Malayan Cement Berhad

MALAYAN CEMENT BERHAD
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Malayan Cement Berhad

BUILDING TOGETHER

ANNUAL REPORT **2021**

The Journey Continues...

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Malayan Cement Berhad

Company No. 195001000048 (1877-T)

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Corporate Profile

Malayan Cement Berhad (MCB) is Malaysia's leading cement and building materials group with the widest network of operations. It has been listed on Bursa Malaysia Securities Berhad since 17 March 1961, under the Building Materials sub-sector of the Industrial Products & Services sector.

Through its subsidiaries, the MCB Group is involved in the production, manufacturing and trading of cement, clinker, ready-mixed concrete, and other building materials. It has contributed to the construction of many buildings, homes and infrastructure and is the preferred supplier for complex and large-scale developments.

MCB is the largest cement manufacturer in Malaysia. After the acquisition of YTL Cement's entire cement and ready-mixed concrete operations on 21 September 2021, it now has five Integrated cement plants, with four in operation in Langkawi, Kanthan, Padang Rengas and Bukit Sagu. The 70-year old Rawang Plant ceased operations at the start of 2020 for planned major refurbishments. Additionally, MCB has four grinding stations in Pasir Gudang and West Port, three cement terminal facilities located in West Port and Pasir Gudang, and two cement depots in Batu Caves and Shah Alam.

Beyond its cement plants, MCB now has 70 ready-mixed concrete batching plants and three aggregate quarries throughout Peninsular Malaysia and two drymix plants in Rawang and Pasir Gudang.

The Group's Construction Development Laboratory (CDL) spearheads its research and development on building materials to serve the future needs of the construction industry.

BUILDING TOGETHER
The Journey Continues...

BUSINESS SEGMENTS

Cement

Concrete

Aggregates

KEY FINANCIAL HIGHLIGHTS

Revenue	Profit Before Tax	Total Assets	Market Capitalisation
RM1,369.5 million	RM8.2 million	RM3,890.3 million	RM2,738.0 million
FY2021	FY2021	as at 30 June 2021	as at 30 June 2021

Corporate Information

BOARD OF DIRECTORS

Executive Chairman
Tan Sri (Sir) Francis Yeoh Sock Ping
PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

Managing Director
Dato' Sri Michael Yeoh Sock Siong
DIMP, SSAP
BEng (Hons) Civil & Structural Engineering, FFB

Directors
Tan Sri Datuk Asmat Bin Kamaludin
PSM, PJN, JSM, SMJ, KMN
BA (Hons) Economics

Dato' Tan Guan Cheong
DSSA

Dato' Yoogalingam A/L Vyramuttu
DIMP, AMN, Order of Diplomatic Service Gwanghwajang First Class (Republic of Korea)
BA (Hons)

Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB

Dato' Yeoh Seok Hong
DPMS, DSPN, JP
BEng (Hons) Civil & Structural Engineering, HonDSc, FFB

Dato' Yeoh Soo Keng
DIMP
BSc (Hons) Civil Engineering

Yeoh Khoon Cheng
Member of the Malaysian Institute of Accountants
Member of the Malaysian Institute of Certified Public Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0888
Fax : 603 2038 0388

BUSINESS OFFICE

28th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0800

REGISTRAR

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0888
Fax : 603 2038 0388

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Tan Guan Cheong
(Chairman, Independent Non-Executive Director)

Tan Sri Datuk Asmat Bin Kamaludin
(Independent Non-Executive Director)

Dato' Yoogalingam A/L Vyramuttu
(Independent Non-Executive Director)

REMUNERATION AND NOMINATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin
(Chairman, Independent Non-Executive Director)

Dato' Tan Guan Cheong
(Independent Non-Executive Director)

Dato' Yoogalingam A/L Vyramuttu
(Independent Non-Executive Director)

AUDITORS

Deloitte PLT
(LLP0010145-LCA)
Chartered Accountants (AF 0080)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (17.3.1961)

More than two years after the acquisition of Malayan Cement Berhad ("MCB" or "Company") and its subsidiaries ("Group" or "MCB Group") by YTL Cement Berhad ("YTL Cement"), both companies have continued to streamline their operations and maintained a position of leadership within the Malaysian cement and building materials industry.

As a result of these integration efforts, MCB has delivered a commendable performance on both financial and operational fronts with a profit for the full year under review, following several years of losses. The investments and improvements made after YTL Cement's acquisition of the Company in 2019 have gained traction and are yielding results which will continue to deliver positive financial returns. Despite a challenging market this year, the enlarged MCB Group is expected to carry on in the same trajectory.

TAN SRI (SIR) FRANCIS YEOH SOCK PING PSM, KBE

Executive Chairman

Executive Chairman's Statement

MCB embarked on the acquisition of YTL Cement's entire cement and ready-mixed concrete businesses in Malaysia for a consideration of RM5.158 billion during the year under review. MCB received shareholders' approval for the proposal in August 2021 and the acquisition was completed on 21 September 2021. This is a natural progression towards increasing the size of our cement and ready-mixed concrete businesses, bolstering profitability and value enhancement going forward.

As part of the YTL Cement group of companies, we have strengthened our commitment to furthering our environmental, social and governance (ESG) initiatives. MCB has co-existed harmoniously with local communities since the start of our operations in the 1950s. Our investments have created thousands of job opportunities for the community and enhanced the economic livelihoods of businesses such as engineering, logistics and other supporting industries.

We aim to be carbon neutral by the year 2050 through the increased usage of alternative fuels and raw materials, enhanced development efforts to produce greener products and continued investments to achieve further operational efficiencies.

In May of this year, we established BUILDS, our dedicated CSR arm whose work and mission are guided by three pillars: Building Communities Together, Building Sustainably Together and Building Potential Together. Through BUILDS, we will work alongside community members to enhance lives and livelihoods. Among our main initiatives this year is the Covid Care Kit initiative which saw the donation of 7,000 COVID-19 care packages and essential cleaning equipment to students and teachers from 24 schools across Peninsula Malaysia, and the donation of 1,000 trees to the local community in Padang Rengas, Perak.

In closing, on behalf of the Board, I would like to express our appreciation to all who have supported our operations, including our vendors, employees and management team. Our achievement of positive results for the full year under review for the first time in nearly half a decade is a testament to you. Our thanks also to our customers for their unwavering support of our products and services, and our shareholders for their continued confidence.

We are blessed to be a key market player in the cement and building materials industry and will continue to persevere in ensuring that we uphold our commitment to building a robust business with a regional outlook.

TAN SRI (SIR) FRANCIS YEOH SOCK PING
PSM, KBE

Managing Director's Review

DATO' SRI MICHAEL YEOH SOCK SIONG
DIMP, SSAP
Managing Director

Malayan Cement Berhad ("MCB") recorded a profit for the full year ended 30 June 2021. The Group posted revenue of RM1,369.508 million and profit before tax of RM8.202 million.

The Group's commendable financial performance, on the back of an extremely challenging year corresponding to the COVID-19 pandemic, can be attributed to improvements made on both financial and operational fronts. An increase in export sales and the optimisation of costs have led to positive results. At the same time, improved efficiency and the synergising of operational, distribution and logistical systems have resulted in improved operational performances.

We are encouraged by the successful integration and rationalisation of our assets to date. In the next phase of our operations, we will continue to consolidate YTL Cement Berhad's ("YTL Cement") entire cement and ready-mixed operations in Malaysia under MCB. This will allow us to benefit from economies of scale, optimise cost and process efficiencies, reduce redundancies and improve the Group's market presence across Peninsula Malaysia.

The COVID-19 pandemic triggered a global crisis and this has continued to impact the country's steady economic growth. During this period, the construction industry registered substantial contraction which has impacted domestic sales. Despite the reopening of the manufacturing and construction sectors throughout the numerous implementations of Movement Control Orders (MCO) and their extensions, business recovery has been slow. Due to a labour shortage, the shutdown of sites due to COVID-19 outbreaks and the interrupted progress of selected work packages, our production facilities could not operate continuously and we have had to bear the full weight of non-operational overhead costs.

Managing Director's Review

COMMITTED TO SUSTAINABILITY AND R&D

Notwithstanding the slowdown and these challenges, our Group remains committed to investing in operating as efficiently and sustainably as possible. Over the last four years, we have invested RM190 million in upgrading our emissions control and monitoring systems with the intention of improving efficiency and reducing energy and fuel consumption. This is in line with our ambition to be carbon-neutral by 2050.

Research and Development (R&D) remains a priority for us. We are positioning our Construction Development Laboratory (CDL) as a leading building materials R&D centre for the country and the region. This year we unveiled our specialty concrete range with two offerings: AquaBuild, pervious concrete suitable for effective stormwater management, and Decobuild, an aesthetic concrete option for more durable and beautiful outdoor pavements and indoor flooring.

Beyond that, we are expanding our Drymix product portfolio in response to the evolving market. We have introduced our technical mortar entrant, QuickMix non-shrink grout, and launched a QuickMix Do-It-Yourself (DIY) range to help homeowners execute simple home repairs and adjust to living in the new normal.

As part of ongoing efforts to increase the adoption of greener materials and construction methods, we have collaborated with organisations including the Malaysian Green Building Council (MGBC) and the Institute of Landscape Architects Malaysia (ILAM) to organise a Virtual Seminar Series. In addition to this platform for knowledge sharing, we launched a Masterclass Series for tertiary level students with the intention of educating and inspiring the nation's engineers of tomorrow. More particularly, we want to excite conversation around innovation and the role of greener materials for sustainable construction.

Managing Director's Review

MEASURES TO ADDRESS COVID-19

The mental and physical well-being of our employees are vital to us and in response to the pandemic, we established a dedicated working group comprising representatives from Health & Safety, Human Resources, and Communications to ensure that Standard Operating Procedures (SOP) are in place and followed stringently. An employee hotline was created and made available to all staff so that their queries and concerns could be answered promptly. To safeguard our people, we have equipped them with COVID-19 Care Kits and facilitated their vaccinations through the relevant vaccination schemes.

MOVING FORWARD

The short-term business outlook for the rest of 2021 is subdued and dependent on the country's management of the COVID-19 pandemic. The ramping up of vaccination levels across the country is encouraging and a step in the right direction towards full recovery.

The National Recovery Plan announced on 15 June 2021 outlines a four-phase exit strategy from the COVID crisis which is expected to bring about improvements to the economy and construction sector in the medium to long term. For the latter, business outlook is positive. Malaysia is a relatively young nation with a high urbanisation rate, factors which we believe will drive the demand for housing and thus infrastructure requirements.

Moving forward, we will continue expanding our revenue streams. The export market outlook shows potential and our Langkawi facility, Malaysia's only deep-sea cement terminal, is well placed to capitalise on this uptick. Moreover, we will focus on developing our products and expanding our waste management offerings and co-processing activities. It is also our intention to invest in digitalising our processes and business in anticipation of the future.

Building on the fundamentals and values of our company, we are looking forward to a better year ahead as the country recovers.

DATO' SRI MICHAEL YEOH SOCK SIONG
DIMP, SSAP

Managing Director's Review

Management Discussion & Analysis

GROUP OVERVIEW

OVERVIEW

The principal activities of Malayan Cement Berhad ("MCB" or "Company") are those of an investment holding company. Through its subsidiaries, MCB is involved in the production, manufacturing and trading of cement, clinker, ready-mixed concrete, aggregates, other building materials and related products.

The key reporting segments of MCB and its subsidiaries ("Group" or "MCB Group") are Cement, encompassing its cement business and other related building materials, and Aggregates & Concrete, comprising its aggregates and ready-mixed concrete business.

OBJECTIVES & STRATEGIES

The MCB Group, a member of the YTL Cement Berhad ("YTL Cement") group of companies, is committed to contributing towards the development of Malaysia's construction landscape. YTL Cement is the leading building materials group in the country.

The principal components of the MCB Group's strategy comprise:

- **Building together to fulfil Malaysia's infrastructure needs and development goals**

  The Group has the capability and product range to offer its customers end-to-end building solutions, and is committed to building the nation together with industry stakeholders and its customers in Malaysia's journey towards achieving developed nation status.

- **Prudent financial management and execution of strategic growth and expansion plans**

  The MCB Group maintains a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to fund its capital expenditure requirements, research and development (R&D) capabilities and capitalise on growth opportunities.

