied that each Director has allocated sufficient time and effort to carry out their responsibilities. None of the Directors on the Board hold more than five (5) directorships in other listed issuers on Bursa Securities.

Independence of Independent Directors

The Board also recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the Independent Directors are capable to exercise independent judgment and act in the best interests of the Group.

The Nomination Committee carried out an independence assessment of the Independent Directors based on the guidelines set out in the Listing Requirements to assess the independence of candidate for directorship and existing directors. The Directors are also required to confirm their independence by completing the independence checklist on an annual basis. Each Independent Director abstained from deliberation on his/her own assessment. The Nomination Committee was satisfied that the Independent Directors still maintain their independence effectively.

Therefore, for the financial year under review, the Board is satisfied with 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.

Re-election of the Board

The re-election of the Board is also done in accordance with the Company's Constitution whereby one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

At this forthcoming 55th AGM, Y.A.M. Raja Shahruddin Rashid and Mr. Chiam Tau Meng 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 Director's Profile of this Annual Report.

Evaluation of the Audit Committee

The Board, through the Nomination Committee, undertook an evaluation on the Audit Committee, to review the Audit Committee's performance and to determine whether the Audit Committee had carried out its duties in accordance with its Terms of Reference. The Board was satisfied with the performance and effectiveness of the Audit Committee.

The Board was of the view that the internal evaluation was adequate to determine the overall effectiveness of the Board, the Board Committees and individual Directors.

III. REMUNERATION

The Remuneration Committee, comprising only Non-Executive Directors, who assist the Board in reviewing and recommending remuneration packages to attract, retain and motivate the 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

During the financial year ended 30 June 2019, the Remuneration Committee held one (1) meeting on 23 August 2018 with full attendance of the Remuneration Committee members.

The Remuneration Committee had reviewed the remuneration package for the Executive Directors, which reflects the level of risk and responsibility, the individual's performance indicators in the job, the performance of the Company and concluded that the packages are well within comparable companies in similar industry. The Remuneration Committee had also reviewed the Directors' Fees and Benefits Payable to the Directors, which reflects the experience and level of responsibilities undertaken by the individual Director concerned. The Remuneration Committee presented their recommendation accordingly to the Board.

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 ("CG") Report of the Company.

The Remuneration Committee's Terms of Reference was last reviewed and approved by the Board on 27 May 2019 and is made available for reference on the Company's website at www.menangcorporation.com.

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 of three (3) members, majority of whom are Independent Non-Executive Directors with both being members of the Malaysian Institute of Accountants, and all of them are financial literate and have sufficient understanding of the Group's business, namely:-

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

The composition of the Audit Committee, including its roles and responsibilities, number of meetings and attendance of the Audit Committee members summary of Audit Committee activities and Internal Auditors' activities during the financial year under review as set out in Audit Committee Report on pages 11 to 13 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 the 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 2019 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 performance and suitability of the External Auditors and recommended to the Board and subsequently, proposed for shareholder's approval for the re-appointment of Messrs Baker Tilly Monteiro Heng PLT as External Auditors of the Company for the financial year ending 30 June 2020.

For the FYE 30 June 2019, the total fees incurred disclosed for the External Auditors, Messr Baker Tilly Monteiro Heng PLT by the Company and the Group are disclosed on page 28 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During the current financial year, the Board and the Management maintained the existing risk management framework that was adopted previously. The Board, through the Audit Committee which is supported by the Risk and Sustainability Management Working Committee and Internal Auditors, oversaw the process of systematically identifying, assessing and reporting the significant risk areas of the Group.

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 Meetings.

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.

More information is disclosed under the Statement of Risk Management and Internal Control on pages 22 to 23 of this Annual Report.

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 effective and constructive communication and timely dissemination of information on all material business and corporate developments to the shareholders, stakeholders and the public, in general.

The Company keeps its shareholders informed through timely release of announcements, quarterly financial results, annual report and other explanatory circulars.

Any queries and concern regarding the Group may be conveyed to the Company Secretaries or through our Company email - *general@menangcorporation.com*. We have also made available our Whistle Blowing Policy on our Company website for easy reference.

II. CONDUCT OF GENERAL MEETINGS

Through the Company's General Meetings, we provide shareholders with the opportunity to engage in candid dialogue, to seek and clarify issues and to have a better understanding of the Group's performance and activities. The Board encourages shareholders' participation at such meetings when members of the Board and the External Auditors will be present to address any queries raised during the meetings.

The Notice of General Meetings will be distributed to shareholders in a timely fashion and all resolutions set out in the Notice will continue to be carried out by poll voting. An independent scrutineer will also be appointed to validate the votes cast at any General Meeting of the Company.

The outcome of the General Meeting will be announced to Bursa Securities at the end of the meeting day while the Minutes of the General Meeting will be published on the Company's website as soon as practicable after the conclusion of the General Meeting.

This Statement was approved by the Board of Directors on 14 October 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under the Companies Act 2016, the Directors on page 116 of this Annual Report have made a statement expressing their opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company and the Group for the financial year ended 30 June 2019.

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 judgement 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 was approved by the Board of Directors on 14 October 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Menang Corporation (M) Berhad (the "Company") and its subsidiaries (the "Group") are committed to embracing the Malaysian Code on Corporate Governance 2017 and to adhere to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

Therefore, pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities, we are pleased to present this Statement presenting the risk management and internal control system practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

ACCOUNTABILITY OF THE BOARD OF DIRECTORS

The Board of Directors ("the Board") has overall responsibility for the Group's system of risk management and internal control and regularly reviews its adequacy and integrity. In establishing the Group's system of risk management and internal control, the following criteria are taken into consideration:-

- Systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.
- This system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board, through the Audit Committee, periodically reviews the adequacy and effectiveness of the Group's risk management and internal control system with the support of the Risk and Sustainability Management Working Committee ("RSMWC") and the Internal Auditors. This would include the on-going process for identifying, evaluating and establishing mitigating procedures for any new and significant risk identified within the operations as a result of changes in business environment and regulatory requirements.

The RSMWC, which comprises of the Senior Management, is delegated to oversee the implementation and management of the systems of risk management and internal control within the established framework throughout the Group.

AN INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The main features of the Group's risk management and internal control system are as follows:-

1. Financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary, corrective action are taken.
2. The Group's financial results are compared against the Board approved budget and reviewed during the Audit Committee and Board Meetings.
3. Regular reporting made to the Board on corporate and accounting developments, in turn facilitates the prioritisation of risk related issues for the Group to plan its resources and address the risk accordingly.
4. The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.
5. A defined organisational and hierarchical structure outlining the lines of reporting and job responsibilities at the operational level. In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation processes and regular performance reviews.
6. Regular reviews on documented internal policies, objectives and operational procedures are also part of the internal controls of the Group.
7. Adequate insurance coverage of major assets to ensure that assets of the Group are sufficiently covered against mishap that may result in losses to the Group.

INTERNAL AUDIT

The Internal Audit ("IA") function highlights issues to Executive and Operational Management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the Audit Committee on a regular basis. The Audit Committee in turn reviews the adequacy and effectiveness of the system of risk management and internal control in operation and reports the results thereon to the Board.

The Group has outsourced its IA Function to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm who provides independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the proper system of internal controls of the Group are in place and that it operates satisfactorily and effectively.

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.

EFFECTIVENESS OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

Several internal control improvements and risk areas were identified by Internal Auditors and the RSMWC during the financial year ended 30 June 2019. 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.

In addition to the above, the Board has received assurance from the Group Managing Director and the Accountant of the adequacy and effectiveness of the Group's risk management and internal control system.

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 2019 that would require disclosure in this Annual Report.

REVIEW OF THE STATEMENT 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 the 2019 Annual Report.

This Statement was approved by the Board of Directors on 14 October 2019.

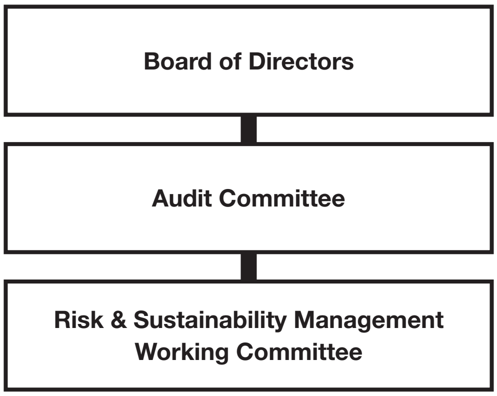
SUSTAINABILITY STATEMENT

Introduction

Menang Corporation (M) Berhad (the "Company") and its subsidiaries (the "Group") recognise the importance of sustainability and their increasing impact on the business and are committed to create 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:

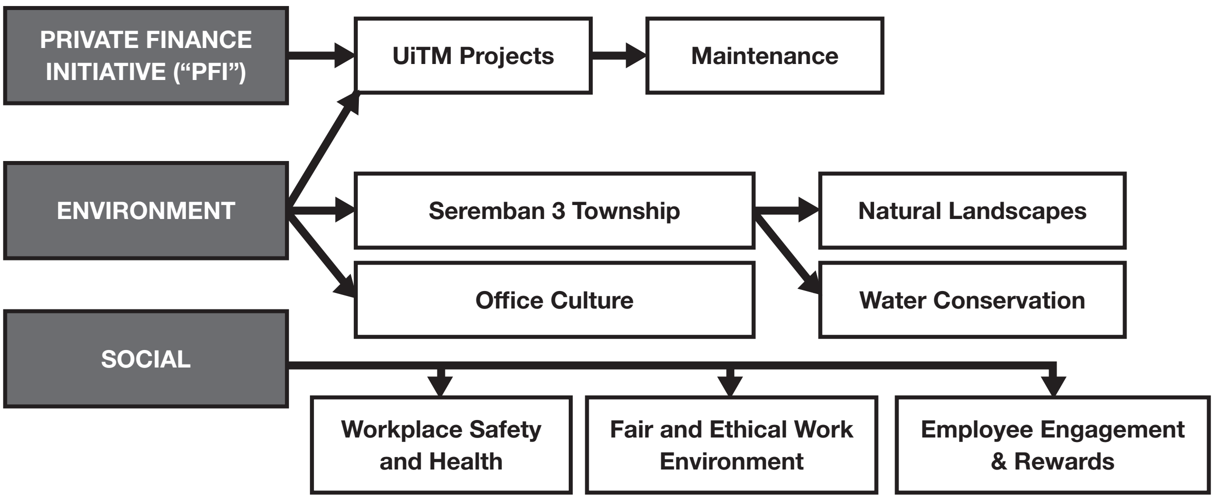


The Risk & Sustainability Management Working Committee ("RSMWC") is chaired by our Group Chief Executive Officer / Group Managing Director and comprises of members of Senior Management who are responsible for the overall implementation and management of sustainability matters which would include:

- 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 RSMWC convenes regularly 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 facilities.

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, just less than 10 minutes drive from the heart of Seremban Town which holds our UiTM Seremban 3 Campus, has been another focus point for our Group's 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 fieldwork predominantly utilises these natural water features and harvesting rainwater for fieldwork consumption such as watering the landscape towards our efforts in 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 wherever 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 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. Furthermore, we subscribe to:

- a code of conduct and ethics that rejects discrimination, harassment and intimidation;
- fair hiring and recruitment selection are conducted in 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.

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)
Continuing operations:		
Audit Services	65,000	175,000
Non-Audit Services	27,000	27,000
	92,000	202,000
Discontinued operations:		
Audit Services	–	33,000
Total	92,000	235,000

The audit services also included the following assignments:-

1. Assessment on MFRS 9 and MFRS 15 compliance.
2. Assessment on transition from FRS to MFRS.

The non-audit services comprised the following assignments:-

1. Review of the Statement on Risk Management and Internal Control.
2. Review on Key Audit Areas.
3. 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 2019 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 2019.

COMPLIANCE STATEMENT

The Board of Directors is satisfied that in the financial year ended 30 June 2019, the Company complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2017.

This Statement was approved by the Board of Directors on 14 October 2019.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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 2019.

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
(Loss)/Profit for the financial year, net of tax		
- Continuing operations	(2,404)	(3,296)
- Discontinued operations	13,300	–
	10,896	(3,296)
Attributable to:		
Owners of the Company	2,319	(3,296)
Non-controlling interests	8,577	–
	10,896	(3,296)

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 2019.

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 item, 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

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 480,793,410 to 480,796,290 by way of issuance of 2,880 new ordinary shares pursuant to 2,880 warrant exercised at an exercise price of RM0.55 each for cash.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

During the financial year, no new debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

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:

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

* 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	
Mr. Teoh Choo Huang	
Mr. Lechumanan A/L Patoo	
Puan Jatil Aliah Binti Abdul Hasim	
Puan Mazliatul Akma Binti Zulkipli	
Puan Rauharofzazila Binti Ahmad	
Ms. Jeyashree A/P Segar	
Encik Nik Ahmad Fazlan Bin Nik Ali	(Appointed on 15 November 2018)
Mr. Lee Chee Seong	(Appointed on 20 November 2018)
(Alternate director to Encik Nik Ahmad Fazlan Bin Nik Ali)	

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 2018	**Additions**	**Sold**	**At 30 June 2019**
The Company				
Direct interests				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	48,132,000	–	–	48,132,000
Too Kok Leng	23,743,440	–	–	23,743,440

		Number of warrants 2014/2019		
	At 1 July 2018	**Additions**	**Exercised /Sold**	**At 30 June 2019**
The Company				
Direct interests				
Dr. Christopher Shun Kong Leng, CFP®, RFP™	24,084,000	–	–	24,084,000

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 24 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 Companies Act 2016 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 indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM25,000 respectively.

SUBSIDIARIES

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 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 24 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 PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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: 14 October 2019

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)	Company 30.6.2019 RM'000	Company 30.6.2018 RM'000 (Restated)	Company 1.7.2017 RM'000 (Restated)
ASSETS							
Non-current assets							
Plant and equipment	5	124	147	195	43	31	19
Investment properties	6	53,628	53,788	50,124	10,249	10,409	10,572
Inventories	7	76,654	76,654	66,945	–	–	–
Operating financial assets	8	341,870	360,012	864,869	–	–	–
Investments in subsidiaries	9	–	–	–	275,025	275,063	275,090
Investment in an associate	10	233	236	235	–	–	–
Other investments	11	–	5	6	–	–	–
Total non-current assets		472,509	490,842	982,374	285,317	285,503	285,681
Current assets							
Inventories	7	112,597	109,003	102,125	–	–	–
Operating financial assets	8	18,140	17,370	35,516	–	–	–
Trade and other receivables	12	29,138	29,484	46,658	37,908	42,214	25,117
Tax assets		193	189	2	49	26	–
Deposits, cash and bank balances	13	41,323	37,554	31,415	98	193	538
		201,391	193,600	215,716	38,055	42,433	25,655
Assets of disposal group classified as held for sale	14	504,829	524,291	–	–	–	–
Total current assets		706,220	717,891	215,716	38,055	42,433	25,655
TOTAL ASSETS		1,178,729	1,208,733	1,198,090	323,372	327,936	311,336

Statements of Financial Position
(continued)

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)	Company 30.6.2019 RM'000	Company 30.6.2018 RM'000 (Restated)	Company 1.7.2017 RM'000 (Restated)
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	15	240,398	240,396	133,553	240,398	240,396	133,553
Reserves	16	79,425	77,106	170,651	47,811	51,107	161,079
		319,823	317,502	304,204	288,209	291,503	294,632
Non-controlling interests		76,134	67,557	68,829	–	–	–
TOTAL EQUITY		395,957	385,059	373,033	288,209	291,503	294,632
LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	17	46,063	42,898	58,454	–	–	–
Loans and borrowings	18	207,904	246,712	623,200	–	12,150	–
Total non-current liabilities		253,967	289,610	681,654	–	12,150	–
Current liabilities							
Trade and other payables	19	50,586	44,844	85,385	15,011	16,281	16,704
Tax liabilities		940	–	170	–	–	–
Loans and borrowings	18	46,768	33,033	48,528	20,152	8,002	–
Contract liability	20	14,716	12,018	9,320	–	–	–
		113,010	89,895	143,403	35,163	24,283	16,704
Liabilities of disposal group classified as held for sale	14	415,795	444,169	–	–	–	–
Total current liabilities		528,805	534,064	143,403	35,163	24,283	16,704
TOTAL LIABILITIES		782,772	823,674	825,057	35,163	36,433	16,704
TOTAL EQUITY AND LIABILITIES		1,178,729	1,208,733	1,198,090	323,372	327,936	311,336

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Continuing operations					
Revenue	21	42,113	42,784	2,280	2,280
Cost of sales	22	(11,320)	(9,883)	–	–
Gross profit		30,793	32,901	2,280	2,280
Other income		925	21,880	–	52
Administrative expenses		(11,446)	(10,900)	(3,189)	(3,426)
Other expenses		(1,574)	(432)	(537)	(757)
		(13,020)	(11,332)	(3,726)	(4,183)
Operating profit/(loss)		18,698	43,449	(1,446)	(1,851)
Finance costs	23	(16,757)	(17,251)	(1,850)	(1,278)
Share of results of an associate, net of tax		(3)	1	–	–
Profit/(Loss) before tax	24	1,938	26,199	(3,296)	(3,129)
Tax expense	25	(4,342)	(12,430)	–	–
(Loss)/Profit for the financial year from continuing operations		(2,404)	13,769	(3,296)	(3,129)
Profit/(Loss) for the financial year from discontinued operation, net of tax	14	13,300	(1,742)	–	–
Profit/(Loss) for the financial year		10,896	12,027	(3,296)	(3,129)
Other comprehensive loss					
Item that will not be reclassified subsequently to profit or loss					
Fair value loss on equity instruments designated at fair value through other comprehensive income		*	(1)	–	–
Total comprehensive income/(loss) for the financial year		10,896	12,026	(3,296)	(3,129)

* This represents fair value gain on equity instruments designated at fair value through other comprehensive income amounting to RM294 during the financial year ended 30 June 2019.

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(5,582)	13,070	(3,296)	(3,129)
- From discontinued operations		7,901	229	–	–
		2,319	13,299	(3,296)	(3,129)
Non-controlling interests		8,577	(1,272)	–	–
		10,896	12,027	(3,296)	(3,129)
Total comprehensive (loss)/ income attributable to:					
Owners of the Company					
- From continuing operations		(5,582)	13,069	(3,296)	(3,129)
- From discontinued operations		7,901	229	–	–
		2,319	13,298	(3,296)	(3,129)
Non-controlling interests		8,577	(1,272)	–	–
		10,896	12,026	(3,296)	(3,129)
Basic and diluted (loss)/earnings per share (sen):	26				
- From continuing operations		(1.16)	2.72		
- From discontinued operations		1.64	0.05		
		0.48	2.77		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	<------------ Attributable to owners of the Company ------------>							
		Share capital RM'000	Capital reduction reserve RM'000	Available-for-sale reserve RM'000	Fair value reserve of financial assets at FVOCI RM'000	Retained earnings RM'000	Subtotal RM'000	Non-controlling interests RM'000	Total equity RM'000
Group									
At 1 July 2017, as previously reported		133,553	84,044	4	–	86,603	304,204	68,829	373,033
Effect of transition to MFRS 9	2.2(ii)(a)	–	–	(4)	4	–	–	–	–
Restated balance at 1 July 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
Transaction with owners									
Issuance of ordinary shares pursuant to bonus shares issued		106,843	(84,044)	–	–	(22,799)	–	–	–
At 30 June 2018		240,396	–	–	3	77,103	317,502	67,557	385,059

	<---Attributable to owners of the Company--->					
	Share capital RM'000	Fair value reserve of financial assets at FVOCI RM'000	Retained earnings RM'000	Subtotal RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2018	240,396	3	77,103	317,502	67,557	385,059
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive profit for the financial year	–	–	2,319	2,319	8,577	10,896
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(3)	3	–	–	–
Transaction with owners						
Issuance of ordinary shares pursuant to warrant exercised	2	–	–	2	–	2
At 30 June 2019	240,398	–	79,425	319,823	76,134	395,957

Statements of Changes In Equity
(continued)

	Share capital RM'000	Capital reduction reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company				
At 1 July 2017	133,553	84,044	77,035	294,632
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss	–	–	(3,129)	(3,129)
Transaction with owners				
Issuance of ordinary shares pursuant to bonus shares issued	106,843	(84,044)	(22,799)	–
At 30 June 2018	240,396	–	51,107	291,503
Total comprehensive loss for the financial year				
Loss for the financial year, representing total comprehensive loss	–	–	(3,296)	(3,296)
Transaction with owners				
Issuance of ordinary shares pursuant to warrant exercised	2	–	–	2
At 30 June 2019	240,398	–	47,811	288,209