- **Strong customer-centric operations and marketing to serve and further develop deep and loyal customer base**

  The Group is committed to providing consistent, high-quality products and services, ensuring competitive product pricing and the ongoing development of niche products to meet specialised building requirements.

- **Continuous innovation to provide effective solutions to customers**

  The MCB Group undertakes continuous R&D efforts to provide innovative and technically sophisticated solutions to meet the needs of its customers.

- **Enhancement of operational efficiencies to maximise returns**

  The Group believes that its assets on average operate within the highest efficiency levels and further enhances operational efficiencies where possible through the application of new technologies, production techniques and information technology, coupled with optimal geographical coverage via the streamlining of its logistics and distribution networks.

- **Prudent development of export markets and international operations to ensure sustainability**

  The Group undertakes extensive market research and due diligence in developing its export markets and international operations to ensure the long-term viability of these endeavours. The Group has the added advantage of its dedicated Langkawi facility which offers direct sea access and is strategically located to supply the region, particularly the South Asian and East African markets.

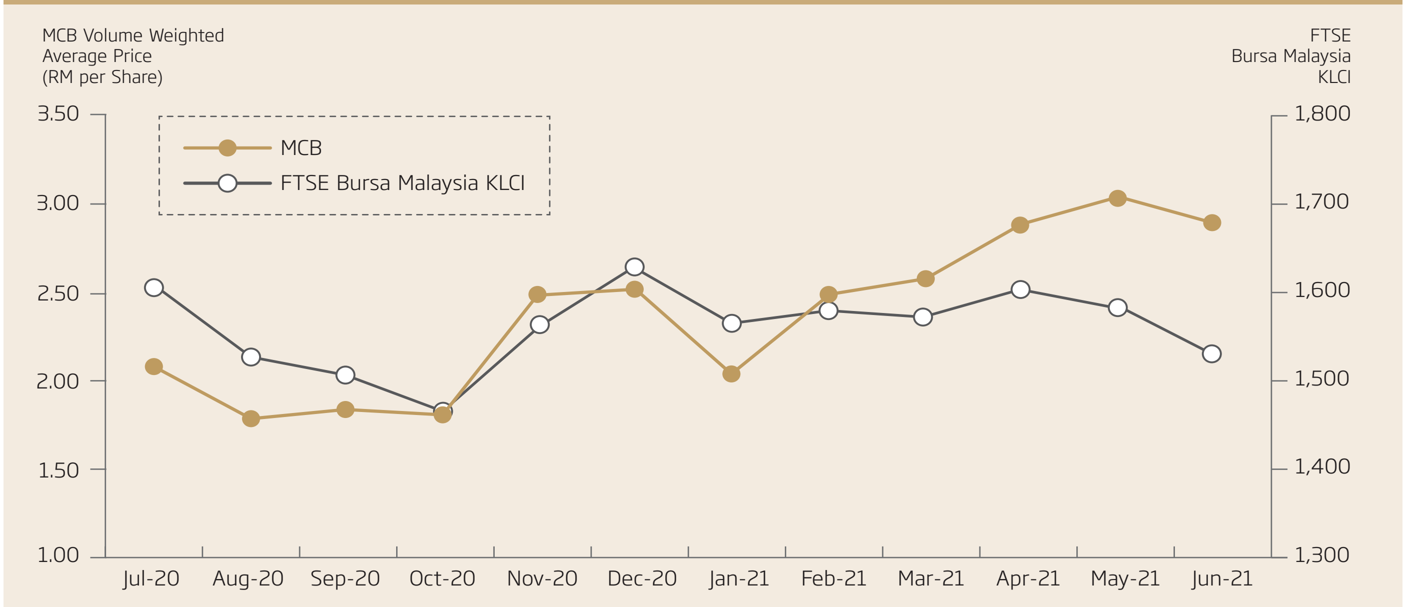
Management Discussion & Analysis
GROUP OVERVIEW

PERFORMANCE INDICATORS

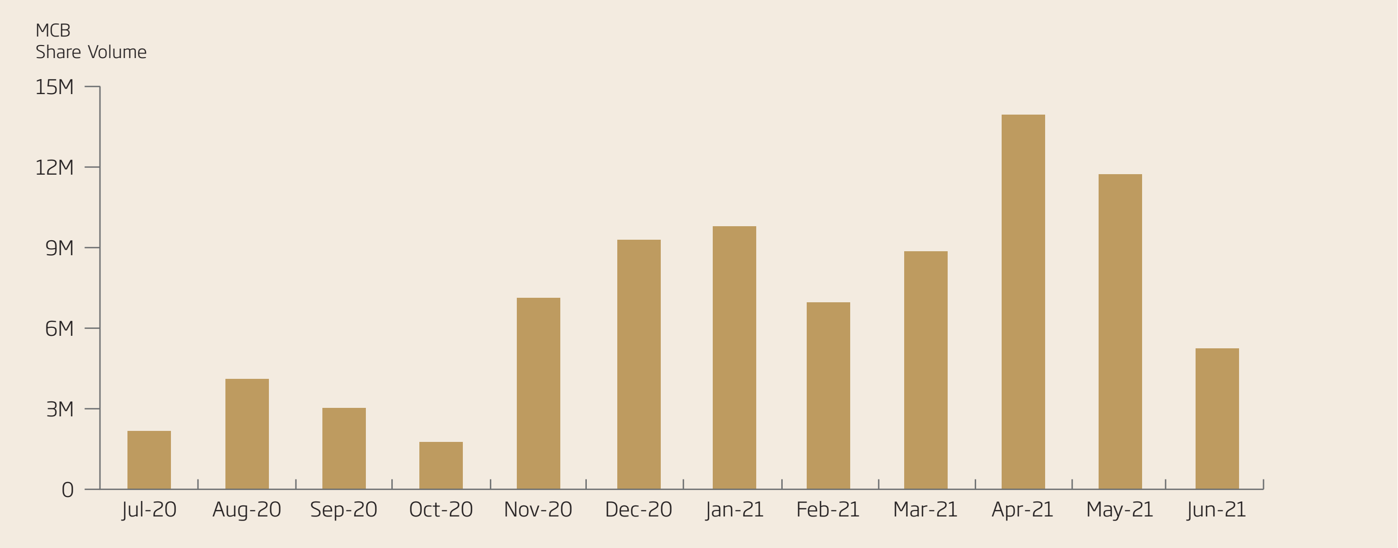
MCB has been listed on Bursa Malaysia Securities Berhad ("Bursa Securities") since 17 March 1961. MCB is listed on the Main Market of the exchange under the Building Materials sub-sector of the Industrial Products & Services sector.

The graph below illustrates the performance of MCB's share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of Bursa Securities, during the financial year ended 30 June 2021.

Performance of MCB's Share Price vs FTSE Bursa Malaysia KLCI



Volume of MCB Shares Traded on Bursa Securities



Source: Bloomberg

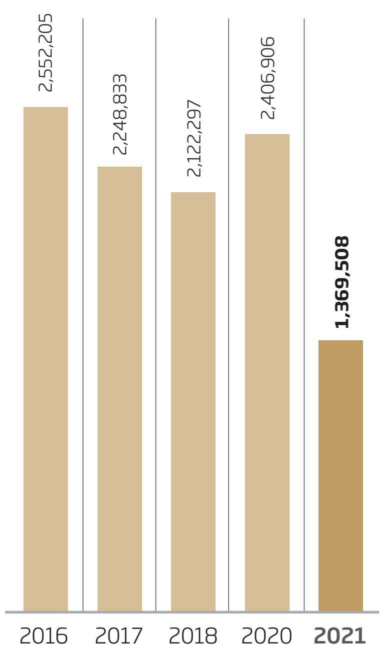
Management Discussion & Analysis

FINANCIAL REVIEW

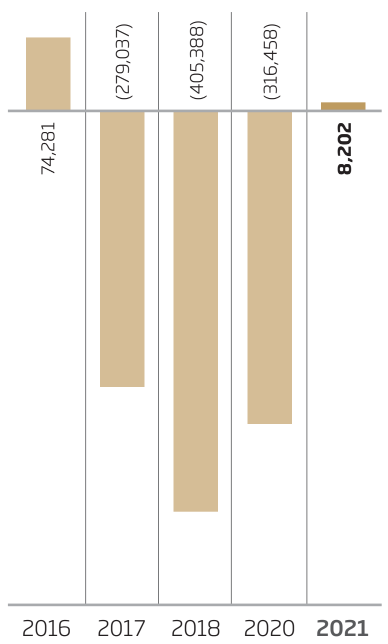
FINANCIAL HIGHLIGHTS

	Financial year ended 30 June 2021	18 months ended 30 June 2020	Financial year ended 31 December		
			2018	2017	2016
Revenue (RM'000)	**1,369,508**	**2,406,906**	2,122,297	2,248,833	2,552,205
Profit/(Loss) Before Taxation (RM'000)	**8,202**	**(316,458)**	(405,388)	(279,037)	74,281
Profit/(Loss) After Taxation (RM'000)	**7,089**	**(261,209)**	(318,867)	(213,585)	77,729
Profit/(Loss) Attributable to Owners of the Company (RM'000)	**7,310**	**(261,067)**	(319,351)	(215,160)	76,673
Total Equity Attributable to Owners of the Company (RM'000)	**2,530,063**	**2,284,686**	2,545,242	2,849,207	3,058,700
Earnings/(Loss) per Share (Sen)	**0.85**	**(30.72)**	(37.58)	(25.32)	9.02
Dividend per Share (Sen)	**-**	**-**	-	-	5.00
Total Assets (RM'000)	**3,890,326**	**3,856,236**	4,277,295	4,355,620	4,323,656
Net Assets per Share (RM)	**2.71**	**2.69**	3.00	3.35	3.60

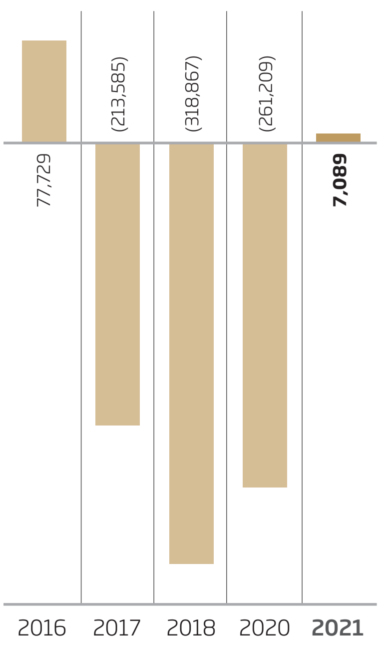
Revenue
(RM'000)



Profit/(Loss) Before Taxation
(RM'000)

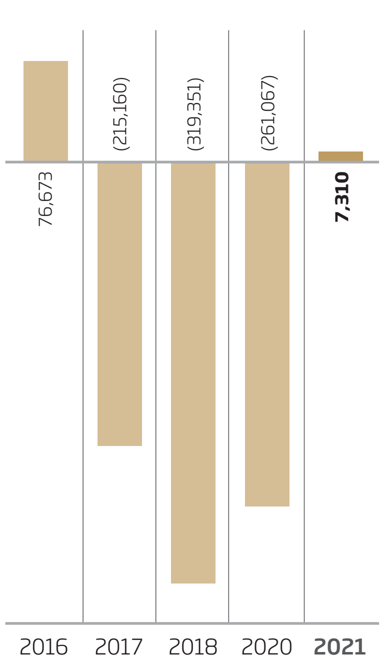


Profit/(Loss) After Taxation
(RM'000)

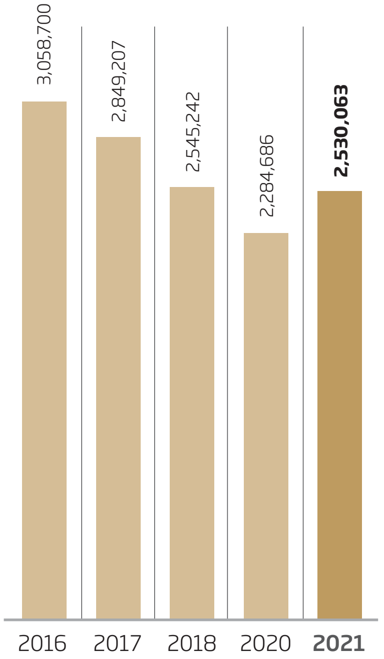


Management Discussion & Analysis
FINANCIAL REVIEW

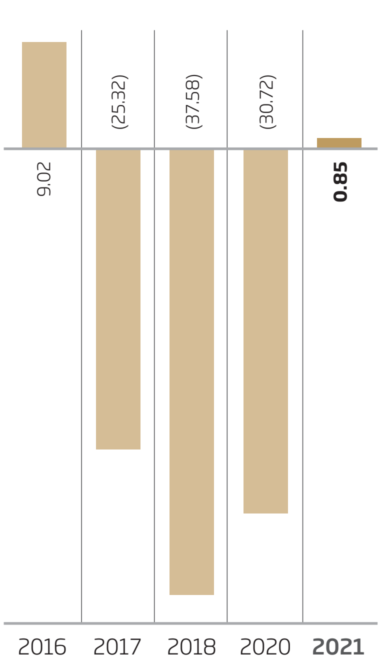
Profit/(Loss) Attributable to Owners of the Company
(RM'000)



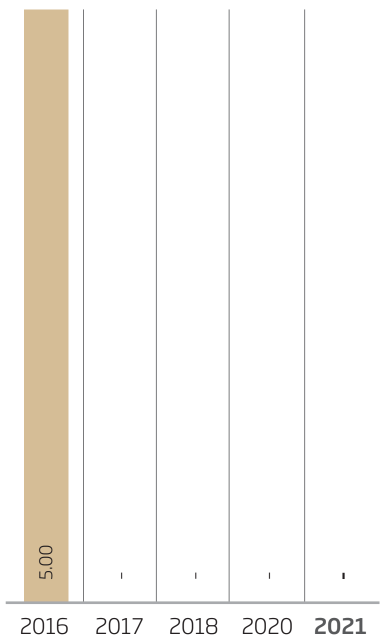
Total Equity Attributable to Owners of the Company
(RM'000)



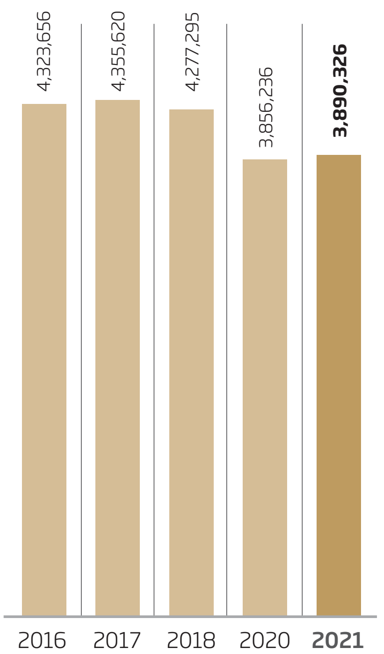
Earnings/(Loss) per Share
(Sen)



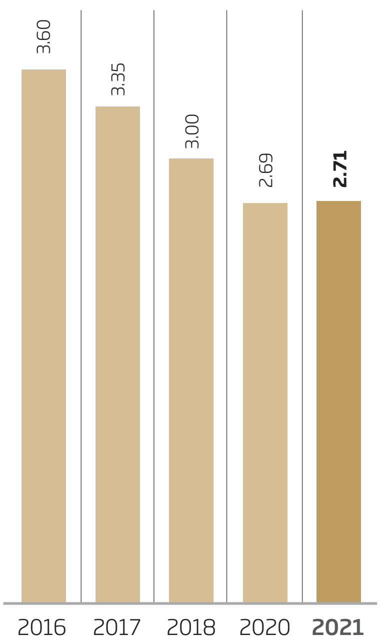
Dividend per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Management Discussion & Analysis

FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Group Financial Performance

The Group recorded revenue of RM1,369.5 million for the financial year ended 30 June 2021 as compared to RM2,406.9 million for the preceding 18-month financial period ended 30 June 2020. Although revenue was lower, the Group managed to turnaround to achieve profit before taxation of RM8.2 million this year compared to a loss before taxation of RM316.5 million in the preceding 18-month financial period ended 30 June 2020.

The much-improved results are mainly attributed to the better performance in the Cement segment as explained below.

SEGMENTAL FINANCIAL PERFORMANCE

An analysis of the Group's segmental financial performance is set out in the following table:

	Segment Revenue		Segment Profit/(Loss) before Taxation	
	Financial year ended 30 June 2021 RM'000	**18 months ended 30 June 2020 RM'000**	**Financial year ended 30 June 2021 RM'000**	**18 months ended 30 June 2020 RM'000**
Cement	**1,117,152**	1,800,960	**8,973**	(333,519)
Aggregates & Concrete	**252,356**	605,946	**(771)**	17,061
	1,369,508	2,406,906	**8,202**	(316,458)

Management Discussion & Analysis
FINANCIAL REVIEW

Cement

The Cement segment recorded revenue of RM1,117.2 million for the financial year ended 30 June 2021 as compared to revenue of RM1,801.0 million for the preceding 18-month financial period ended 30 June 2020.

The decline in revenue was due to the shorter 12-month length of the current financial year versus an 18-month length of the preceding financial period. Revenue could have been better if the cement sales volumes were not impacted by the disruption to construction activities for most of the year due to the various stages of movement control orders imposed by the Government.

Although revenue was lower, the Cement segment achieved profit before taxation of RM9.0 million for the financial year ended 30 June 2021 as compared to a loss before taxation of RM333.5 million for the preceding 18-month financial period ended 30 June 2020. The better performance by the Cement segment was attributable to efficient cost management and the significant progress made in realising operational, distribution and logistical synergies following the integration of the Group with YTL Cement.

Aggregates & Concrete

The revenue of the Aggregates & Concrete segment of RM252.4 million for the financial year ended 30 June 2021 was lower as compared to revenue of RM605.9 million for the preceding 18-month financial period ended 30 June 2020.

Similar with the Cement segment, the decline in revenue was due to the shorter 12-month length of the current financial year versus an 18-month length of the preceding financial period. The revenue of this segment was further impacted by the lower volume supplied to the RAPID project in Pengerang, Johor and the Merdeka PNB 118 project following their completion.

Due to the drop in revenue, the segment reported a loss before taxation of RM0.8 million for the financial year ended 30 June 2021 as compared to profit before taxation of RM17.1 million for the preceding 18-month financial period ended 30 June 2020.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period ended 30 June 2020. The Directors do not recommend any payment of dividend in respect of the current financial year ended 30 June 2021.

Dividend Policy

The Board of Directors of MCB has not adopted or proposed a set dividend policy. However, it is the intention of the Directors to propose the payment of cash dividends on an annual basis, where possible, subject to future earnings and the financial condition of MCB and other factors, including the profit and cash flow position of the MCB Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of MCB Group and the availability of funds.

Management Discussion & Analysis

FINANCIAL REVIEW

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains healthy capital ratios in order to support its existing business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The capital structure of the Group consists of net debts (borrowings and lease liabilities, offset by cash and bank balances) and equity of the Group (comprising share capital, reserves, retained earnings and non-controlling interests).

The gearing ratio at end of the reporting period is as follows:

	Group	
	30 June 2021 RM'000	**30 June 2020 RM'000**
Debts[i]	**719,910**	929,617
Lease liabilities	**51,885**	65,996
Less: Fixed deposits, cash and bank balances	**(135,038)**	(77,152)
Net debts	**636,757**	918,461
Equity[ii]	**2,535,316**	2,290,160
Net debt to equity ratio	**25.12%**	40.10%

(i) Debts are defined as short and long-term borrowings.
(ii) Equity includes share capital, reserves, retained earnings and non-controlling interests of the Group that are managed as capital.

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

The gearing ratio has decreased to 25.12% as at 30 June 2021 from 40.10% as at 30 June 2020 due mainly to the better performance of the Group as well as the cash proceeds received from the issuance of 85,000,000 new ordinary shares in the Company at RM2.79 per share.

Management Discussion & Analysis

SIGNIFICANT CORPORATE DEVELOPMENTS

PLACEMENT OF 85 MILLION NEW ORDINARY SHARES IN MCB

On 15 April 2021, MCB announced the proposed issuance of up to 85 million new ordinary shares in the Company ("Placement Shares") representing approximately 10% of the total number of issued shares of MCB as at 14 April 2021 ("Placement"). The application for the listing and quotation of the Placement Shares was approved by Bursa Securities via its letter dated 23 April 2021. The Placement was completed on 14 June 2021 following the listing and quotation of 85 million Placement Shares on the Main Market of Bursa Securities at an issue price of RM2.79 per share.

The Placement raised gross proceeds of RM237.15 million, of which RM64.15 million was utilised for working capital purposes, RM170.00 million was utilised for repayment of bank borrowings and RM2.56 million was utilised to defray expenses relating to the Placement. The remaining proceeds of approximately RM0.44 million are earmarked to defray further expenses relating to the Placement.

STRATEGIC ASSET RATIONALISATION & OPTIMISATION PLAN

On 12 May 2021, MCB announced that it had entered into a conditional share sale and purchase agreement ("SSPA") with YTL Cement, its immediate holding company, for the proposed acquisition of the entire equity interest of its 10 companies and their respective subsidiaries which are involved in cement and ready-mixed concrete businesses in Malaysia for a total consideration of RM5,158 million (subject to adjustments) ("Proposed Acquisition").

The purchase consideration comprises RM2.0 billion in cash, RM1.408 billion through the issuance of 375.5 million new ordinary shares in MCB ("Consideration Shares") and RM1.75 billion through the issue of 466.7 million new irredeemable convertible preference shares ("ICPS") in MCB. The issue price for the Consideration Shares and ICPS to be issued was fixed at RM3.75 per Consideration Share/ICPS. This is the price per share paid by YTL Cement for the acquisition of its 76.98% equity interest in MCB in 2019, which was premised on the potential synergies that would arise from the integration of businesses between the two groups.

Bursa Securities, via its letter dated 23 July 2021, approved the listing and quotation of the Consideration Shares and the new MCB shares to be issued upon conversion of the ICPS on the Main Market of Bursa Securities subject to certain conditions. In addition, via its letter dated 21 July 2021, Bursa Securities granted the Company a period of 6 months from the listing date of the Consideration Shares to comply with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Listing Requirements.

In view of this, MCB entered into a supplemental letter with YTL Cement on 26 July 2021 to waive the condition precedent stipulated in the SSPA to obtain approval from Bursa Securities for MCB for a lower public shareholding spread of 20% on completion of the Proposed Acquisition as the application for the said approval will be submitted after completion of the Proposed Acquisition instead of prior to completion.

The Proposed Acquisition and proposed amendment of the Constitution of the Company to facilitate the issuance of the ICPS pursuant to the Proposed Acquisition were approved by the shareholders of the Company at an extraordinary general meeting held on 30 August 2021 and were completed on 21 September 2021.

Management Discussion & Analysis

SEGMENTAL REVIEW

CEMENT

SEGMENT OVERVIEW

The MCB Group has three integrated cement plants, with two in operation in Kanthan and Langkawi, and two grinding stations in Pasir Gudang. The 70-year old Rawang Plant ceased operations at the start of 2020 for planned major refurbishments. MCB is also involved in the trading and distribution of cement through its wholly-owned subsidiary, CMCM Perniagaan Sdn Bhd.

Following the acquisition by YTL Cement, the operations of both have been integrated to deliver logistical and cost synergies, in order to better serve customers. The strategic coastal location of MCB's Langkawi Plant with its direct sea access allows the Group to export clinker and cement competitively, and provide clinker by sea to the two grinding stations in the South.

OPERATIONAL REVIEW

The COVID-19 pandemic continued to adversely impact the construction market and correspondingly, cement demand. Many work sites were not able to operate continuously due to labour shortage and shutdown of sites due to COVID-19 outbreaks.

Due to soft demand, there continues to be excess capacity in the market.

The export market continued to be positive, and this partially compensated for the slow domestic demand. In the current competitive and challenging environment, the Group has intensified its efforts to improve plant reliability and efficiency, as well as to reduce cost through the optimisation of its assets, operational network and distribution channels.

Management Discussion & Analysis

SEGMENTAL REVIEW

AGGREGATES & CONCRETE

SEGMENT OVERVIEW

The MCB Group has 18 ready-mixed concrete batching plants across Peninsular Malaysia and three quarries in Pantai Remis in Perak, Hulu Langat in Selangor and Kota Tinggi in Johor (as at 30 June 2021).