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- Continuing operations		1,938	26,199	(3,296)	(3,129)
- Discontinued operations		12,916	(104)	–	–
		14,854	26,095	(3,296)	(3,129)
Adjustments for:					
Depreciation of investment properties		160	163	160	163
Depreciation of plant and equipment		67	74	10	6
Gain on disposal of plant and equipment		(14)	(3)	–	–
Impairment loss on:					
- amounts owing by subsidiaries		–	–	327	562
- investments in subsidiaries		–	–	38	27
- trade receivables		408	194	–	–
- other receivable		8	–	–	–
Interest expense		44,355	45,836	1,850	1,278
Interest income		(784)	(575)	–	–
Interest income on operating financial assets		(35,040)	(36,531)	–	–
Inventories written back:					
- land and completed properties		–	(6,878)	–	–
- land held for development		–	(9,709)	–	–
Reversal of impairment loss on:					
- amount owing by an associate		–	(597)	–	–
- investment property		–	(3,827)	–	–
- other receivables		–	(500)	–	–
Share of results of an associate, net of tax		3	(1)	–	–
Operating profit/(loss) before changes in working capital		24,017	13,741	(911)	(1,093)
Changes in working capital:					
Inventories		(3,594)	–	–	–
Operating financial assets		72,051	72,047	–	–
Trade and other receivables		1,512	3,213	(790)	456
Trade and other payables		1,950	(3,539)	(1,290)	(428)
Contract liability		2,698	2,698	–	–
Net cash generated from/(used in) operations		98,634	88,160	(2,991)	(1,065)
Tax paid		(319)	(280)	(23)	(26)
Net cash from/(used in) operating activities carried down		98,315	87,880	(3,014)	(1,091)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Net cash from/(used in) operating activities brought down		98,315	87,880	(3,014)	(1,091)
Cash flows from investing activities					
Repayment from an associate		(6)	477	–	–
Repayments from/(Advances to) subsidiaries		–	–	4,744	(18,141)
Interest received		784	575	–	–
Proceeds from disposal of plant and equipment		14	3	–	–
Proceeds from disposal of equity instruments designated at FVOCI		5	–	–	–
Purchase of plant and equipment		(44)	(26)	(22)	(18)
Placement of time deposits		(322)	(2,139)	–	–
Withdrawal in pledged deposits		–	21	–	–
Net cash from/(used in) investing activities		431	(1,089)	4,722	(18,159)
Cash flows from financing activities	(a)				
Drawdown of term loans		–	31,721	–	20,000
Interest paid		(44,355)	(45,836)	(1,850)	(1,126)
Payment of finance lease liability		–	(4)	–	–
Proceeds from issuance of shares		2	–	2	–
Repayments to consortium parties		(291)	(4,258)	–	–
Advances from/(Repayments to) directors		44	(93)	45	31
Repayments of term loans		(48,931)	(41,899)	–	–
Net cash (used in)/from financing activities		(93,531)	(60,369)	(1,803)	18,905
Net increase/(decrease) in cash and cash equivalents		5,215	26,422	(95)	(345)
Cash and cash equivalents at the beginning of the financial year		51,082	24,660	193	538
Cash and cash equivalents at the end of the financial year	13	56,297	51,082	98	193

(a) Reconciliation of liabilities arising from financing activities:

	Note	1 July 2018 RM'000	Cash flows RM'000	Non-cash item RM'000	30 June 2019 RM'000
Group					
Loans and borrowings	14, 18	661,376	(93,286)	44,355	612,445
Amount owing to consortium parties	19	31,890	(291)	–	31,599
Amounts owing to directors	19	183	44	–	227
		693,449	(93,533)	44,355	644,271
Company					
Loans and borrowings	18	20,152	(1,850)	1,850	20,152
Amounts owing to directors	19	59	45	–	104
		20,211	(1,805)	1,850	20,256

	Note	1 July 2017 RM'000	Cash flows RM'000	Non–cash item RM'000	30 June 2018 RM'000
Group					
Loans and borrowings	14, 18	671,728	(56,018)	45,666	661,376
Amount owing to consortium parties	19	36,148	(4,258)	–	31,890
Amounts owing to directors	19	276	(93)		183
		708,152	(60,369)	45,666	693,449
Company					
Loans and borrowings	18	–	18,874	1,278	20,152
Amounts owing to directors	19	28	31	–	59
		28	18,905	1,278	20,211

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Menang Corporation (M) Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

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 on 14 October 2019.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Explanation of transition to MFRSs

The financial statements of the Group and of the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to and including the financial year ended 30 June 2018, the Group and the Company prepared their financial statements in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

In preparing these financial statements, the Group's and the Company's opening MFRSs statements of financial position were prepared as at 1 July 2017 (the date of transition to MFRSs).

The Group and the Company have consistently applied the same accounting policies in the preparation of the financial statements of the Group and of the Company for the financial year ended 30 June 2019, the comparative financial statements for the financial year ended 30 June 2018, and the opening MFRSs statements of financial position as at 1 July 2017. The transition to the MFRSs framework does not have any significant effect on the financial statements of the Group and of the Company except for those discussed below.

(i) MFRS 15 *Revenue from contracts with customers*

The Group and the Company have applied MFRS 15 in accordance with the full retrospective transitional approach without using the practical expedients for completed contracts in MFRS 15.C5(a), and (b), or for modified contracts in MFRS 15.C5(c) but using the expedient in MFRS 15.C(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligation, and an explanation of when it expects to recognised that amount as revenue for all reporting periods presented before the first MFRS reporting period, i.e. 1 July 2017.

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(i) MFRS 15 *Revenue from contracts with customers* (continued)

In accordance with MFRS 15, the Group and the Company recognise revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

The adoption of MFRS 15 did not have any significant impact on the financial statements of the Group and of the Company, except for those as discussed below.

(i) Presentation of contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15. Contract liabilities recognised in relation to deferred income in respect of a fund contributed by a customer for the purpose of capital replacements which was previously presented as part of trade and other payables.

	As previously reported RM'000	MFRS15 adjustments RM'000	As restated RM'000
Group			
At 1 July 2017			
Trade and other payables			
- Deferred income	9,320	(9,320)	–
Contract liability	–	9,320	9,320
At 30 June 2018			
Trade and other payables			
- Deferred income	12,018	(12,018)	–
Contract liability	–	12,018	12,018

(ii) Presentation of land held for property development

The Group and the Company have reclassified the land held for property development to inventories with separate disclosure of these balances have been made in the notes to the financial statements.

	As previously reported RM'000	MFRS15 adjustments RM'000	As restated RM'000
Group			
At 1 July 2017			
Land held for property development	66,945	(66,945)	–
Inventories:			
- Land held for property development	–	66,945	66,945
At 30 June 2018			
Land held for property development	76,654	(76,654)	–
Inventories:			
- Land held for property development	–	76,654	76,654

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(ii) MFRS 9 *Financial instruments*

(a) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial instruments:

(i) Loans and receivables classified as amortised cost

Trade, other receivables and other financial assets, including refundable deposits previously classified as Loans and Receivables under FRS 139 as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 July 2017.

(ii) Investments in quoted equity instruments previously classified as available-for-sale financial assets

Investments in quoted equity instruments previously classified as available-for-sale financial assets as at 30 June 2017 are now classified and measured as equity instruments at designated fair value through other comprehensive income ("DFVOCI") beginning 1 July 2017. The Group elected to classify irrevocably its investments in quoted equity instruments under this category because these investments are not held for trading. As a result, assets of the Group with a fair value of RM5,054 was reclassified from available-for-sale financial assets to DFVOCI. The available-for-sale reserve for the Group of RM3,934 was reclassified to fair value reserve on 1 July 2017.

(iii) Financial liabilities previously classified as other financial liabilities

Loan and borrowings, trade and other payables previously classified as other financial liabilities as at 30 June 2018 are now classified and measured as debt instruments at amortised cost beginning 1 July 2017. There was no impact on retained earnings at 1 July 2017.

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(ii) MFRS 9 *Financial instruments* (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 30 June 2018 and 1 July 2017:

			MFRS 9 measurement category
FRS 139 measurement category	**RM'000**	**Amortised cost RM'000**	**Fair value through other comprehensive income RM'000**
30 June 2018			
Group			
Financial assets			
Loans and receivables			
Operating financial assets	377,382	377,382	–
Deposits, cash and bank balances	37,554	37,554	–
Trade and other receivables, net of prepayments	29,336	29,336	–
Available-for-sale			
Other investments	5	–	5
	444,277	444,272	5
Financial liabilities			
Other financial liabilities			
Loans and borrowings	279,745	279,745	–
Trade and other payables, net of GST payables	43,319	43,319	–
	323,064	323,064	–

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(ii) MFRS 9 *Financial instruments* (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 30 June 2018 and 1 July 2017: (continued)

FRS 139 measurement category	RM'000	MFRS 9 measurement category Amortised cost RM'000	MFRS 9 measurement category Fair value through other comprehensive income RM'000
30 June 2018 (continued)			
Company			
Financial assets			
Loans and receivables			
Deposits, cash and bank balances	193	193	–
Trade and other receivables, net of prepayments	42,165	42,165	–
	42,358	42,358	–
Financial liabilities			
Other financial liabilities			
Loans and borrowings	20,152	20,152	–
Trade and other payables, net of GST payables	14,756	14,756	–
	34,908	119,624	–
1 July 2017			
Group			
Financial assets			
Loans and receivables			
Operating financial assets	900,385	900,385	
Deposits, cash and bank balances	31,415	31,415	–
Trade and other receivables, net of prepayments and GST refundable	44,352	44,352	–
Available-for-sale			
Other investments	6	–	6
	976,158	976,152	6

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(ii) MFRS 9 *Financial instruments* (continued)

(a) Classification and measurement (continued)

In summary, the Group and the Company had the following required or elected reclassifications as at 30 June 2018 and 1 July 2017: (continued)

FRS 139 measurement category	RM'000	Amortised cost RM'000	MFRS 9 measurement category Fair value through other comprehensive income RM'000
1 July 2017 (continued)			
Group (continued)			
Financial liabilities			
Other financial liabilities			
Loans and borrowings	671,728	671,728	–
Trade and other payables, net of GST payables	83,301	83,301	–
	755,029	755,029	–
Company			
Financial assets			
Loans and receivables			
Deposits, cash and bank balances	538	538	–
Trade and other receivables, net of prepayments and GST refundable	24,612	24,612	–
	25,150	25,150	–
Financial liabilities			
Other financial liabilities			
Trade and other payables, net of GST payables	14,620	14,620	–

(b) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all their trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on their trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

2. BASIS OF PREPARATION (continued)

2.2 Explanation of transition to MFRSs (continued)

(ii) MFRS 9 *Financial instruments* (continued)

The effect of adopting MFRS 9 as at 1 July 2017 was as follows:

	Adjustment Note	Group RM'000
Total adjustment on equity		
Available-for-sale reserve	2.2(ii)(a)(ii)	(4)
Fair value reserve of financial asset at FVOCI	2.2(ii)(a)(ii)	4
		–

(iii) Exemption for Business Combinations

MFRS 1 provides the option to apply MFRS 3 *Business Combinations* prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition. For the acquisition before date of transition, i.e. 1 July 2017, the Group has elected to apply MFRS 3 prospectively from the date of transition. In addition, the Group has also applied the exemption for MFRS 10 *Consolidated Financial Statements*, acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in MFRS 3.