The Group's concrete division is the supplier of choice for complex and large-scale infrastructure projects, providing technically sophisticated products to meet the evolving needs of construction projects in the country.

OPERATIONAL REVIEW

The overall concrete and aggregates market contracted due to the COVID-19 pandemic. The MCB and YTL Cement groups have been fully integrated and have delivered synergies and cost optimisation.

The Group's network of operations within the Klang Valley allowed for the Group to fully capitalise on development opportunities. The Merdeka 118 project was successfully completed at the beginning of 2021. Projects that we are still supplying to include Tun Razak Exchange Lifestyle Quarter, LRT 3, MRT 2 and Oxley Tower.

The Group made progress in new product development. It introduced its specialty concrete range with the launch of two new offerings: Aquabuild, a pervious concrete for effective storm water management, and Decobuild, an aesthetic concrete for pavements and floors. More products will be launched in the coming year.

Its three aggregates quarries have adopted best practices from the YTL Cement Group, which has delivered further cost efficiencies. The Kota Tinggi Quarry started its export of quarry products to Singapore after the installation of a vertical shaft impactor to produce manufactured sand.

Management Discussion & Analysis

SEGMENTAL REVIEW

OTHERS

SEGMENT OVERVIEW

The MCB Group's drymix division is a leader in floor and wall mortar products. It has two plants – a semi-automated plant in Rawang and a fully-automated plant in Pasir Gudang.

The Group's wholly-owned subsidiary, Geocyle Environmental Services Sdn Bhd, changed its name to Geo Alam Environmental Sdn Bhd ("Geo Alam") on 17 February 2021. Geo Alam is a leading provider of industrial and commercial waste management services in Malaysia, applying the proven technology of co-processing to resolve waste challenges sustainably. Waste that meets its technical evaluation is pre-processed and utilised at the Group's cement plants as alternative materials to partially replace traditional fuels and raw materials.

OPERATIONAL REVIEW

The drymix division has been in operation for more than 20 years. It started its operations with two products in 1999 and, today, the drymix division has a complete portfolio of products under the brand "Quickmix" to build the perfect wall and floor.

For financial year ended 30 June 2021, the drymix division achieved marginal growth in sales volume year-on-year, attributed to the slowdown in the property market. It launched its maiden technical mortar, Quickmix non-shrink grout and introduce its Quickmix DIY range with a portfolio of four products, which are available online and in retail stores.

The drymix division will continue to focus on product development with plans to expand its technical mortar and DIY product offerings in the coming year.

In the year under review, Geo Alam's waste management services and co-processing activities have saved a land area of about 3,000 m^2 of landfill (equivalent to 7 basketball courts), prevented greenhouse gas emissions of close to 500kg CO2e and saved 15 million kg of natural resources.

To promote more sustainable waste management practices among businesses and the general public, Geo Alam conducted a series of virtual technical seminars in collaboration with SWCorp, The Lost Food Project, The Olive Tree, Department of Environment (DOE) Perak, Eurofins and Universiti Teknologi Petronas (UTP).

Geo Alam continues to pursue opportunities to expand and add value to the country's waste management problem. Through research and development, it is now exploring ways to help Malaysia achieve a zero waste future by offering alternative and innovative solutions. Among ideas that it is pursuing is the repurposing of non-recyclable plastics to make building materials and decorative items.

Management Discussion & Analysis

RISK MANAGEMENT

The overall risk management objective of the MCB Group is to ensure that adequate resources are available to protect its assets and to create value for its shareholders. The Group focuses on the unpredictability of financial and operational markets and seeks to minimise potential adverse effects on its performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to the Group's risk management policies. The Board of Directors of MCB regularly reviews these risks and approves the appropriate control environment frameworks.

FINANCIAL RISK MANAGEMENT

The operations of the Group are subject to various financial risks which include market risk (including foreign currency risk, interest rate risk, commodity price risk and other price risk), credit risk, liquidity risk and cash flow risk in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group, further details of which can be found in *Note 36 of the Notes to the Financial Statements* in this Annual report.

OPERATIONAL RISK MANAGEMENT

Economic, political and regulatory risks

Like all other businesses, adverse developments in political, economic and regulatory conditions (including changes in environmental legislation and regulations) in Malaysia, Singapore and other overseas markets in which the Group from time to time has operations or activities could materially and adversely affect the financial and business prospects of the Group and the markets for its products which may result in a loss or reduction in revenue to Group.

Whilst it is not possible to prevent the occurrence of these events, the Group attempts to mitigate the effects of these risks through thorough due diligence assessments prior to the commitment to any project or new market, ensuring compliance with applicable laws and regulations and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

Management Discussion & Analysis

RISK MANAGEMENT

Business and industry risks

The Group's businesses are subject to inherent risks in the building materials sector such as shortages of labour and raw materials, increases in the cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, fluctuations in exchange rates and changes in the legal and environmental framework within which the industry operates.

The industry is subject to the risk of fluctuations in demand for its output products (such as clinker and cement) which correlates to the performance of the construction sector. These fluctuations in demand levels can have favourable or adverse impacts on the performance and profitability of all cement producers and the Group's cement operations would be similarly affected. In addition, to a large extent, these activities are subject to the cyclical nature of the industry. Such fluctuations in demand and the cyclical nature of the industry may affect the financial performance of the Group's businesses.

However, as a developing nation with positive annual population growth, Malaysia's cement consumption requirements, driven primarily by its infrastructure needs, augur well for the continued growth and development of the domestic building materials industry.

Economic risk

The cement industry is closely tied to the construction sector which consists of two cyclical segments – civil engineering (largely infrastructural development) and building construction (residential, commercial and industrial buildings). Whilst the construction industry is exposed to external factors including changes in local economic conditions, expenditure of infrastructure development remains a necessary component of Malaysia's economic development thereby significantly mitigating this risk factor.

Price risk

The domestic cement market was liberalised on 5 June 2008 by the Ministry of Domestic Trade and Consumer Affairs after numerous dialogue sessions with industry participants and other stakeholders. With this liberalisation, cement is no longer classified as a strategic industry and the cement selling price is now determined by market forces and regulated by Anti-Profiteering Act and Competition Act (MyCC) to prevent collusion.

Input price risks

Electricity costs are considered a stable cost factor as the price of electricity is controlled by the Malaysian Government. Any increases in prices and/or further policy changes may materially affect the Group's cement business, operating results and financial condition. The other potential risk in relation to operational costs is the cost of coal, which is imported. As with any other commodities, the prices of coal and oil are dependent on global demand and supply conditions.

Management Discussion & Analysis

OUTLOOK

The recovery of the Malaysian economy is expected to be uneven and subject to several factors, including the course of the pandemic and vaccination levels, the extent of spill over effects, sector-specific developments and the degree of improvement in labour market conditions. Private consumption is also expected to recover, supported by improvements in overall income and employment growth, along with the relatively less stringent mobility restrictions compared to 2020. The construction sector is also predicted to rebound in 2021 due to acceleration and revival of major infrastructure projects, coupled with affordable housing projects. Meanwhile, global growth is expected to continue on a gradual and uneven recovery path in 2021, dependent on major developments surrounding the COVID-19 pandemic, especially the implementation of vaccine rollout programmes, ongoing global structural shifts and the extent of economic scarring *(source: Bank Negara Malaysia Ministry of Finance updates)*.

MCB's acquisition from YTL Cement of 10 companies and their respective subsidiaries involved in cement and ready-mixed concrete businesses in Malaysia is expected to bolster profitability and value enhancement, increasing the size of MCB's cement and ready-mixed concrete businesses. The effectiveness and efficiency of MCB's cement operations and ability to deliver seamless solutions to customers will be optimised, boding well for the positive growth and outlook of MCB and the industry going forward.

Despite the current disruptions associated with or due to pandemic-related restrictions, the solid dynamics of the Group's main markets remain intact and the key growth drivers, including infrastructure requirements and demand for housing from urbanisation, will continue to underpin demand growth in the longer term.

Managing Sustainability

STRUCTURE AND MANAGEMENT

This statement covers Malayan Cement Berhad's ("MCB" or "Company") and its subsidiaries ("Group" or "MCB Group") efforts and progress in advancing sustainable development. YTL Cement, which owns 69.98% (as at 30 June 2021) of MCB, is part of YTL Corporation Berhad ("YTL Corp"), a publicly listed company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") under Industrial Products and Services sector. MCB has aligned with and adopted YTL Group's sustainability structure and framework of policies and guidelines. This includes matters relating to corporate governance, risk management and internal control, as well as its code of conduct and business ethics, where relevant and appropriate.

SUSTAINABILITY COMMITMENT

Sustainability has always been an integral part of MCB's business operations. Through our activities in the production, manufacturing and trading of cement, clinker, ready-mixed concrete and other building materials, we strive to embed best practices to bring about positive Environmental, Social and Governance (ESG) impacts. We manage our business responsibly and with integrity. Sustainability is incorporated in everything we do, where MCB continuously creates lasting value for our stakeholders and at the same time balancing business, economic, environmental and social risks and opportunities.

REPORTING PERIOD AND SCOPE

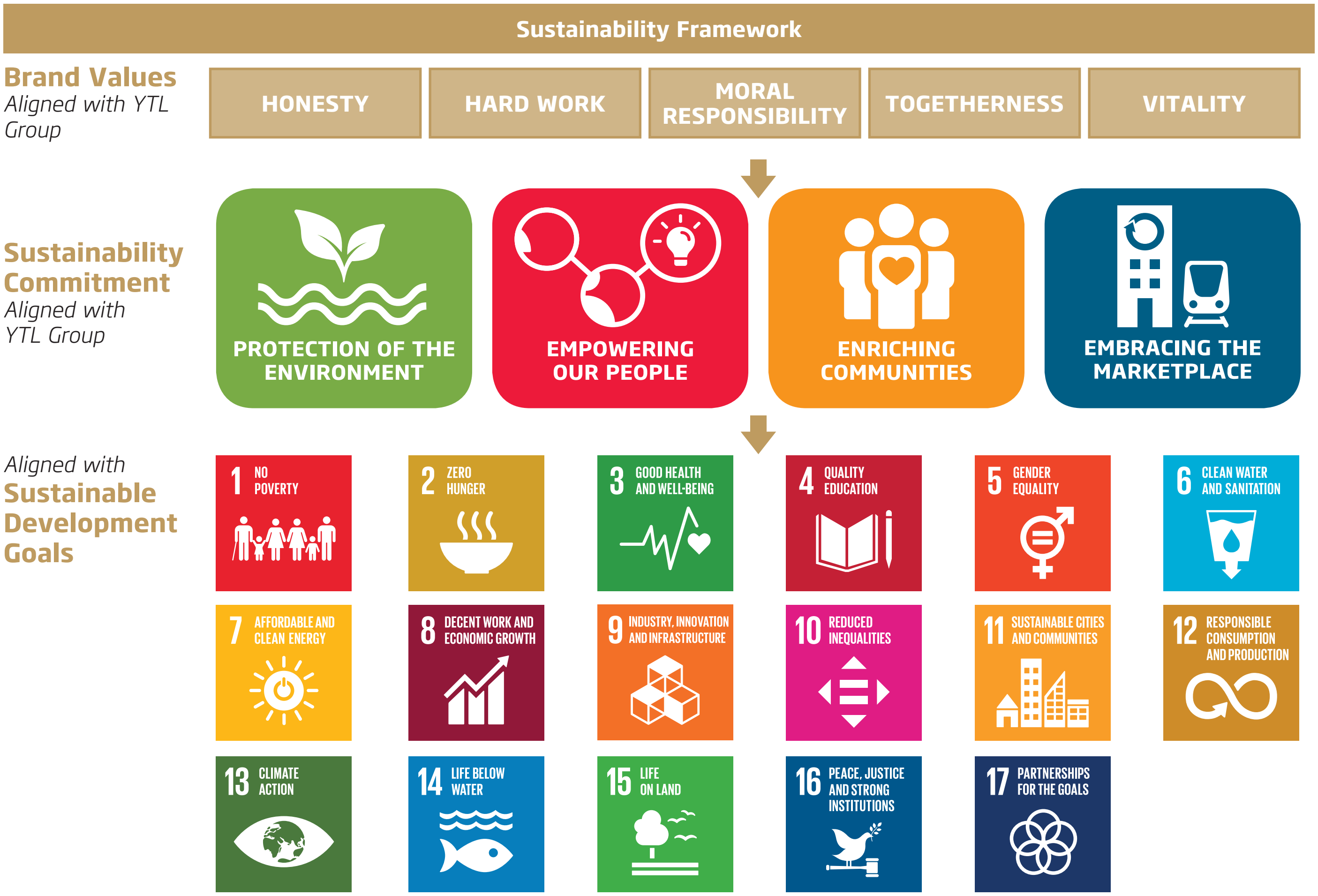
This sustainability statement covers the reporting period from 1 July 2020 to 30 June 2021. It provides an overview of how we operate sustainably and how we manage our strategy and day-to-day business to address our sustainability commitments and performance.

In line with our efforts to embrace the United Nations Sustainable Development Goals (SDGs), we have linked our sustainability initiatives to the SDGs, where relevant.

Managing Sustainability

OUR APPROACH TO SUSTAINABILITY

We have aligned our sustainability commitments with YTL Group's four pillars – Environment, People, Communities and Marketplace. The Sustainability Framework below forms the basis of our sustainability plans and practices.

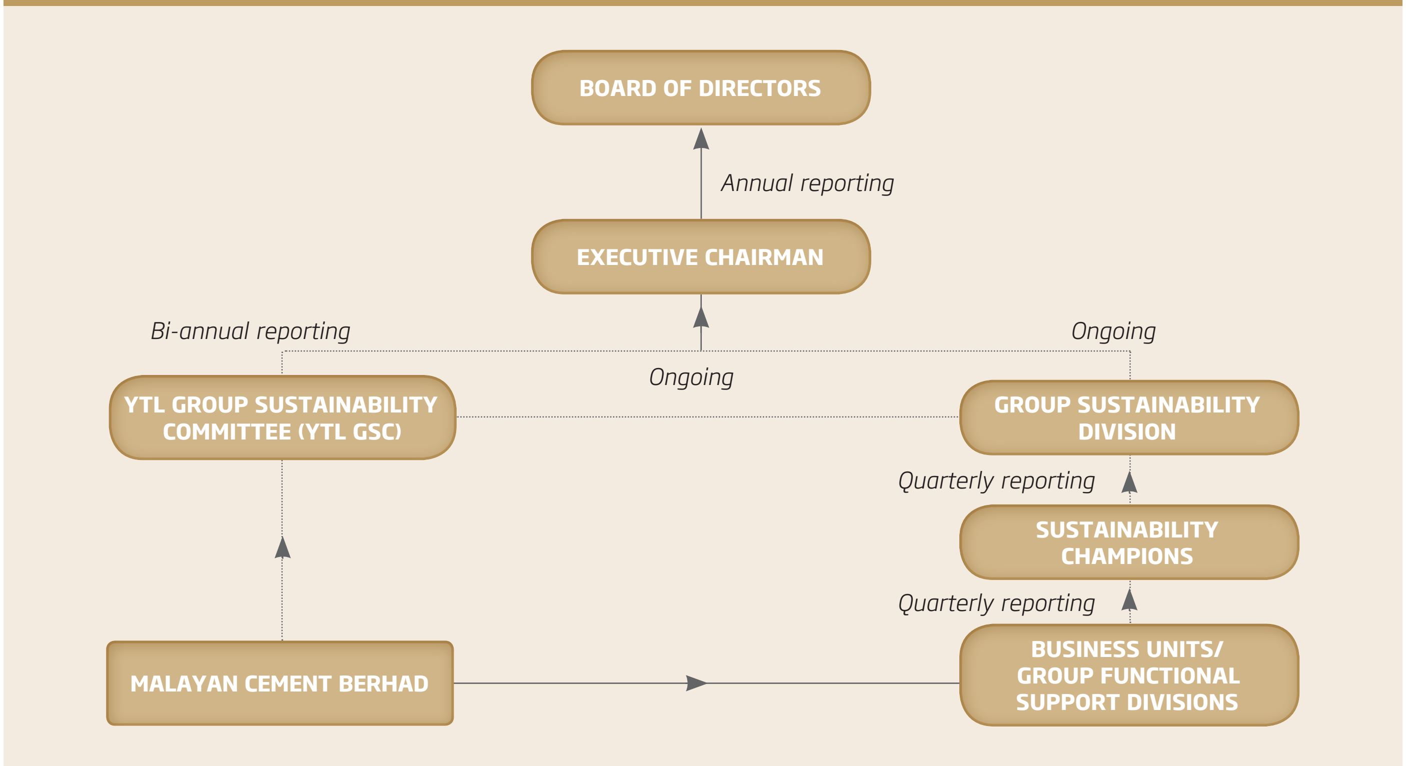


GOVERNANCE STRUCTURE AND PRINCIPLES

MCB has adopted YTL Group's governance structure and system. The Board of Directors of MCB ("the Board") is responsible for implementing and ensuring good governance. This includes overseeing and ensuring the conduct of MCB's business strategy and operations against economic, environmental and social performance, with the support of YTL Group Sustainability Committee ("YTL GSC") and sustainability representatives from respective departments and business units.

Managing Sustainability

Sustainability Governance Structure



Managing Sustainability

Level/Position	Roles and Responsibilities
Board of Directors	- Oversees the progress of sustainability strategy and performance across material ESG issues. YTL Group's sustainability strategy has been approved by the Board of YTL Corp, who have also outlined the conduct of responsible business operations across our value chain. - Reviews and approves materiality results and the sustainability statement.
YTL Group Sustainability Committee	- Comprises representatives from YTL Group's Sustainability Division and Senior Management from YTL Group's Business Units. - Supports the Board to set high-level sustainability direction and strategic focus. - Oversees the implementation of sustainability strategy and ESG related matters. - Reviews, monitors, and provides YTL Group's sustainability strategic plans and initiatives across our value chain.
Group Sustainability Division	- Led by the Head of Group Sustainability. - Formulates sustainability framework. - Leads and oversees sustainability strategy implementation within YTL Group. - Coordinates and implements YTL Group sustainability activities. - Monitors and tracks YTL Group's sustainability performance.
Sustainability Champion/Business Units/ Group Functional Support Division	- Plays a significant role in aligning the sustainability agenda with business practices on the ground. - Supports YTL Group Sustainability Division in executing and monitoring sustainability activities and performance.

MATERIALITY

MCB will conduct a materiality assessment in the coming months covering the larger consolidated MCB group. This assessment will help us identify ESG issues that matter most to our business and stakeholders and influence our sustainability strategy.

The outcome of this materiality assessment will be reported in our 2022 annual report.

Managing Sustainability

KEY HIGHLIGHTS

Health And Safety (H&S): Towards Zero Harm to Employees and Contractor Workers on Site

Health and Safety is important to us. Our aim is to conduct our business with zero harm to people and to create an environment that is safe and healthy for our employees, contractors, drivers and the local community where we operate.

Health and Safety Data

Lagging Indicators

Indicator	Data
Lost Time Injury Frequency Rate (LTIFR)	0.78
Lost Time Injuries (LTI)	6
Total Injury Frequency Rate (TIFR)	1.68
Fatalities	0
Road Fatalities	0

Note:
LITFR: LTI/million hours worked.
TIFR: Total number of injuries/million hours worked by employees and contractors.

Leading Indicators

Indicator	Data
Health & Safety Training Hours	6,182 hours related training provided to employees and contractors
Workplace Inspections	406 H&S inspections performed across all operation sites
Near-miss Reports Received	19 near-miss incidents were reported
Standard Operating Procedure (SOP) Reviews	215 SOPs were reviewed during the period. This is an initiative to check the relevance of the existing SOPs with the current work methodologies and to ensure work hazards are addressed

Note:
- *July 2020 to December 2020: data recorded is for MCB operations only.*
- *January 2021 to June 2021: data includes all YTL Cement operations in Malaysia - YTL Cement and MCB. This is possible with a common reporting platform initiated in January 2021 for all operations.*

Safeguarding against COVID-19

Since the start of the pandemic, MCB has put in place various measures and action plans to safeguard our people. To respond quickly to the evolving COVID-19 pandemic situation, a Steering Committee led by the Managing Director was formed to ensure business continuity and that employees are protected.

Additionally, a Working Committee was set up to develop guidelines and checklists, and to ensure that all SOPs are implemented and adhered to. Actions put in place included:

- Establishing a standard response procedure to quickly detect COVID-19 cases in the Group and to identify first and second level close contacts who will be quarantined. First level contacts are screened for COVID-19 to minimise the risk of COVID-19 infection in our operations.
- Providing PPEs (personal protective equipments): masks, gloves, face shields and sanitisers or hand washing stations to keep our people safe whilst at the workplace.
- Screening and briefing contractors entering our sites on SOPs before starting work.
- Providing a COVID-19 Hotline for employees to call for round-the-clock support.
- Developing an employee e-handbook on COVID-19 SOPs and information.
- Facilitating the vaccination of employees and drivers through available vaccination programmes.

We Aim to be Carbon Neutral by 2050

We have been investing in upgrading our emissions control and monitoring systems with the intention of improving efficiency and reducing energy and fuel consumption. This is in line with our aim to be carbon neutral by 2050.

Our initiatives towards carbon neutrality do not end at our gate. Through continuous product development we are able to offer lower carbon intensity products to our customers. Being the building materials leader in Malaysia, we aim to contribute to sustainable construction through our products and solutions.

Managing Sustainability

BUILDS, Our CSR Commitment

BUILDS, launched in 2021, is a Corporate Social Responsibility (CSR) commitment from YTL Cement to build together with and for the communities we live and work in. BUILDS is dedicated to supporting causes which extend beyond business objectives.

The goals of BUILDS are centred around ensuring and contributing to the well-being of people, the environment, and the making of sustainable and worthwhile progress.

BUILDS is anchored by its three defining pillars: community, sustainability and education. For more information, please visit www.ytlcementbuilds.com or visit our instagram page @ytlcementbuilds.

The Centre for Biodiversity, Conservation, and Research Efforts (BCRE)

The Centre for Biodiversity, Conservation, and Research Efforts (BCRE) was established by YTL Cement. BCRE believes in balanced development contributing to the conservation of nature as well as economic development. Through BCRE, we aim to protect wildlife and the environment around us for the benefit of present and future generations by:

- Conducting research into the diversity of flora and fauna, and establishing studies to conserve the environment around us.
- Facilitating researchers in their work to study various aspects of flora and fauna.
- Promoting a deep understanding and appreciation towards the conservation of nature.

Active initiatives under BCRE are the Kanthan Biodiversity Conservation Initiative (KBCI) and Langkawi Biodiversity Conservation Initiative (LBCI). For more information, visit at www.bcre.my.

Our sustainability initiatives are reported in greater detail in the consolidated YTL Group Sustainability Report 2021, a standalone report. The PDF version of the sustainability report is available at www.ytl.com/sustainability.

MOVING FORWARD

We regularly review our progress and continuously improve our policies and systems to ensure that we operate in the most sustainable manner. We continue to consult with our stakeholders on a regular basis to understand their expectations of us, to stay relevant and make sustainable progress.

Profile of the Board of Directors

TAN SRI (SIR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 67, was appointed to the Board on 17 May 2019 as an Executive Director and he was redesignated as Executive Chairman on 19 June 2019. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Hospitality REIT, Malayan Cement Berhad and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Corporation Berhad, YTL Power International Berhad, and YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis is the Executive Chairman of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited, and is a director of YTL Industries Berhad. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council, and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and in 2019, received the Knight Commander of the Order of the British Empire (KBE). Tan Sri Francis received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette, in 2018 and in the same year the Italian government conferred upon him the honour of Grande Officiale of the Order of the Star of Italy.

Profile of the Board of Directors

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 61, was appointed to the Board on 17 May 2019 as an Executive Director. He was redesignated to the position of Managing Director on 30 May 2019. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and Managing Director of YTL Cement Berhad. He also sits on the boards of other public companies such as YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad, Kedah Cement Holdings Berhad and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

TAN SRI DATUK ASMAT BIN KAMALUDIN

Malaysian, male, aged 77, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is the Chairman of Remuneration and Nomination Committee. He is also a member of Audit and Risk Management Committee. Tan Sri Datuk Asmat graduated with a BA (Hons) in Economics from the University of Malaya and also a Diploma in European Economics Integration from the University of Amsterdam.

Tan Sri Datuk Asmat has vast experience in various capacities in the public service, his last position being the Secretary General of the Ministry of International Trade and Industry (MITI), a position held from 1992 to 2001. He has served as the Senior Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiation and agreements.