(iv) MFRS 123 Borrowing costs

In the previous financial years, under FRSs framework, borrowing costs incurred on property under development were capitalised in property development costs. In March 2019, the IFRS Interpretations Committee ("IFRIC") has issued an agenda decision concluding that receivable, contract asset and inventory (work-in-progress) for unsold units under construction are not qualifying assets in relation to the construction of a residential multi-unit real estate development (building). Accordingly, an entity does not capitalise borrowing costs on those assets in accordance to the principle and requirements of IAS 23 *Borrowings Costs*. Upon adoption of MFRSs framework, the Group changed its accounting policy of not capitalising borrowing costs incurred on property under development when the properties are ready for their intended sale in their current condition. The change in accounting policy was applied retrospectively from the date of transition as permitted in MFRS 1 *First-time* Adoption of Malaysian *Financial Reporting Standards*. The Group elected to apply the optional exemption to not restate the borrowing costs that were capitalised under FRSs framework and that were included in the carrying amount of the assets at the date of transition and shall account for borrowing costs, incurred on or after that date in accordance with MFRS 123 *Borrowing Costs*, including those borrowing costs incurred on or after that date on qualifying assets already under construction. The change in accounting policy does not have any significant impact on the financial statements of the Group.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosure	1 January 2021#
MFRS 9	Financial Instrument	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments to IC Int		
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*

** Amendments to References to the Conceptual Framework in MFRS Standards*
 # Amendments as to the consequence of effective of MFRS 17 Insurance Contract

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 July 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 July 2019 will be accounted for as lease contracts under MFRS 16.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and Amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

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

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

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

The Amendments to the sixteen Standards are a consequence of MFRS 17 with an effective date on or after 1 January 2021, which include MFRS 1, MFRS 3, MFRS 5, MFRS 7, MFRS 9, MFRS 15, MFRS 101, MFRS 107, MFRS 116, MFRS 119, MFRS 128, MFRS 132, MFRS 136, MFRS 137, MFRS 138 and MFRS 140.

2.3.2 The Group is currently performing an analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int.

2.5 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, and has been rounded to the nearest thousand, unless otherwise stated.

2.6 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. BASIS OF PREPARATION (continued)

2.7 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(c) Associates (continued)

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.

(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 arrangemens. The Group accounts for its interest in the joint venture using the equity method in accordance with MFRS 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured 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.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified into two categories:

- Financial assets at amortised cost
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group and the Company classify their debt instruments are as follows:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. 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 when the financial asset is derecognised, modified or impaired.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify their equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

(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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

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 commit themselves to 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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Financial instruments (continued)

(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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

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.

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

Any upfront lease payment are classified as land use rights.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Inventories

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

Land and completed properties

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.

Property under development

Cost includes:
- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

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.

3.8 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 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.

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, except 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 amortised 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.

3.10 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.

3.11 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.

3.12 Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Impairment of assets

(a) Impairment of financial assets

Financial assets measured at amortised cost and financial assets measured at fair value through OCI will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:
- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Impairment of assets (continued)

(a) Impairment of financial assets (continued)

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

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

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and non-current assets or disposal groups classified as held for sale) 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 are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Impairment of assets (continued)

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

For other assets, 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. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Provisions

Provisions are recognised when the Group and the Company have 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.

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

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Revenue and other income (continued)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

(i) Maintenance income

Revenue is recognised over time when the service is rendered.

(ii) Sale of properties

Revenue from sale of completed properties is recognised at the point in time when the control of the properties has been transferred to the customers.

(iii) Management fee

Management fee is recognised over time when the service is rendered.

(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.

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.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 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.

(a) 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.

(b) 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.

Deferred tax is not recognised if the temporary difference arises 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.

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss distributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

3.20 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.

3.21 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.

3.22 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 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:

Disposal group classified as held for sale

As disclosed in Note 14, on 18 July 2018, the Board of Directors announced a proposal to dispose of two subsidiaries namely, Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd., which operate in Malaysia.

Despite the proposal being terminated on 19 July 2019 as disclosed in Note 33 due to the lapse of the terms of the share sale agreement, the Board of Directors remains committed to the plan and consider that the subsidiaries have satisfied 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 2020.

The carrying amounts of the disposal group held for sale are disclosed in Note 14.

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						
2019						
Cost						
At 1 July 2018	1,482	491	2,592	326	198	5,089
Additions	10	10	24	–	–	44
Disposals	(29)	–	–	–	–	(29)
At 30 June 2019	1,463	501	2,616	326	198	5,104
Accumulated depreciation						
At 1 July 2018	1,414	483	2,521	326	198	4,942
Charge for the financial year	40	9	18	–	–	67
Disposals	(29)	–	–	–	–	(29)
At 30 June 2019	1,425	492	2,539	326	198	4,980
Net carrying amount						
At 30 June 2019	38	9	77	–	–	124
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
At 1 July 2017	109	27	59	–	–	195

5. PLANT AND EQUIPMENT (continued)

	Motor vehicle RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
Company				
2019				
Cost				
At 1 July 2018	70	1,075	27	1,172
Additions	–	22	–	22
At 30 June 2019	70	1,097	27	1,194
Accumulated depreciation				
At 1 July 2018	70	1,044	27	1,141
Charge for the financial year	–	10	–	10
At 30 June 2019	70	1,054	27	1,151
Net carrying amount				
At 30 June 2019	–	43	–	43
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
At 1 July 2017	–	19	–	19

6. INVESTMENT PROPERTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 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	(2,028)	(1,865)	(2,030)	(1,867)
Charge for the financial year	(160)	(163)	(160)	(163)
At end of the financial year	(2,188)	(2,028)	(2,190)	(2,030)
Less: Accumulated impairment loss				
At beginning of the financial year	(18,019)	(21,846)	–	–
Reversal of impairment loss	–	3,827	–	–
At end of the financial year	(18,019)	(18,019)	–	–
Development expenditure				
At beginning/end of the financial year	5,842	5,842	–	–
Carrying amount				
At 30 June	53,628	53,788	10,249	10,409

Investment properties of the Group with carrying amount of RM8,500,000 (30.6.2018: RM8,500,000) have been pledged as security to secure the term loan granted to the Company as disclosed in Note 18(a).

Fair value information

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
30.6.2019				
Freehold land	–	–	89,380	89,380
Buildings	–	–	10,609	10,609
	–	–	98,989	98,989
30.6.2018				
Freehold land	–	8,500	70,573	79,073
Buildings	–	–	9,262	9,262
	–	8,500	79,835	88,335

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)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
30.6.2019				
Freehold land	–	–	4,690	4,690
Buildings	–	–	10,609	10,609
	–	–	15,299	15,299
30.6.2018				
Freehold land	–	–	4,672	4,672
Buildings	–	–	9,262	9,262
	–	–	13,934	13,934

In the previous financial year, the valuation of certain investment properties of the Group was determined using open market method which was derived by way of independent valuation performed by the professional valuer. The valuation was generally Level 2, 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 was appropriate to use the sales comparison approach.

The valuation of Level 3 investment properties as at 30 June 2019 and 30 June 2018 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 2019 and 30 June 2018. During the previous financial year, there was a transfer for certain investment properties between Level 2 and Level 3 due to change of valuation method. There was no transfer between Level 2 and Level 3 during the financial year.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Direct operating expenses:				
- non-income generating investment properties	825	596	33	33

7. INVENTORIES

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Non-current:			
Land held for development			
- Freehold land	76,654	76,654	66,945
Current:			
At cost			
Land and completed properties	112,597	109,003	80,257
At net realisable value			
Land and completed properties	–	–	21,868
	112,597	109,003	102,125
	189,251	185,657	169,070

(a) During the financial year, the cost of inventories of the Group recognised as cost of sales was RM1,388,000.

(b) In previous financial year, the following inventories were written back by the Group in respect of inventories previously written down:

	Group 30.6.2018 RM'000
Land held for development	9,709
Land and completed properties	6,878
	16,587

(c) The following inventories are pledged as security to secure banking facilities granted to the Company as disclosed in Note 18(a):

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Land held for development	12,812	12,812	–
Land and completed properties	14,323	14,323	–
	27,135	27,135	–

(d) Included in land and completed properties is a freehold land in Seremban with carrying amount of RM2,813,000 (30.6.2018: RM2,813,000; 1.7.2017: RM2,813,000) held by a subsidiary whereby an agreement had been entered into with a third party developer to develop the land.

(e) Included in land and completed properties are lands with carrying amount of RM27,795,000 (30.6.2018: RM27,795,000; 1.7.2017: 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.

8. OPERATING FINANCIAL ASSETS

	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-current	341,870	360,012	864,869
Current	18,140	17,370	35,516
	360,010	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.

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% (30.6.2018: 3.91% to 4.37%; 1.7.2017: 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 18(a).

On 18 July 2018, the Board of Directors announced a proposal to dispose of two subsidiaries namely, Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd.. The operating financial assets in relation to the disposal group have been disclosed in Note 14(a).

9. INVESTMENTS IN SUBSIDIARIES

	Company 2019 RM'000	2018 RM'000
Unquoted shares, at cost		
At beginning/end of the financial year	412,061	412,061
Less: Accumulated impairment losses		
At beginning of the financial year	(136,998)	(136,971)
Add: Impairment during the financial year	(38)	(27)
At end of the financial year	(137,036)	(136,998)
	275,025	275,063

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of the Company	Effective interest in equity held by the Group 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiaries				
Menang Development (M) Sdn. Bhd.	100.00	100.00	100.00	Property development
Menang Leasing and Credit (M) Sdn. Bhd.	100.00	100.00	100.00	Leasing and hire purchase
Menang Management Services (M) Sdn. Bhd.	100.00	100.00	100.00	Management services
Menang Properties (M) Sdn. Bhd.	100.00	100.00	100.00	Property investment
Menang Aquatics Sdn. Bhd.	100.00	100.00	100.00	Investment holding and undertaking of landscaping projects
Menang Construction (M) Sdn. Bhd.	100.00	100.00	100.00	Property construction
Equitiplus Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Hitung Panjang Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Temeris Holdings Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Menang Industries (M) Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Menang Plantations (M) Sdn. Bhd.	100.00	100.00	100.00	Dormant
Seremban 3 Paradise Valley Golf Resort Sdn. Bhd.	100.00	100.00	100.00	Dormant
Subsidiary of Hitung Panjang Sdn. Bhd.				
Maztri Padu Sdn. Bhd.	100.00	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	100.00	Licensed money-lender
Subsidiary of Menang Land (M) Sdn. Bhd.				
Menang Saujana Sdn. Bhd.	100.00	100.00	100.00	Property development
Subsidiary of Menang Aquatics Sdn. Bhd.				
Menang Greens Sdn. Bhd.	100.00	100.00	100.00	Landscaping and turf farming
Subsidiaries of Equitiplus Sdn. Bhd.				
Harapan Akuarium (M) Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Menang Equities (M) Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Subsidiary of Temeris Holdings Sdn. Bhd.				
Temeris Resorts Development Sdn. Bhd.	100.00	100.00	100.00	Property development

9. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of the Company	Effective interest in equity held by the Group 30.6.2019 %	30.6.2018 %	1.7.2017 %	Principal activities
Subsidiaries of Menang Development (M) Sdn. Bhd.				
Menang Land (M) Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Twin Version Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Charisma Cheer Sdn. Bhd.	100.00	100.00	100.00	Investment holding
Inovatif Mewah Sdn. Bhd.	71.00	71.00	71.00	Concession arrangements
Rumpun Positif Sdn. Bhd. #	51.00	51.00	51.00	Concession arrangements
Protokol Elegan Sdn. Bhd. #	51.00	51.00	51.00	Concession arrangements

The subsidiaries have been reclassified as disposal group held for sale (Note 14).