Tan Sri Datuk Asmat had also been actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC) and Malaysia External Trade Development Corporation (MATRADE) while in the Malaysian Government service. In 2008, Tan Sri Datuk Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia, a position he held for 6 years. He also serves on the board of the Japan Chamber of Trade and Industry in Malaysia Foundation. On 11 November 2014, Tan Sri Datuk Asmat was conferred with the prestigious Order of the Rising Sun, Gold and Silver Star award by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

He was the Non-Executive Vice Chairman of YTL Cement Berhad from 19 March 2001 until his resignation on 19 June 2019. He currently serves as the Non-Executive Chairman of Compugates Holdings Berhad, and a Director of AirAsia X Berhad, all listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Japanese Chamber of Trade & Industry Malaysia (JACTIM) Foundation.

DATO' TAN GUAN CHEONG

Malaysian, male, aged 77, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is the Chairman of Audit and Risk Management Committee. He is also a member of Remuneration and Nomination Committee. Dato' Tan graduated with a Bachelor of Commerce Degree from Otago University, New Zealand. He is a Member of the Malaysian Institute of Accountants since 1983. He worked in international audit firms overseas and also in Malaysia. He has more than 20 years' experience in the field of financial services. He was a director of YTL Cement Berhad from 26 April 2004 until his resignation on 19 June 2019. He is a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT and Hartalega Holdings Berhad.

Profile of the Board of Directors

DATO' YOOGALINGAM A/L VYRAMUTTU

Malaysian, male, aged 76, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is also a member of Audit and Risk Management Committee, and Remuneration and Nomination Committee. Dato' Yoogalingam graduated from the University of Malaya with a BA (Hons) degree in 1968. He started his career with the Ministry of Foreign Affairs in October 1968 as Assistant Secretary to the Administrative and Diplomatic Service of Malaysia. Thereafter, he served at Malaysia's embassies in Vietnam, Yugoslavia, the Republic of Turkey and the Republic of Korea. In 1986, he returned to Malaysia to take up the position of Deputy Director General (ASEAN National Secretariat). Dato' Yoogalingam was subsequently posted as High Commissioner of Malaysia to Papua New Guinea, concurrently accredited to the Solomon Islands and Vanuatu in 1989, and then to the Republic of Zimbabwe, concurrently accredited to Angola, Botswana, Mozambique, Madagascar, Malawi, Namibia, Mauritius, Seychelles, Uganda, Tanzania and Zambia in 1994. In 1998, he was posted as Ambassador of Malaysia to the Republic of Korea where he served until retiring from the Ministry of Foreign Affairs in June 2003. He was a director of YTL Cement Berhad from 26 April 2004 until his resignation on 19 June 2019. He currently sits on the board of YTL Land & Development Berhad.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 64, was appointed to the Board on 17 May 2019 as an Executive Director. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on Main Market of Bursa Malaysia Securities Berhad, and Executive Director of YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad, and Executive Director of YTL Power International Berhad. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. Dato' Yeoh Seok Kian also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad, Sentul Raya Golf Club Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

DATO' YEOH SEOK HONG

Malaysian, male, aged 62, was appointed to the Board on 17 May 2019 as an Executive Director. He serves as Executive Director of YTL Corporation Berhad and Managing Director of YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry and serves as the Managing Director of Syarikat Pembenaan Yeoh Tiong Lay Sdn Bhd, the YTL Group's flagship construction arm. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) network by YTL Communications Sdn Bhd, where he serves as the Managing Director. Dato' Yeoh Seok Hong sits on the boards of other public companies such as YTL Cement Berhad, YTL Land & Development Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

Profile of the Board of Directors

DATO' YEOH SOO KENG

Malaysian, female, aged 58, was appointed to the Board on 17 May 2019 as an Executive Director. She started her career with the group in 1986 as an engineer upon her graduation from Leeds University, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering. She has held key executive positions in numerous industries and sectors in which the group has presence. She led numerous construction and infrastructure projects of strategic and national significance. She headed the group's procurement division and later set up the sales and marketing division of YTL Cement Berhad when the group entered the industry in 1992. She was subsequently appointed the director of sales and marketing for the group's mobile communications division in 2012.

Dato' Yeoh also serves on the boards of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad, YTL Cement Berhad and Kedah Cement Holdings Berhad.

Dato' Yeoh is the President of the ASEAN Federation of Cement Manufacturers (AFCM) and is also the Chairman of The Cement and Concrete Association Malaysia (CNCA).

Dato' Yeoh is actively involved in various community work at national and international levels. She serves on the board of YTL Foundation, and is the President of the Girl Guides Association Malaysia, Federal Territory of Kuala Lumpur Branch. She sits on the EXCO of the Girl Guides Association Malaysia. She sits on the boards of the World Scout Foundation (WSF) where she chairs the Global Network Committee. She also represents the WSF on the Finance Committee of the World Organisation of the Scout Movement (WOSM).

YEOH KHOON CHENG

Malaysian, male, aged 63, was appointed to the Board on 1 August 2018 as an Executive Director. Mr Yeoh is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He started his career as Audit Assistant with Deloitte Malaysia in 1979. He joined Lafarge Malaysia Berhad (now known as Malayan Cement Berhad) in 1987 as Finance Manager and has held various positions involving business development, mergers & acquisitions and corporate finance activities in addition to the position of Company Secretary from 1990 to 1998. He was appointed as Executive Director and Chief Financial Officer in January 1999 and held the position until August 2011. From August 2011 to December 2015, he was the Chief Financial Officer for Lafarge Cement China Limited and from January 2016 to July 2017, he was the Chief Financial Officer for Huaxin Cement Limited, China. He returned to Malayan Cement Berhad in August 2018 as Executive Director holding the position of Chief Financial Officer and later Chief Executive Officer until 17 May 2019. He was redesignated as Non-Independent Non-Executive Director on 1 September 2019. He also sits on the board of Malaysian Bulk Carriers Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   Tan Sri (Sir) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong and Dato' Yeoh Soo Keng are siblings. Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong who is a deemed major shareholder of the Company, is the mother of Tan Sri (Sir) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong and Dato' Yeoh Soo Keng. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with the Company.

3. **Conviction of Offences (other than traffic offences)**
   None of the Directors has been convicted of any offences within the past five (5) years.

4. **Public Sanction or Penalty imposed**
   None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial period.

Profile of the Board of Directors

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 6 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri (Sir) Francis Yeoh Sock Ping	6
Dato' Sri Michael Yeoh Sock Siong	6
Tan Sri Datuk Asmat Bin Kamaludin	5
Dato' Tan Guan Cheong	6
Dato' Yoogalingam A/L Vyramuttu	6
Dato' Yeoh Seok Kian	6
Dato' Yeoh Seok Hong	6
Dato' Yeoh Soo Keng	6
Yeoh Khoon Cheng	6

Profile of Key Senior Management

The management team is headed by the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping and the Managing Director, Dato' Sri Michael Yeoh Sock Siong. They are the Key Senior Management and their profiles are as set out in the Profile of the Board of Directors on pages 30 and 31, respectively of this Annual Report.

Corporate Governance Overview Statement

for the financial year ended 30 June 2021

The Board of Directors ("Board") of Malayan Cement Berhad ("MCB" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("MCB Group" or "Group"). The MCB Group is guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"), which has a long-standing commitment to corporate governance and protection of stakeholder value that has been integral to the achievements and strong financial profile of the YTL Group of Companies ("YTL Group") to date.

The MCB Group's corporate governance structure is a fundamental part of the Board's responsibility to protect and enhance long-term shareholder value and the financial performance of the MCB Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board has been guided by the principles and practices set out in the Malaysian Code on Corporate Governance ("Code") issued by the Securities Commission Malaysia ("SC").

An overview of the Board's implementation of and compliance with the Code issued by the SC in April 2017 during the financial year ended 30 June 2021 is detailed in this statement. On 28 April 2021, the SC issued the revised version of the Code which introduced new or enhanced best practices and further guidance to strengthen the corporate governance culture of listed companies. Companies are expected to report their application of the revised Code from the financial year ending 31 December 2021, and as such, the Board is in the process of determining the necessary changes and/or enhancements to its practices and procedures and will report on compliance with the revised Code in MCB's next annual report for the financial year ending 30 June 2022.

The Company's Corporate Governance Report ("CG Report") for the financial year ended 30 June 2021 is available at the Company's website at www.ytlcement.my and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

Responsibilities of the Board

MCB is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the MCB Group's operations. This broad spectrum of skills and experience ensures the MCB Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the MCB Group.

Key elements of the Board's stewardship responsibilities include:

- Reviewing and adopting strategic plans for the MCB Group to ensure long-term, sustainable value creation for the benefit of its stakeholders;
- Overseeing the conduct of the MCB Group's business operations and financial performance, including the economic, environmental and social impacts of its operations;
- Identifying and understanding the principal risks affecting the MCB Group's businesses in order to determine the appropriate risk appetite within which management is expected to operate;
- Maintaining a sound risk management and internal control framework, supported by appropriate mitigation measures;
- Succession planning; and
- Overseeing the development and implementation of stakeholder communications policies.

The Board is led by the Executive Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

There is a balance of power, authority and accountability between the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping, and the Managing Director, Dato' Sri Michael Yeoh Sock Siong, with a clear division of responsibility between the running of the Board and the Company's business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

Corporate Governance Overview Statement

for the financial year ended 30 June 2021

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, maintaining a relationship of trust with and between the Executive and Non-Executive Directors, ensuring the provision of accurate, timely and clear information to Directors, facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations are maintained between Executive and Non-Executive Directors.

The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, implementation of Board policies and strategies, and making of operational decisions, serving as the conduit between the Board and the management in ensuring the success of the Company's governance and management functions, ensuring effective communication with shareholders and relevant stakeholders, providing strong leadership, i.e., effectively communicating the vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group's operations.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the MCB Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the MCB Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the MCB's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the MCB Group conducts its business.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

The Board believes sustainability is integral to the long-term success of the MCB Group. Further information on the MCB Group's sustainability activities can be found in the *Managing Sustainability* section in this Annual Report.

Board Meetings & Procedures

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the MCB Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 6 times during the financial year ended 30 June 2021.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the MCB Group's business and affairs to enable them to discharge their duties. At least one week prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Corporate Governance Overview Statement
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Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the MCB Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

The minutes of the Board and/or Board Committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board Committee meetings are subsequently presented to the Board for notation.

Company Secretary

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Association of Chartered Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.

The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary briefed the Board on the changes and enhancements introduced in the new Code issued on 28 April 2021, carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code and updated the Board.

Board Charter

The Board's functions are governed and regulated by its Charter, the Constitution of the Company, various applicable legislation, Listing Requirements and other regulations and codes. The Board's Charter was updated and adopted by the Board on 26 November 2019, and a copy can be found under the "*Governance*" section on the Company's website at www.ytlcement.my. The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.

Business Conduct, Ethics & Whistleblowing

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment and MCB is also guided by the corporate culture of its parent company, YTL Corp.

Key guidance is contained in the Code of Conduct and Business Ethics of the YTL Group, which also sets out the whistleblowing policy and procedures, and the YTL Group's Anti-Bribery and Corruption Policy, as detailed in the following section. A copy of the Code of Conduct and Business Ethics can be found on the Company's website at www.ytlcement.my.

Anti-Bribery & Corruption Policy ("ABC Policy")

The ABC Policy was formalised for the YTL Group during the last financial period ended 30 June 2020. The objective of the ABC Policy is to further enforce the YTL Group's Code of Conduct and Business Ethics in order to ensure that all Directors and employees understand their responsibilities in compliance with the YTL Group's zero tolerance for bribery and corruption within the organisation. This is in line with the new corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") which came into force on 1 June 2020.

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The ABC Policy outlines the YTL Group's strategies in identifying, preventing and managing bribery and corruption issues. The policies and procedures put in place are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of MACC Act. The ABC Policy applies to all Directors, managers and employees of the Company in dealing with external parties in the commercial context. The policy will be reviewed at least once every three years to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein and to ensure continued compliance with the prevailing law. A copy of the ABC Policy can be found on the Company's website at www.ytlcement.my.

A comprehensive implementation plan has been established to communicate and disseminate the ABC Policy throughout the YTL Group through online training modules and other communication methods. Previously planned town hall sessions have been substituted with more electronic communications in compliance with the physical distancing guidelines implemented in response to the COVID-19 pandemic.

All directors and employees of the YTL Group are required to read and understand the ABC Policy and the Code of Conduct and Business Ethics, successfully complete the online training modules to reinforce their understanding of the policy and sign the YTL Group's Integrity Pledge in acknowledgement of their obligations and responsibilities.

Compliance with the ABC Policy continues to be monitored closely, both on an ongoing basis and in conjunction with the annual assessment of the Group's corruption risks. The annual risk assessment is carried out to identify the corruption risks to which the Group is exposed and the appropriateness of the mitigation measures established to minimise the exposure to these risks.

Composition of the Board

The Board has 9 Directors, comprising 5 executive members, 1 non-independent non-executive member and 3 independent non-executive members. The Independent Directors comprise 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and in compliance with the Listing Requirements, which require one-third of the Board to be independent.

The Directors are cognisant of the recommendation in the Code for the Board to comprise a majority of independent directors, and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met.

MCB is 69.98%-owned by YTL Cement, which is in turn 98.04%-owned by YTL Corp (as at 30 June 2021). The Executive Directors are appointed by the major shareholder in accordance with its rights under the Companies Act 2016 and the Constitution of the Company. The interests of the major shareholder are fully aligned with those of all shareholders of the Company.

MCB is majority-owned by a single shareholder, unlike other listed companies that may have a dispersed shareholder base which enables a shareholder to exercise control despite holding a minority stake.

The expertise and experience in both the day-to-day running of the Group's businesses and the determination and setting of its broader strategy lies with the Executive Directors in order to ensure the ongoing ability to fulfil their roles and responsibilities as stewards of the Group's businesses.

Nevertheless, the Company has in place appropriate and rigorous governance structures and internal controls necessary to safeguard the assets of the Group and protect shareholder value. There is robust oversight in the form of the Board's Audit and Risk Management Committee ("ARMC") and Remuneration and Nomination Committee ("RNC"), both of which are chaired by and comprise solely Independent Non-Executive Directors.

The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each Annual General Meeting ("AGM") and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

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The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "*Governance*" section on the Company's website at www.ytlcement.my.

Board & Senior Management Appointments

The RNC is chaired by an Independent Non-Executive Director and is responsible for assessing suitable candidates for appointment to the Board for approval, with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, background and perspective of members of the Board before submitting its recommendation to the Board for decision. The RNC is chaired by and comprises solely Independent Non-Executive Directors.

Whilst it has, to date, not been necessary to do so given the expertise of the Independent Non-Executive Directors, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, gender, ethnicity, background and perspective, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division.

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective.

The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there is one female director on the Board comprising 11.1% of the Board and, therefore, whilst the Board has not met the target of 30% women directors set out in the Code, it will continue to seek Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the MCB Group.

Evaluation of the Board

Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the RNC. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing whether the Board and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation form comprising a Board and RNC Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, ARMC Effectiveness Evaluation Form and ARMC Members Evaluation by RNC Form. As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. Further information on the activities of the RNC can be found in the *Remuneration and Nomination Committee Statement* set out in this Annual Report. This information is also available under the "*Governance*" section on the Company's website at www.ytlcement.my.

Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the MCB Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the MCB Group. Where applicable, the Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

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The RNC implements the policies and procedures on remuneration of Directors and makes recommendations to the Board on matters relating to the remuneration of Directors, further information on which can be found in the Remuneration and Nomination Committee Statement set out in this Annual Report. The *Remuneration Policy and Procedures for Directors and Senior Management*, which were updated and approved by the Board on 30 September 2020, and the terms of reference of the RNC and can also be found under the "*Governance*" section on the Company's website at www.ytlcement.my.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 5.6* in the *Notes to the Financial Statements* in this Annual Report.

The Executive Chairman and Managing Director who are members of the Board also comprise the senior management of the Company.

Board Commitment

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the MCB Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Remuneration and Nomination Committee Statement* in this Annual Report. This information is also available under the "*Governance*" section on the Company's website at www.ytlcement.my.

PRINCIPLE B:
EFFECTIVE AUDIT & RISK MANAGEMENT

Integrity in Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial reports were reviewed by the ARMC and approved by the Board prior to release to Bursa Securities.

ARMC

The Company has in place an ARMC which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely Dato' Tan Guan Cheong, Tan Sri Datuk Asmat Bin Kamaludin and Dato' Yoogalingam A/L Vyramuttu. The Chairman of the ARMC is Dato' Tan Guan Cheong, which fulfils the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.

The members of the ARMC possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the ARMC including the financial reporting process. The members of the ARMC also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The ARMC holds quarterly meetings to review matters including the MCB Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

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The ARMC met 6 times during the financial year ended 30 June 2021. Full details of the composition and a summary of the work carried out by the ARMC during the financial year under review can be found in the *Audit and Risk Management Committee Report* set out in this Annual Report. This information and the terms of reference of the ARMC, which were updated and approved by the Board on 28 May 2021 are available under the "*Governance*" section on the Company's website at www.ytlcement.my.

The ARMC has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, Deloitte PLT ("Deloitte"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

The ARMC has established formal policies to assess the suitability, objectivity and independence of the external auditors. These policies also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the ARMC. None of the ARMC members were formerly audit partners of MCB's external auditors.

Details of the audit and non-audit fees paid/payable to Deloitte for the financial year ended 30 June 2021 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/ payable to:-		
- Deloitte	**90**	**509**
- Affiliates of Deloitte	**-**	**-**
Total	**90**	**509**
Non-audit fees paid/payable to:-		
- Deloitte	**2**	**107**
- Affiliates of Deloitte	**-**	**83**
Total	**2**	**190**

Risk Management & Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the MCB Group's assets, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the MCB Group's system of risk management and internal control are contained in the *Statement on Risk Management and Internal Control* and the *Audit and Risk Management Committee Report* as set out in this Annual Report.

Internal Audit

MCB's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the ARMC. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 38 years of internal and external audit experience.

During the financial year ended 30 June 2021, YTLIA comprises 9 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the ARMC;
- Conducting scheduled internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary;

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- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports;
- Presenting significant audit findings to the ARMC for consideration;
- Conducting review of recurrent related party transactions;
- Conducting discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan; and
- Conducting discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.

Further details of the MCB Group's internal audit function are contained in the *Statement on Risk Management and Internal Control* and the *Audit and Risk Management Committee Report* as set out in this Annual Report.

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

Communication with Shareholders

The MCB Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the MCB Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at www.ytlcement.my and the YTL Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Executive Chairman, Managing Director and/or the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the MCB Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the MCB Group's operations and activities. Presentations based on permissible disclosures are made to explain the MCB Group's performance and major development programs.

Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the MCB Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the MCB Group, the resolutions being proposed and the business of the MCB Group in general at every general meeting of the Company.

The Notice of the AGM and a circular to shareholders in relation to recurrent related party transactions mandates, if applicable, are sent to shareholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. This provides shareholders with sufficient time to review the MCB Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

Corporate Governance Overview Statement

for the financial year ended 30 June 2021

The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the MCB Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the MCB Group's business operations, strategy and goals. The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings. All Directors attended the Company's 70th AGM held on 1 December 2020.

Extraordinary general meetings are held as and when required to seek shareholders' approval. The Executive Chairman, Managing Director and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Company and to reply to shareholders' questions.

Where applicable, each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand a poll, are found in the Constitution of the Company. At the 70th AGM of the Company, held on 1 December 2020, the resolutions put forth for shareholders' approval were voted on by way of a poll.

Due to the outbreak of COVID-19 and as part of the safety measures to curb its spread, the 70th AGM of the Company was conducted as a fully virtual meeting through live streaming from the broadcast venue and online remote voting by using the Remote Participation Voting facilities provided by the appointed share registrar and poll administrator, Tricor Investor & Issuing House Services Sdn Bhd.

In view of the ongoing COVID-19 pandemic, the forthcoming 71st AGM will also be held on a fully virtual basis, the details of which can be found in the *Notice of Annual General Meeting* in this Annual Report.

This statement and the CG Report were approved by the Board on 30 September 2021.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2021

During the financial year under review, Malayan Cement Berhad ("MCB" or "Company") and its subsidiaries ("MCB Group") continued to enhance the MCB Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices of the Malaysian Code on Corporate Governance ("Code").

This statement details MCB's implementation of and compliance during the financial year ended 30 June 2021 with the Code issued by the Securities Commission Malaysia ("SC") in April 2017. On 28 April 2021, the SC issued the revised version of the Code. Companies are expected to report their application of the revised Code from the financial year ending 31 December 2021, which will commence accordingly in MCB's next annual report for the financial year ending 30 June 2022.

The Board of Directors of MCB ("Board") acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the MCB Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the MCB Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the MCB Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the MCB Group's system of risk management and internal control, financial or otherwise in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

PRINCIPAL FEATURES OF THE MCB GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure that includes processes for continuous monitoring and review of effectiveness of control activities, and to govern the manner in which the MCB Group and its staff conduct themselves. The principal features which formed part of the MCB Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The MCB Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the MCB Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of shareholders.

- **Authority Levels:** The MCB Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Chairman/Managing Director/Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

  The authority of the Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, foreign currency and interest rate risk management, investments, insurance and designation of authorised signatories.

- **Financial Performance:** Interim financial results are reviewed by the Audit & Risk Management Committee ("ARMC") and approved by the Board upon recommendation of the ARMC before release to Bursa Securities. The full year financial results and analyses of the MCB Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2021

- **Internal Compliance:** The MCB Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel to enable it to gauge achievement of annual targets. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies, as well as changes to legal and regulatory compliance requirements relevant to the MCB Group. Internal audit visits are systematically arranged over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

KEY PROCESSES OF THE MCB GROUP'S SYSTEM OF INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function:** The MCB Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by management, and reports directly to the ARMC. A description of the work of the internal audit function can be found in the *Audit & Risk Management Committee Report*, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview Statement* set out in this Annual Report. This information is also available under the "*Governance*" section on the Company's website at www.ytlcement.my.

  YTLIA operates independently of the work it audits and provides periodic reports to the ARMC, reporting on the outcome of the audits conducted which highlight the efficiency and effectiveness of the system of internal control and significant risks. The ARMC reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.

  None of the weaknesses or issues identified during the review for the financial year under review has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's Annual Report.

  The system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through appraisals by YTLIA. The Board is of the view that the current system of internal control in place throughout the MCB Group is effective to safeguard its interests.

- **Executive Board/Senior Management Meetings:** The MCB Group conducts regular meetings of the executive board/senior management which comprise the Executive Chairman/Managing Directors/Executive Directors and divisional heads/senior managers. These meetings are convened to deliberate and decide upon urgent company matters and to review, identify, discuss and resolve significant financial and treasury matters and to monitor the financial standing of the MCB Group. They also serve to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. Decisions can then be effectively communicated to all relevant staff levels in a timely manner. From these meetings, the executive board/management is able to identify significant operational and financial risks of the business units concerned.

- **Site Visits:** The Managing Director/Executive Directors undertake site visits to production and operating units and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that management and the Managing Director/Executive Directors maintain a transparent and open channel of communication for effective operation.

KEY FEATURES & PROCESSES OF THE MCB GROUP'S RISK MANAGEMENT FRAMEWORK

The MCB Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business.

The Board acknowledges that all areas of the MCB Group's business activities involve some degree of risk. The MCB Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the MCB Group's operations in order to enhance shareholder value.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2021

The Board assumes overall responsibility for the MCB Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the MCB Group is an ongoing process which is undertaken by the senior management at each level of operations and by the ARMC, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the MCB Group and report these findings to the ARMC.

During the financial year under review, the Board's functions within the risk management framework were exercised primarily by the Managing Director/Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The MCB Group's activities expose it to a variety of financial risks, including market risk (comprising foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The MCB Group's overall financial risk management objective is to ensure that the MCB Group creates value for its shareholders. The MCB Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the MCB Group's financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment framework. Further discussion and details on the MCB Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.

Management is responsible for creating a risk-aware culture within the MCB Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. Significant changes in the business and the external environment which affect significant risks will be reported by the management to the Board in developing a risk mitigation action plan. Where areas for improvement in the system are identified, the Board considers the recommendations made by the ARMC and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure the MCB Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and shareholder value.