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

	Continuing operation Inovatif Mewah Sdn. Bhd. RM'000	Discontinued operations Rumpun Positif Sdn. Bhd. RM'000	Protokol Elegan Sdn. Bhd. RM'000	Total RM'000
30.6.2019				
NCI percentage of ownership interest and voting interest	29%	49%	49%	
Carrying amount of NCI	30,394	29,594	16,146	76,134
Profit allocated to NCI	3,179	1,604	3,794	8,577
30.6.2018				
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)
1.7.2017				
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
30.6.2019				
Assets and liabilities				
Non-current assets	341,872	325,117	122,314	789,303
Current assets	79,176	48,032	17,081	144,289
Non-current liabilities	(253,802)	(274,983)	(84,733)	(613,518)
Current liabilities	(62,440)	(42,978)	(26,922)	(132,340)
Net assets	104,806	55,188	27,740	187,734
Results				
Revenue	42,017	34,218	14,840	91,075
Profit for the financial year	10,962	3,275	7,744	21,981
Total comprehensive income	10,962	3,275	7,744	21,981
Net cash from operating activities	50,878	38,592	16,415	105,885
Net cash used in investing activities	(8,549)	(141)	(43)	(8,733)
Net cash used in financing activities	(38,175)	(39,726)	(13,652)	(91,553)
	4,154	(1,275)	2,720	5,599
30.6.2018				
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)

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 Inovatif Mewah Sdn. Bhd. RM'000	Discontinued operations Rumpun Positif Sdn. Bhd. RM'000	Discontinued operations Protokol Elegan Sdn. Bhd. RM'000	Total RM'000
1.7.2017				
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 2019 RM'000	Group 2018 RM'000
Unquoted shares, at cost #	–	–
Share of results of associate		
At beginning of the financial year	236	235
Current year share of results	(3)	1
At end of the financial year	233	236
	233	236

This represents investment in an associate with a carrying amount of RM30 (30.6.2018: RM30; 1.7.2017: RM30).

10. INVESTMENT IN AN ASSOCIATE (continued)

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

Name of Associate	Ownership interest/ voting interest 30.6.2019 %	30.6.2018 %	1.7.2017 %	Nature of relationship
Pacific Bright Sdn. Bhd.	30	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 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Assets and Liabilities			
Current assets	6,115	6,115	5,203
Current liabilities	(5,341)	(5,330)	(4,420)
Net assets	774	785	783
Results:			
Revenue	–	–	
(Loss)/Profit for the financial year	(10)	2	
Total comprehensive (loss)/income	(10)	2	
Net cash flows from/(used in) operating activities	67	@	
Net increase/(decrease) in cash and cash equivalents	71	@	

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

11. OTHER INVESTMENTS

	Group 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Financial assets designated at fair value through other comprehensive income ("DFVOCI")			
At fair value:			
- Quoted shares in Malaysia	–	5	6

The Group holds equity investments designated at fair value through other comprehensive income. These investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments as strategic long-term investments and the volatility of market prices of these investments would not affect profit or loss.

During the financial year, the Group sold its equity investments as these investments no longer coincides with the Group's investment strategy. The fair value on the date of sale is RM5,000 and the accumulated gain recognised in other comprehensive income of RM3,000 was transferred to retained earnings.

12. TRADE AND OTHER RECEIVABLES

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Trade receivables				
Third parties	(a)	7,434	8,542	22,856
Non-trade receivables				
Amount owing by an associate	(b)	1,123	1,117	1,594
Amount owing by a joint operation project	(c)	–	–	516
Other receivables	(d)	19,996	20,004	20,585
GST refundable		826	–	2,098
Deposits		712	737	768
Prepayments		127	148	208
		22,784	22,006	25,769
Less: Allowance for impairment losses				
- trade receivables		(952)	(944)	(750)
- amount owing by an associate		(120)	(120)	(717)
- other receivables		(8)	–	(500)
		(1,080)	(1,064)	(1,967)
		29,138	29,484	46,658

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Non-trade receivables				
Amounts owing by subsidiaries	(b)	97,916	102,685	84,570
GST refundable		826	–	459
Deposits		17	43	43
Prepayments		39	49	46
		98,798	102,777	85,118
Less: Allowance for impairment losses				
- amounts owing by subsidiaries		(60,890)	(60,563)	(60,001)
		37,908	42,214	25,117

12. TRADE AND OTHER RECEIVABLES (continued)

(a) The normal trade credit terms granted by the Group ranging from 30 to 60 (30.6.2018: 30 to 60; 1.7.2017: 30 to 60) days from date of invoice.

Receivables that are impaired

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		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
At beginning of the financial year	1,064	1,967	1,967	60,563	60,001	59,989
Charge for the financial year						
- Individually impaired	16	194	–	327	562	12
Reversal of impairment loss	–	(1,097)	–	–	–	–
At end of the financial year	1,080	1,064	1,967	60,890	60,563	60,001

The information about the credit exposures are disclosed in Note 29.

(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 was unsecured, interest-free and repayable upon completion of the joint operation project.

(d) Included in other receivables is an amount of RM19,977,000 (30.6.2018: RM19,977,000; 1.7.2017: 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. DEPOSITS, CASH AND BANK BALANCES

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Continuing operations						
Cash and bank balances	29,753	25,717	17,789	98	193	538
Deposits placed with licensed bank	11,570	11,837	13,626	–	–	–
	41,323	37,554	31,415	98	193	538
Discontinued operations (Note 14)						
Cash and bank balances	14,974	13,528	–	–	–	–
Deposits placed with licensed bank	9,195	8,873	–	–	–	–
	24,169	22,401	–	–	–	–
	65,492	59,955	31,415	98	193	538

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

	Group		Company	
	30.6.2019 RM'000	30.6.2018 RM'000	30.6.2019 RM'000	30.6.2018 RM'000
Cash and bank balances	44,727	39,245	98	193
Deposits placed with licensed banks	20,765	20,710	–	–
	65,492	59,955	98	193
Less: Deposits with maturity more than 3 months	(9,195)	(8,873)	–	–
Cash and cash equivalents as reported in the statements of cash flows	56,297	51,082	98	193

(a) Included in deposits placed with licensed banks amounting to RM11,570,000 (30.6.2018: RM11,837,000; 1.7.2017: RM13,626,000) 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 2.95% to 3.65% (30.6.2018: 2.60% to 3.60%; 1.7.2017: 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% (30.6.2018: 3.40%; 1.7.2017: 3.40%) per annum and mature within one year.

(c) Included in cash and bank balances of the Group are amount of RM13,805,000 (30.6.2018: RM12,306,000; 1.7.2017: RM9,727,000) which were held under Designated Accounts and pledged as securities for term loans granted to a subsidiary of the Group as disclosed in Note 18(a) to the financial statements.

(d) Included in cash and bank balances of the Group is an amount of RM14,496,000 (30.6.2018: RM11,749,000; 1.7.2017: RM9,127,000) which was held as Maintenance Reserve Fund for the purpose of utilisation for capital replacements, as disclosed in Note 20 to the financial statements and therefore restricted from use in other operations.

14. 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 the proposed disposal of its entire 51% equity interests in its two subsidiaries, Rumpun Positif Sdn. Bhd. ("RPSB") and Protokol Elegen Sdn. Bhd. ("PESB").

Both share sale agreements ("SSAs") lapsed on 18 July 2019 due to non-fulfillment of the conditions precedent pertaining to the approvals from UKAS and lenders. The Board of Directors are committed to the plan to sell its 51% equity interests in RPSB and PESB and are satisfied the criteria to classify and present their assets and liabilities as disposal group as held for sale, are met.

Assets of disposal group classified as held for sale

	30.6.2019 RM'000	30.6.2018 RM'000
Operating financial assets	467,849	487,487
Trade and other receivables	12,811	14,387
Deposits, cash and bank balances (Note 13)	24,169	22,401
Tax assets	–	16
	504,829	524,291

Liabilities of disposal group classified as held for sale

	30.6.2019 RM'000	30.6.2018 RM'000
Loans and borrowings (Note 18(a))	357,773	381,631
Deferred tax liabilities (Note 17)	29,239	29,717
Trade and other payables	28,783	32,821
	415,795	444,169

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

(b) Discontinued operations

As disclosed in Note (a) above, the statements of comprehensive income have been 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:

	30.6.2019 RM'000	30.6.2018 RM'000 (Restated)
Revenue	49,058	49,630
Cost of sales	(9,935)	(21,113)
Gross profit	39,123	28,517
Other income	2,028	266
Administrative cost	(237)	(302)
Other expenses	(400)	–
Profit from operations	40,514	28,481
Finance costs	(27,598)	(28,585)
Profit/(Loss) before tax of discontinued operations	12,916	(104)
Tax credit/(expense)	384	(1,638)
Profit/(Loss) for the financial year from discontinued operations, net of tax	13,300	(1,742)
Profit/(Loss) attributable to:		
- Owners of the Company	7,901	229
- Non-controlling interests	5,399	(1,971)
	13,300	(1,742)

The estimated unutilised tax losses and unabsorbed industrial building allowances related to the disposal group are disclosed in Note 25.

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

	30.6.2019 RM'000	30.6.2018 RM'000
Auditor's remuneration	33	33
Interest expense on:		
- term loans	27,594	28,417
- unwinding of discounts on retention sum	–	166
- others	4	2
Impairment loss on trade receivables	400	–
Interest income from deposits	(322)	(263)

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

(b) Discontinued operations (continued)

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

	2019 RM'000	2018 RM'000
Net cash from operating activities	55,008	45,537
Net cash (used in)/from investing activities	(185)	286
Net cash used in financing activities	(53,378)	(67,675)
	1,445	(21,852)

15. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	30.6.2019 Unit'000	30.6.2018 Unit'000	30.6.2019 RM'000	30.6.2018 RM'000
Issued and fully paid up:				
At the beginning of the financial year	480,793	267,107	240,396	133,553
Issued during the financial year pursuant to:				
- capitalisation of capital reduction reserve and retained earnings	–	213,686	–	106,843
- exercise of warrants	3	–	2	–
At the end of the financial year	480,796	480,793	240,398	240,396

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 480,793,410 to 480,796,290 by way of issuance of 2,880 new ordinary shares pursuant to 2,880 warrant exercised at an exercise price of RM0.55 each for cash.

The new ordinary shares issued during the financial year rank pari passu in all reports with the existing ordinary shares of the Company.

16. RESERVES

	Note	30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Retained earnings		79,425	77,103	86,603
Capital reduction reserve	(a)	–	–	84,044
Fair value reserve of financial assets at FVOCI	(b)	–	3	4
		–	3	84,048
		79,425	77,106	170,651

	Note	30.6.2019 RM'000	Company 30.6.2018 RM'000	1.7.2017 RM'000
Retained earnings		47,811	51,107	77,035
Capital reduction reserve	(a)	–	–	84,044
		47,811	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) This reserve comprises the cumulative net change in the fair value of financial assets at fair value through other comprehensive income (FVOCI) until the investments are derecognised or impaired.

The Group has elected to recognise changes in the fair value of investments in equity investments in other comprehensive income, as explained in Note 11. These changes are accumulated within the fair value reserve of financial assets at FVOCI. The Group transfers amounts from this reserve to retained earnings when the investments are derecognised during the financial year.

17. DEFERRED TAX LIABILITIES

	Group 30.6.2019 RM'000	30.6.2018 RM'000
At beginning of the financial year	(72,615)	(58,454)
Recognised in profit or loss (Note 25)	(2,687)	(14,161)
Reclassified to disposal group classified as held for sale (Note 14)	29,239	29,717
At end of the financial year	(46,063)	(42,898)

17. DEFERRED TAX LIABILITIES (continued)

(a) Presented after appropriate offsetting as follows:

	Group	
	30.6.2019 RM'000	**30.6.2018 RM'000**
Deferred tax assets	–	2,858
Deferred tax liabilities	(46,063)	(45,756)
	(46,063)	(42,898)

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

	Group	
	30.6.2019 RM'000	**30.6.2018 RM'000**
Deferred tax assets		
Unutilised tax losses	–	2,858
Unabsorbed industrial building allowances	–	–
	–	2,858
Deferred tax liabilities		
Operating financial assets	(45,896)	(45,589)
Inventories	(167)	(167)
	(46,063)	(45,756)

(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	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**
Unutilised tax losses	75,259	70,773	18,796	19,083
Unabsorbed capital allowance	2,201	2,165	–	–
	77,460	72,938	18,796	19,083

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

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Company and respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

18. LOANS AND BORROWINGS

	Note	Group 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Continuing operations				
Current - secured				
Term loan I	(a)	26,616	25,031	24,159
Term loan II	(a)	–	–	12,986
Term loan III	(a)	–	–	11,379
Term loan IV	(a)	20,152	8,002	–
Finance lease liability	(b)	–	–	4
		46,768	33,033	48,528
Non-current - secured				
Term loan I	(a)	207,904	234,562	256,109
Term loan II	(a)	–	–	278,055
Term loan III	(a)	–	–	89,036
Term loan IV	(a)	–	12,150	–
		207,904	246,712	623,200
		254,672	279,745	671,728
Discontinued operations	14			
Current - secured				
Term loan II	(a)	20,773	11,380	–
Term loan III	(a)	6,523	6,071	–
		27,296	17,451	–
Non-current - secured				
Term loan II	(a)	252,504	279,680	–
Term loan III	(a)	77,973	84,500	–
		330,477	364,180	–
		357,773	381,631	–
Total borrowings		612,445	661,376	671,728

	Note	Company 30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Current - secured				
Term loan IV	(a)	20,152	8,002	–
Non-current - secured				
Term loan IV	(a)	–	12,150	–
Total borrowings		20,152	20,152	–

18. LOANS AND BORROWINGS (continued)

(a) Term 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 (Note 13); and

(iv) corporate guarantee from two subsidiaries 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 freehold land held for development of subsidiaries (Note 7); and
(iii) legal charge over the land and completed properties of a subsidiary (Note 7).

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

Term loan IV is repayable on or before 30 June 2020.

The interest rates of the term loans at the reporting date are as follows:

	30.6.2019	**30.6.2018**	**1.7.2017**
	%	**%**	**%**
Term loan I	5.89% - 6.99%	5.90% - 7.00%	5.75% - 6.85%
Term loan II	5.50% - 8.40%	7.25% - 7.65%	5.51% - 7.75%
Term loan III	6.65%	6.75%	8.15%
Term loan IV	9%	9%	–

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 14).

(b) Finance lease liability

		Group	
	30.6.2019	**30.6.2018**	**1.7.2017**
	RM'000	**RM'000**	**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

19. TRADE AND OTHER PAYABLES

	Note	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	Group 1.7.2017 RM'000 (Restated)	Company 30.6.2019 RM'000	Company 30.6.2018 RM'000	Company 1.7.2017 RM'000
Current							
Trade payables							
Trade payables	(a)	2,323	2,688	8,137	–	–	–
Retention sums	(b)	–	–	20,720	–	–	–
		2,323	2,688	28,857	–	–	–
Other payables and accruals							
Amounts owing to subsidiaries	(c)	–	–	–	14,333	14,358	14,384
Amounts owing to directors	(c)	227	183	276	104	59	28
Other payables	(d)	36,225	32,414	37,966	134	–	–
GST payables		–	1,525	2,084	–	1,525	2,084
Accruals	(e)	7,408	8,028	16,185	440	339	208
Deposits		4,403	6	17	–	–	–
		48,263	42,156	56,528	15,011	16,281	16,704
		50,586	44,844	85,385	15,011	16,281	16,704

(a) The normal trade credit terms granted to the Group ranging from 30 to 40 (30.6.2018: 30 to 40; 1.7.2017: 30 to 40) days.

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

The retention sums payable 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 RM31,599,000 (30.6.2018: RM31,890,000; 1.7.2017: RM36,148,000) distributable to the other consortium parties arising from the compulsory acquisition by the Malaysian Government of the Klang Lands.

(e) Included in accruals are the following:

	Group 30.6.2019 RM'000	Group 30.6.2018 RM'000	Group 1.7.2017 RM'000
Conversion premium to convert Seremban 3 land from agriculture land to residential land and commercial land	5,527	5,527	5,527

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

20. CONTRACT LIABILITY

	30.6.2019 RM'000	Group 30.6.2018 RM'000 (Restated)	1.7.2017 RM'000 (Restated)
Contract liability relating to a concession arrangement	14,716	12,018	9,320

Contract liability relating to a concession arrangement represents a maintenance reserve fund established for the purpose of carrying out capital replacements for the Facilities and Infrastructure of UiTM campus by a subsidiary of the Group.

Significant change in contract balances

	Group 30.6.2019 RM'000	30.6.2018 RM'000 (Restated)
Increase due to consideration received from a customer, but revenue not recognised	2,698	2,698

21. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Over time:				
Management fees	96	96	2,280	2,280
Interest income on operating financial assets	16,197	16,937	–	–
Maintenance income	10,654	10,585	–	–
Fair value of supplementary services	15,166	15,166	–	–
	42,113	42,784	2,280	2,280
Discontinued operations (Note 14)				
Over time:				
Interest income on operating financial assets	18,843	19,594	–	–
Fair value of supplementary services	17,058	17,058	–	–
Maintenance income	13,157	12,978	–	–
	49,058	49,630	–	–
	91,171	92,414	2,280	2,280

22. COST OF SALES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Maintenance costs	9,932	9,883	–	–
Other costs	1,388	–	–	–
	11,320	9,883	–	–
Discontinued operations (Note 14)				
Construction contracts	–	9,806	–	–
Maintenance costs	9,935	11,307	–	–
	9,935	21,113	–	–
	21,255	30,996	–	–

23. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Interest expense on:				
- term loans	16,754	17,248	1,850	1,278
- finance lease liabilities	–	1	–	–
- others	3	2	–	–
	16,757	17,251	1,850	1,278
Discontinued operations				
Interest expense on:				
- term loans	27,594	28,417	–	–
- unwinding of interest on retention sum	–	166	–	–
- others	4	2	–	–
	27,598	28,585	–	–
	44,355	45,836	1,850	1,278

24. 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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Auditors' remuneration:				
- statutory audit				
- current year	155	152	45	43
- under provision in prior financial year	–	1	–	–
- others	20	–	20	–
- non-statutory audit				
- current year	20	89	20	89
- under provision in prior financial year	7	–	7	–
Depreciation of investment properties	160	163	160	163
Depreciation of plant and equipment	67	74	10	6
Employee benefits expense [Note (a)]	4,393	4,411	1,065	1,227
Gain on disposal of plant and equipment	(14)	(3)	–	–
Inventories written back				
- land and completed properties	–	(6,878)	–	–
- land held for development	–	(9,709)	–	–
Impairment loss on:				
- amounts owing by subsidiaries	–	–	327	562
- investments in subsidiaries	–	–	38	27
- trade receivables	8	194	–	–
- other receivables	8	–	–	–
Interest expense on:				
- term loans	16,754	17,248	1,850	1,278
- finance lease liability	–	1	–	–
- others	3	2	–	–
Interest income from:				
- deposits	(462)	(312)	–	–
Management fees	–	–	(2,280)	(2,280)
Rental of premises	400	405	–	–
Reversal of impairment loss on:				
- amount owing by an associate	–	(597)	–	–
- investment property	–	(3,827)	–	–
- other receivables	–	(500)	–	–
Share of results of associate	3	(1)	–	–

24. PROFIT/(LOSS) BEFORE TAX (continued)

(a) Employee Benefits Expense

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages and salaries	3,493	3,552	691	745
Defined contribution plan	340	325	64	68
Social security contribution	32	33	8	9
Other employee benefits	528	501	302	405
	4,393	4,411	1,065	1,227

Included in employee benefits expenses are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
Executive:				
Fees	15	15	15	15
Salaries and emoluments	1,171	1,328	236	214
	1,186	1,343	251	229
Non-executive:				
Fees	15	15	15	15
Emoluments	818	323	296	252
	833	338	311	267

The estimated monetary value of benefits-in-kind received by the executive directors otherwise than in cash from the Group amounted to RM206,000 (2018: RM134,000).

25. TAX EXPENSE

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Statement of comprehensive income					
Continuing operations					
Current income tax:					
- Current income tax charge		1,177	–	–	–
- Adjustment in respect of prior years		–	(139)	–	–
		1,177	(139)	–	–
Deferred tax: (Note 17)					
- Origination of temporary diferrences		3,146	4,215	–	–
- Adjustment in respect of prior years		19	8,354	–	–
		3,165	12,569	–	–
Tax expense from continuing operations		4,342	12,430	–	–
Discontinued operations (Note 14)					
Current income tax:					
- Current income tax charge		77	46	–	–
- Adjustment in respect of prior years		17	–	–	–
		94	46	–	–
Deferred tax: (Note 17)					
- Origination of temporary diferrences		2,113	1,556	–	–
- Adjustment in respect of prior years		(2,591)	36	–	–
		(478)	1,592	–	–
Tax (credit)/expense from discontinued operations	14	(384)	1,638	–	–
Total tax expense recognised in profit or loss		3,958	14,068	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

25. TAX EXPENSE (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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax from continuing operations	1,938	26,199	(3,296)	(3,129)
Profit/(loss) before tax from discontinued operations	12,916	(104)	–	–
	14,854	26,095	(3,296)	(3,129)
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	3,565	6,263	(791)	(615)
Tax effect on non-deductible expenses	2,246	3,718	860	472
Tax effect on non-taxable income	(383)	(5,185)	–	(13)
Deferred tax assets not recognised during the financial year				
- continuing operations	1,154	1,021	–	156
Utilisation of deferred tax assets previously not recognised	(69)	–	(69)	–
Adjustment in respect of prior years:				
- current tax	17	(139)	–	–
- deferred tax	(2,572)	8,390	–	–
Tax expense	3,958	14,068	–	–

The estimated unutilised tax losses, unabsorbed capital allowances and unabsorbed industrial building allowances available for set off against future profits as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Continuing operations				
Unutilised tax losses	75,346	82,689	18,811	19,085
Unabsorbed capital allowances	2,220	2,183	–	–
Discontinued operations				
Unutilised tax losses	29,767	31,233	–	–
Unabsorbed industrial building allowances	24,972	36,442	–	–
Total				
Unutilised tax losses	105,113	113,922	18,811	19,085
Unabsorbed capital allowances	2,220	2,167	–	–
Unabsorbed industrial building allowances	24,972	36,442	–	–

26. 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	
	30.6.2019 RM'000	**30.6.2018 RM'000**
(Loss)/Profit attributable to owners of the Company:		
- Continuing operations	(5,582)	13,070
- Discontinued operations	7,901	229
	2,319	13,299

	30.6.2019 RM'000	**30.6.2018 RM'000**
Weighted average number of ordinary shares for basic earnings per share	480,796	480,793

	30.6.2019 sen	**30.6.2018 sen**
Basic (loss)/earnings per ordinary share		
- Continuing operations	(1.16)	2.72
- Discontinued operations	1.64	0.05
	0.48	2.77

(b) Diluted

The diluted earnings per ordinary share of the Group for the financial years ended 30 June 2018 and 2019 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

27. 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.

27. 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
2019						
Business segments						
Revenue from external customer	96	–	91,075	–	–	91,171
Inter-segment revenue	2,280	–	–	–	(2,280)	–
Total revenue	2,376	–	91,075	–	(2,280)	91,171
Segment results	(3,357)	(10,148)	72,200	(40)	–	58,655
Interest income	–	462	322	–	–	784
Interest expense	(1,850)	–	(42,505)	–	–	(44,355)
Depreciation of plant and equipment and investment properties	(172)	(55)	–	–	–	(227)
Share of results of an associate, net of tax	–	(3)	–	–	–	(3)
(Loss)/Profit before tax	(5,379)	(9,744)	30,017	(40)	–	14,854
Tax expense	(2)	–	(3,956)	–	–	(3,958)
(Loss)/Profit for the financial year	(5,381)	(9,744)	26,061	(40)	–	10,896
Assets:						
Investment in an associate	–	233	–	–	–	233
Additions to non-current assets	22	22	–	–	–	44
Segment assets	20,124	259,795	898,467	150	–	1,178,536
Liabilities:						
Segment liabilities	21,087	47,434	638,000	9	–	706,530

27. 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
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	(3,537)	(6,996)	60,833	(25)	–	50,275
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)
Impairment loss on trade receivables	(194)	–	–	–	–	(194)
Inventories written back on:						
- land held for property development	–	9,709	–	–	–	9,709
- land and completed properties	–	6,878	–	–	–	6,878
Reversal of impairment loss on:						
- investment property	3,827	–	–	–	–	3,827
- amount owing by an associate	–	597	–	–	–	597
- other receivables	–	500	–	–	–	500
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 an associate	–	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	688,633	16	–	751,059

27. 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	
	2019 RM'000	**2018 RM'000**
Total revenue for reportable segments	91,171	92,414
Discontinued operations (Note 14)	(49,058)	(49,630)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	42,113	42,784

(b) Reconciliation of profit or loss

	Group	
	2019 RM'000	**2018 RM'000**
Total profit for reportable segments	10,896	12,027
Less: Discontinued operations (Note 14)	(13,300)	1,742
Profit of the Group per consolidated statement of profit or loss and other comprehensive income	(2,404)	13,769

(c) Reconciliation of assets and liabilities

	Group	
	30.06.2019 RM'000	**30.06.2018 RM'000**
Assets		
Segment assets	1,178,536	1,208,544
Tax assets	193	189
Total assets	1,178,729	1,208,733
Liabilities		
Segment liabilities	706,530	751,059
Deferred tax liabilities	75,302	72,615
Tax liabilities	940	–
Total liabilities	782,772	823,674

27. 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 2019 RM'000	Group 2018 RM'000
Customer A		
- Continuing operations	42,017	42,688
- Discontinued operations	49,058	49,630
	91,075	92,318

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Amortised cost ("AC")
(ii) Fair value through other comprehensive income ("FVOCI")

	Carrying amount RM'000	AC RM'000
At 30 June 2019		
Financial assets		
Group		
Operating financial assets	360,010	360,010
Trade and other receivables, net of prepayments	28,185	28,185
Deposits, cash and bank balances	41,323	41,323
	429,518	429,518
Company		
Trade and other receivables, net of GST refundable and prepayments	37,043	37,043
Cash and bank balances	98	98
	37,141	37,141
Financial liabilities		
Group		
Trade and other payables	50,586	50,586
Loans and borrowings	254,672	254,672
	305,258	305,258
Company		
Trade and other payables	15,011	15,011
Loans and borrowings	20,152	20,152
	35,163	35,163

28. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
At 30 June 2018			
Financial assets			
Group			
Operating financial assets	377,382	377,382	–
Other investments	5	–	5
Trade and other receivables, net of prepayments	29,336	29,336	–
Deposits, cash and bank balances	37,554	37,554	–
	444,277	444,272	5
Company			
Trade and other receivables, net of prepayments	42,165	42,165	–
Cash and bank balances	193	193	–
	42,358	42,358	–
Financial liabilities			
Group			
Trade and other payables, net of GST payables	43,319	43,319	–
Loans and borrowings	279,745	279,745	–
	323,064	323,064	–
Company			
Trade and other payables, net of GST payables	14,756	14,756	–
Loans and borrowings	20,152	20,152	–
	34,908	34,908	–
At 1 July 2017			
Financial assets			
Group			
Operating financial assets	900,385	900,385	–
Other investments	6	–	6
Trade and other receivables, net of GST refundable and prepayments	44,352	44,352	–
Deposits, cash and bank balances	31,415	31,415	–
	976,158	976,152	6

28. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	FVOCI RM'000
At 1 July 2017 (continued)			
Financial assets (continued)			
Company			
Trade and other receivables, net of GST refundable and prepayments	24,612	24,612	–
Cash and bank balances	538	538	–
	25,150	25,150	–
Financial liabilities			
Group			
Trade and other payables, net of GST payable	83,301	83,301	–
Loans and borrowings	671,728	671,728	–
	755,029	755,029	–
Company			
Trade and other payables, net of GST payable	14,620	14,620	–

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term 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 (30.6.2018: no transfer in either directions; 1.7.2017: no transfer in either directions).

28. FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement (continued)

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

	Carrying amount RM'000	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group									
30 June 2019									
Financial assets									
Operating financial assets	360,010	–	–	–	–	–	360,010	–	360,010
Financial liabilities									
Loans and borrowings - fixed rate	20,152	–	–	–	–	–	20,152	–	20,152
30 June 2018									
Financial assets									
Operating financial assets	377,382	–	–	–	–	–	377,382	–	377,382
Other investments	5	5	–	–	5	–	–	–	–
	377,387	5	–	–	5	–	377,382	–	377,382
Financial liabilities									
Loans and borrowings - fixed rate	20,152	–	–	–	–	–	19,367	–	19,367
1 July 2017									
Financial assets									
Operating financial assets	900,385	–	–	–	–	–	900,385	–	900,385
Other investments	6	6	–	–	6	–	–	–	–
	900,391	6	–	–	6	–	900,385	–	900,385
Financial liabilities									
Finance lease liability	4	–	–	–	–	–	4	–	4
Company									
30 June 2019									
Financial liabilities									
Loans and borrowings - fixed rate	20,152	–	–	–	–	–	20,152	–	20,152
30 June 2018									
Financial liabilities									
Loans and borrowings - fixed rate	20,152	–	–	–	–	–	19,367	–	19,367

Level 2 fair value

Fair value of financial instruments not carried at fair value

The fair value of 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.

29. 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 and the Company create value for their shareholders while minimising potential adverse effects on the performance of the Group and the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's and the Company's financial risk management policies.

(a) Liquidity risk

The Group and the Company actively manage 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.

Maturity analysis

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
At 30 June 2019					
Group					
Financial liabilities:					
Loans and borrowings	254,672	61,933	197,408	52,751	312,092
Trade and other payables	50,586	50,586	–	–	50,586
	305,258	112,519	197,408	52,751	362,678
Company					
Financial liabilities:					
Loans and borrowings	20,152	21,957	–	–	21,957
Trade and other payables	15,011	15,011	–	–	15,011
	35,163	36,968	–	–	36,968

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Liquidity risk (continued)

Maturity analysis (continued)

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. (continued)

		<------ 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**
At 30 June 2018					
Group					
Financial liabilities:					
Loans and borrowings	279,745	39,976	199,880	90,382	330,238
Trade and other payables	43,319	43,319	–	–	43,319
	323,064	83,295	199,880	90,382	373,557
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

(b) 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.

Trade Receivables

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

Trade 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.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Trade Receivables (continued)

Credit risk concentration profile

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

As at 30 June 2019, 92.53% (30.6.2018: 96.12%; 1.7.2017: 93.6%) of Group's total trade receivables was due from one (30.6.2018: one; 1.7.2017: one) major customer who was involved in concession arrangement activities.

The Group apply the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the past due days.

The information about the credit risk exposure on the Group's trade receivables using the provision matrix are as follows:

	Gross carrying amount RM'000
Group	
At 30 June 2019	
Current	5,960
1 to 30 days past due	6
31 to 60 days past due	5
61 to 90 days past due	5
91 to 120 days past due	5
More than 120 days past due	501
	6,482
Impaired - individually	952
	7,434

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit risk (continued)

Comparative information under FRS139 Financial Instruments: Recognition and Measurement

Ageing analysis of trade receivables
The ageing analysis of trade receivables as at 30 June 2018 were as follows:

	Group 30.6.2018 RM'000
Neither past due nor impaired	7,561
1 to 30 days past due but not impaired	6
31 to 60 days past due but not impaired	6
61 to 90 days past due but not impaired	6
91 to 120 days past due but not impaired	6
More than 121 days past due but not impaired	13
	37
Impaired - individually	944
	8,542

Other receivables and other financial assets

For other receivables and other financial assets (including other operating financial assets and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

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

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

The Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets other than those disclosed in Note 12.

Refer to Note 3.13(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 and finance lease liability as disclosed in Note 18.

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 RM2,251,000 (2018: RM2,524,000), arising mainly as a result of exposure to floating rate loans and borrowings.

30. RELATED PARTY

(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.

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	
	2019	**2018**
	RM'000	**RM'000**
Subsidiaries		
Management fees received and receivable from:		
- Menang Development (M) Sdn. Bhd.	480	480
- Inovatif Mewah Sdn. Bhd.	1,800	1,800

30. RELATED PARTY (continued)

(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	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Executive directors' remuneration:				
- fees	15	15	15	15
- emoluments other than fees	1,171	1,328	236	214
	1,186	1,343	251	229

31. 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 2018.

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 2019, 30 June 2018 and 1 July 2017.

The Group and the Company are not subject to any externally imposed capital requirements except as disclosed in Note 18.

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		
	30.6.2019 RM'000	**30.6.2018 RM'000**	**1.7.2017 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**	**1.7.2017 RM'000**
Loans and borrowings						
- concession arrangement	234,520	259,593	671,724	–	–	–
- other loans	20,152	20,152	–	20,152	20,152	–
	254,672	279,745	671,724	20,152	20,152	–
Trade and other payables	50,586	44,844	85,385	15,011	16,281	16,704
	305,258	324,589	757,109	35,163	36,433	16,704
Less: Cash and bank balances	(41,323)	(37,554)	(31,415)	(98)	(193)	(538)
Net debts	263,935	287,035	725,694	35,065	36,240	16,166

31. CAPITAL MANAGEMENT (continued)

	Group			Company		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Net debts (excluding term loan attributable to concession arrangement)	29,415	27,442	53,970	35,065	36,240	16,166
Total capital	319,823	317,502	304,204	288,209	291,503	294,632
Gearing ratio	45%	47%	70%	11%	11%	5%
Gearing ratio (excluding term loan attributable to concession arrangement)*	5%	5%	5%	11%	11%	5%

* Included in the borrowings of the Group is an amount of RM234,520,000 (30.6.2018: RM259,593,000; 1.7.2017: 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.

Arising from the concession arrangements, the Group's operating financial assets are as follows:

	Group		
	30.6.2019 RM'000	30.6.2018 RM'000	1.7.2017 RM'000
Operating financial assets (Note 8)	360,010	377,382	900,385

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 18 July 2018, the Board of Directors announced a proposal to dispose its entire 51% equity interests in 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 as per previous financial year.

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

On 19 July 2019, the Group announced that the Rumpun Positif Sdn. Bhd. Shares Sale Agreement ("RPSB SSA") and Protokol Elegan Sdn. Bhd. Shares Sale Agreement ("PESB SSA") lapsed on 18 July 2019 and will no longer be in effect due to the non-fulfillment of the conditions precedent pertaining to the procurement of approvals from UKAS and lenders of both RPSB and PESB.

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 35 to 115 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of 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: 14 October 2019

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 35 to 115 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 14 October 2019.

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

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF MENANG CORPORATION (M) BERHAD

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 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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

Assets held for sale (Note 14)

We focused on this area because there is a risk that held for sale assets may not be appropriately classified. Further, the valuation of held for sale assets requires significant judgement and estimation due to a range of potential sales prices and assumptions around the method and quantum of recovery of held for sale assets.

Our audit response:

Our audit procedures included, among others:

- assessing whether the assets meet the criteria of MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* for presentation as assets held for sale by evaluating whether the available evidence sufficiently corroborate the Group's commitment to sell the assets and the probability of sale to be completed within one year from the date of classification;
- assessing the valuation of the assets of the disposal group as the lower of the carrying amount and fair value less cost to sell; and
- reviewing disclosure information to accounting records and other supporting documentation.

Company

We have determined that there are no key audit matters to be communicated in our report which arise 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

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

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

1. As stated in Note 2.2, to the financial statements, Menang Corporation (M) Berhad adopted the Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 30 June 2018 and 1 July 2017, 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 ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2019 and the financial performance and cash flows for the financial year then ended.

2. 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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2020 J
Chartered Accountant

Kuala Lumpur

Date: 14 October 2019

LIST OF PROPERTIES
AS AT 30 JUNE 2019

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	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	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	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		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		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		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		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		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		Freehold Land	3.52 acres	On Going Mixed Development Land	N/A	2,882	1998

Location	Note	Tenue	Area (Approximately)	Existing Usage/ Description	Age of Buildings	Net Book Value RM'000	Year of Acquisition
Seremban 3 Various subdivided lots Mukim of Rasah, Seremban Negeri Sembilan Darul Khusus	2	Freehold Land	456.32 acres	On Going Mixed Development Land	N/A	173,533	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
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, 28 August 2018, 24 October 2018, 29 November 2018, 10 January 2019, 21 February 2019, 13 March 2019, 30 April 2019, 20 June 2019, and 22 July 2019; and Note 7 of the Audited financial Statement for the financial year ended 30 June 2019.

2. A property, size 3.08 acres, with carrying amount of RM1.44 million was omitted from the list and has now been corrected.

ANALYSIS OF SHAREHOLDINGS
AS AT 26 SEPTEMBER 2019

ORDINARY SHARES

Total Number of Issued Shares	:	480,799,440
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 100	232	2.21	4,296	0.00
100 to 1,000	3,420	32.54	1,827,588	0.38
1,001 to 10,000	5,574	53.03	15,381,381	3.20
10,001 to 100,000	1,045	9.94	32,524,220	6.76
100,001 to 24,039,971 (*)	234	2.23	194,856,860	40.53
24,039,972 and above (**)	5	0.05	236,205,095	49.13
TOTAL	10,510	100.00	480,799,440	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	0.00	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	–	–
Mr. Lee Chin Hwa	25,600,640	5.32	1,268,360[3]	0.26

Notes:-

1. Deemed interest through Maymerge (M) Sdn. Bhd. and Titian Hartanah (M) Sdn. Bhd. by virtue of Section 8 of the Companies Act 2016 ("the Act").
2. Deemed interest through Titian Hartanah (M) Sdn. Bhd. by virtue of Section 8 of the Act.
3. Deemed interest through his spouse, Tan Tuan @ Tan Nya 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	4.56	–	–
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 26 SEPTEMBER 2019

	Name of Shareholders	Holdings No. of Shares	Holdings % of Issued Capital
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Toh May Fook (PB)	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 Lee Chin Hwa	25,600,640	5.32
6.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Too Kok Leng	21,943,440	4.56
7.	Tan Yok Chu	18,178,040	3.78
8.	Fong Lai Wah	15,818,840	3.29
9.	Soong Ik Lin	8,237,520	1.71
10.	Lai Yet Weng	5,860,800	1.22
11.	Yong Kok Thye	5,686,560	1.18
12.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tay Hock Soon (MY1055)	5,058,100	1.05
13.	Liew Sook Pin	4,054,700	0.84
14.	Soon Ban Hin Oriental (M) Sdn Bhd	4,000,900	0.83
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Tan Kim Heung (PBCL-0G0513)	3,600,000	0.75
16.	Tan Shoo Li	3,356,140	0.70
17.	Khoo Chiow Ling	2,902,220	0.60
18.	Tee Chee Chong	2,880,000	0.60
19.	Woo Yew Kheong	2,650,000	0.55

LIST OF TOP 30 SHAREHOLDERS AS AT 26 SEPTEMBER 2019

	Name of Shareholders	Holdings	
		No. of Shares	% of Issued Capital
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Beh Kim Ling	2,632,600	0.55
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Gian Ming (P Point-CL)	2,125,620	0.44
22.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Bon Ke @ Tee Boo Ke (B Tinggi-CL)	1,877,160	0.39
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Exempt AN For CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,829,700	0.38
24.	Terbit Kapital Sdn. Bhd.	1,743,700	0.36
25.	Terbit Kapital Sdn. Bhd.	1,688,700	0.35
26.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tee Soon Poh (B Tinggi-CL)	1,539,180	0.32
27.	Tay Hock Soon	1,515,600	0.32
28.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	1,503,520	0.31
29.	Eugene Goh Zhao Tzen	1,410,000	0.29
30.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tea Su Ling (E-IMO/IGN)	1,381,500	0.29

NOTICE OF FIFTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Fifth Annual General Meeting of MENANG CORPORATION (M) BERHAD (the "Company") will be held at Cornerstone, Level 2, North Block, Wisma Golden Eagle Realty, 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Thursday, 28 November 2019 at 10.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon. **(Note 9)**

2. To approve the Directors' Fees and benefits payable of up to RM 385,000.00 to the Directors of the Company from 29 November 2019 and up to the date of the next Annual General Meeting, to be paid monthly in arrears. **Ordinary Resolution 1**

3. To re-elect Y.A.M. Raja Shahruddin Rashid who is retiring pursuant to Clause 103 of the Constitution of the Company. **Ordinary Resolution 2**

4. To re-elect Mr. Chiam Tau Meng 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 PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

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** **Ordinary Resolution 5**

   "**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."

7. **Retention of Independent Non-Executive Director** **Ordinary Resolution 6**

   "**THAT** Mr. Chiam Tau Meng be and is hereby retained as an 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."

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Constitution of the Company.

By Order Of The Board

WONG YOUN KIM (MAICSA 7018778)
KHOO WEI LEE (MAICSA 7063165)
Company Secretaries

Kuala Lumpur
31 October 2019

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 authorized 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 authorized 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 appointer 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 forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. 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 ***22 November 2019*** 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 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS

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-Fourth Annual General Meeting held on 29 November 2018. 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.

Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Fifty-Fourth Annual General Meeting as the need does not arise for any fund raising activity for the purpose of investment, acquisition or working capital.

Ordinary Resolution 6
Proposed Retention of Independent Non-Executive Director

Mr. Chiam Tau Meng ("Mr. Chiam") was appointed as 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-Fifth Annual General Meeting. In accordance with the Malaysian Code on Corporate Governance, 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.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

1. The Fifty-Fifth Annual General Meeting of the Company will be held at the Cornerstone, Level 2, North Block, Wisma Golden Eagle Realty, 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Thursday, 28 November 2019 at 10.00 a.m.

2. The Directors who is standing for re-election at the Fifty-Fifth Annual General Meeting of the Company pursuant to Clause 103 of the Constitution of the Company are Y.A.M. Raja Shahruddin Rashid and Mr. Chiam Tau Meng.

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on pages 3 and 4 of the Annual Report.

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 30 June 2019 are disclosed in the Corporate Governance Overview Statement set out on page 15 of the Annual Report.

Menang Corporation (M) Berhad
Registration No. : 196401000240 (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-Fifth Annual General Meeting of the Company, to be held at Cornerstone, Level 2, North Block, Wisma Golden Eagle Realty, 142D Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Thursday, 28 November 2019 at 10.00 a.m. or at any adjournment thereof.

No.	Resolution	For	Against
Ordinary Resolution 1	Approval of Directors' fees and benefits payable of up to RM 385,000.00 to the Directors from 29 November 2019 and up to the date of the next Annual General Meeting, to be paid monthly in arrears		
Ordinary Resolution 2	Re-election of Y.A.M. Raja Shahruddin Rashid as Director		
Ordinary Resolution 3	Re-election of Mr. Chiam Tau Meng as Director		
Ordinary Resolution 4	Re-appointment of Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
Ordinary Resolution 5	Authority under Sections 75 & 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 2019

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 authorized 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 authorized 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 appointer 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 forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. 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 22 November 2019 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 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only as the approval of shareholders is not required. Hence, this Agenda is not put forward for voting by the 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.

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Stamp

Registrar of Menang Corporation (M) Berhad
Registration No. : 196401000240 (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
Registration No. : 196401000240 (5383-K)

8th Storey, South Block, Wisma Golden Eagle Realty
142-A, Jalan Ampang, 50450 Kuala Lumpur

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