REVIEW BY EXTERNAL AUDITORS

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, Deloitte PLT, have reviewed this Statement on Risk Management & Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and integrity of internal control and risk management of the MCB Group. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the MCB Group.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the MCB Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the MCB Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director is primarily responsible for the financial management of MCB and has provided assurance to the Board that the MCB Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the MCB Group's assets.

This statement was approved by the Board on 8 September 2021.

Audit and Risk Management Committee Report

COMPOSITION

Dato' Tan Guan Cheong
(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Asmat Bin Kamaludin
(Member/Independent Non-Executive Director)

Dato' Yoogalingam A/L Vyramuttu
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference can be found under the 'Governance' section on the Company's website at www.ytlcement.my.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 6 Audit and Risk Management Committee Meetings ("ARMC") were held and the details of attendance are as follows:-

	Attendance
Dato' Tan Guan Cheong	6
Tan Sri Datuk Asmat Bin Kamaludin	5
Dato' Yoogalingam A/L Vyramuttu	6

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR

The ARMC carried out the following work during the financial year ended 30 June 2021 in the discharge of its functions and duties:-

1. **Overseeing Financial Reporting**

   (a) Reviewed the following quarterly financial results and annual audited financial statements ("Financial Reports") prior to its recommendation to the Board of Directors for approval:

   - Quarterly financial results for the fourth quarter of financial period ended 30 June 2020, and the annual audited financial statements for the financial period ended 30 June 2020 at the ARMC meeting held on 27 August 2020 and 29 September 2020, respectively;
   - First, second and third quarters of the quarterly results for the financial year ended 30 June 2021 at the ARMC meetings held on 25 November 2020, 24 February 2021 and 27 May 2021, respectively.

   (b) At the ARMC meetings, the General Manager Finance presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Managing Director primarily in charge of the financial management of the Company:

   - Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
   - The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
   - Significant judgements made by management in respect of matters such as impairment assessment on goodwill, provision for inventory obsolescence and going concern and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
   - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements");
   - The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

Audit and Risk Management Committee Report

2. External Audit

(a) Reviewed with the external auditors, Deloitte PLT:-

- their progress report of the audit for the financial period ended 30 June 2020 setting out their findings and deliberations on the significant risks and areas of audit focus highlighted and adequacy of disclosures in the financial statements;
- the audit plan for the financial year ended 30 June 2021 outlining, amongst others, their scope of work, materiality threshold, significant risks and areas of audit focus, internal control plan, and development in laws and regulations affecting financial reporting, responsibilities of the ARMC members and roles of auditors.

(b) Reviewed the audit fees proposed by Deloitte PLT together with management and recommended the fees agreed with Deloitte PLT to the Board of Directors for approval.

(c) Had discussions with Deloitte PLT thrice during the financial year, on 27 August 2020, 29 September 2020 and 27 May 2021, without the presence of management, to apprise on matters in regard to the audit and financial statements. No major concerns were highlighted by Deloitte PLT.

(d) Reviewed the profiles of the audit engagement team from Deloitte PLT which enables the ARMC to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. Deloitte PLT also provided written confirmation of their independence in all of the reports presented to the ARMC. The ARMC also reviewed on a regular basis, the nature and extent of the non-audit services provided by Deloitte PLT and was satisfied with the suitability, performance, independence and objectivity of Deloitte PLT.

(e) Assessed the performance of Deloitte PLT for the financial period ended 30 June 2020 and recommended to the Board of Directors for re-appointment at the annual general meeting held on 1 December 2020.

3. Internal Audit/Internal Control

(a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management's responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management.

(b) Reviewed and adopted the risk-based internal audit plan for the financial year ending 30 June 2022 to ensure sufficient scope and coverage of activities of the Company and the Group.

(c) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively and that the head of internal audit has adequate authority to discharge its functions objectively and independently.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

(a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed.

(b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016 tabled at board meetings. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT.

(c) Reviewed the circulars to shareholders dated 9 September 2020 and 30 October 2020 in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

Audit and Risk Management Committee Report

5. **Related Party Transactions ("RPT")**

   Reviewed the RPT entered into by the Company with YTL Cement Berhad, its holding company, for the proposed acquisition by the Company of the entire equity interests of 10 companies and their respective subsidiaries which are involved in the cement and ready-mixed concrete businesses in Malaysia to ensure that the transactions were in the best interest of the Company, were fair, reasonable and on normal commercial terms; and was not detrimental to the interest of the Company and the minority shareholders of the Company, prior to its recommendation to the Board of Directors for approval.

6. **Terms of Reference**

   Reviewed the revised Terms of Reference of ARMC prior to its recommendation to the Board of Directors for approval and adoption by the Company.

7. **Annual Report**

   Reviewed the ARMC Report and the Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2020 Annual Report.

INTERNAL AUDIT FUNCTION

The objective of the Internal Audit ("IA") is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of the Company and the Group's governance system, and according to the MCCG, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include the following:-

1. Developed the annual internal audit plan and proposed the plan to the ARMC.
2. Conducted scheduled and special internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary.
3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presented significant audit findings and areas for improvements raised by the IA to the ARMC for consideration on the recommended corrective measures together with the management's response.
5. Conducted RRPT reviews to assess accuracy and completeness of reporting for presentation to the ARMC, and ensure compliance with the Listing Requirements.
6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
7. Conducted discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.

Costs amounting to RM747,716 were incurred in relation to the internal audit function for the financial year ended 30 June 2021.

Remuneration and Nomination Committee Statement

for the financial year ended 30 June 2021

REMUNERATION AND NOMINATION COMMITTEE ("RNC")

The RNC assists the Board of Directors of Malayan Cement Berhad (the "Company") ("Board") in discharging its responsibilities, mainly,

- by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries ("MCB Group"); and

- establishing, reviewing and making recommendations to the Board on the remuneration policy and procedures, and ensuring that the Directors and senior management are appropriately remunerated to ensure the long-term sustainable success of the MCB Group.

The terms of reference of the RNC can be found under the "Governance" section on the Company's website at www.ytlcement.my.

Members of the RNC are as follows:-

- Tan Sri Datuk Asmat Bin Kamaludin *(Chairman)*
- Dato' Tan Guan Cheong
- Dato' Yoogalingam A/L Vyramuttu

The RNC met twice during financial year ended 30 June 2021, attended by all members.

ACTIVITIES OF THE RNC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

(a) Board nomination and election process and criteria used

The RNC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director.

In assessing the suitability of a candidate, the RNC will take into consideration a number of factors including but not limited to the candidate's skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the RNC will evaluate the candidate's ability to discharge such responsibilities as expected from an independent non-executive director.

i. Review of Directors proposed for re-election

In accordance with Article 85 of the Company's Constitution ("Article 85"), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

In June 2021, based on the results of the annual evaluations undertaken for the financial year, the RNC resolved to recommend to the Board that Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong and Dato' Sri Michael Yeoh Sock Siong who are due to retire by rotation pursuant to Article 85 at the Seventy-First Annual General Meeting of the Company, stand for re-election.

(b) Annual evaluation

In May 2021, the annual evaluation of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The evaluation exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

Remuneration and Nomination Committee Statement

for the financial year ended 30 June 2021

In evaluating the effectiveness of the Board, several areas were reviewed including the composition, degree of independence, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The evaluation of the individual Directors covered areas such as fit and properness, contribution and performance, calibre, character/personality and time commitment and whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the evaluations were summarised and discussed at the RNC meetings held in June 2021 and reported to the Board by the Chairman of the RNC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the financial year ended 30 June 2021 were satisfactory.

(c) Review of the Remuneration Policy and Procedures for Directors and Senior Management

The RNC reviewed the remuneration policy and procedures for Directors and senior management to ensure that they are fair, support and promote long term sustainable success of the MCB Group and take into account other factors including relevant legal and regulatory requirements and the recommendations of the Malaysian Code on Corporate Governance ("Code").

(d) Review of the evaluation forms utilised for annual evaluation

The RNC reviewed and recommended to the Board the adoption of revamped evaluation forms incorporating criteria that are in line with the recommended practices and processes of the Code and Listing Requirements.

(e) Review of the RNC Statement for the financial period ended 30 June 2020

The RNC reviewed the RNC Statement prior to its recommendation to the Board for inclusion in 2020 Annual Report.

(f) Review of Directors' remuneration

The RNC assessed the fees and meeting attendance allowance (benefits) proposed for the Independent Non-Executive Directors based on benchmarking against comparable listed companies in Malaysia (in terms of industry and size/market capitalisation), performance of the Independent Non-Executive Directors as indicated by the evaluations conducted, and overall performance of the MCB Group. The RNC ensured that no Independent Non-Executive Director was involved in any decisions as to their own remuneration outcome. As to the remuneration of the Executive Directors (senior management are also Executive Directors of the Company), no review was conducted as they had voluntarily waived any form of remuneration for the financial year under review.

POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there is one female Director on the Board and this makes up 11% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

Remuneration and Nomination Committee Statement

for the financial year ended 30 June 2021

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the Company and its subsidiaries as well as an ongoing reference.

The Board, through the RNC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance evaluation of Directors, which provide the RNC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the financial year ended 30 June 2021, the following five in-house training programmes were organised for the Directors:

- YTL Anti-Bribery & Corruption Online Training - Module II: Gifts, Hospitality and Entertainment;
- YTL LEAD Conference 2020;
- YTL Anti-Bribery & Corruption Online Training - Module III: Whistleblowing and Code of Conduct & Business Ethics;
- Succeeding in the New Normal; Preparing for the Next Normal; and
- Top 10 Issues for Boards in 2021: A Brave New World.

All the Directors have undergone training programmes during the financial year ended 30 June 2021. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
▸ **Corporate Governance/Risk Management and Internal Controls/Anti-Bribery & Corruption/Environmental, Social & Governance/Economics**	
YTL Anti-Bribery & Corruption Online Training - Module II: Gifts, Hospitality and Entertainment (August 2020)	Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng

Remuneration and Nomination Committee Statement

for the financial year ended 30 June 2021

Seminars/Conferences/Training	Attended by
▸ **Corporate Governance/Risk Management and Internal Controls/Anti-Bribery & Corruption/Environmental, Social & Governance/Economics**	
YTL Anti-Bribery & Corruption Online Training - Module III: Whistleblowing and Code of Conduct & Business Ethics (December 2020)	Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng
Progressive Board Review & Directors Global Masterclass (26 & 27 January 2021)	Dato' Tan Guan Cheong
MIA – Audit Committee Conference 2021 (15 & 16 March 2021)	Mr Yeoh Khoon Cheng
Succeeding in the New Normal; Preparing for the Next Normal (3 & 4 May 2021)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng
Top 10 Issues for Boards in 2021: A Brave New World (14 & 22 June 2021)	Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng
▸ **Trade/Investment/Technology/Finance/Taxation**	
Qualcomm Smart Cities Accelerate 2020 (9 December 2020)	Dato' Yeoh Seok Kian
MIA International Accountants Conference (8 to 10 June 2021)	Dato' Tan Guan Cheong
▸ **Leadership and Business Management/Corporate Responsibility/Sustainability**	
YTL LEAD Conference 2020 (24 to 27 November 2020)	Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vyramuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng

Statement of Directors' Responsibilities

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2021, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act 2016, Bursa Malaysia Securities Berhad Main Market Listing Requirements, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature

for the financial year ended 30 June 2021

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"), details of the Recurrent Related Party Transactions ("RRPT") conducted during the financial year ended 30 June 2021 pursuant to shareholder mandates obtained are as follows:

Related Party	Corporations in the MCB Group involved in the RRPT	Interested Related Party	Nature of Transactions	Value of Transactions(1) RM'000
YTL Cement Group	Subsidiaries of MCB	YTLSFH(2)(3)(4) YTLSH(2)(3)(4) YTL Corporation(2)(3)(4) YTL Cement(2)(3)(4) YTLSTC(2)(3) Puan Sri Tan Kai Yong (2)(3)(4)(5) Yeoh Siblings(4)(6)	Sales of cement, clinker and cementitious materials	737,580
			Purchases of cement, clinker and cementitious materials	259,546
			Sales and purchases of aggregates, sand and concrete products	127,468
			Rental payable for use of office premise at 58, Pulau Damar Laut, 618297 Singapore	8,244
			Rental receivable for use of land at Lot 237 (PTD 135), Mukim off Sedili Kecil, Felda Bukit Waha, 81907 Kota Tinggi, Johor Darul Takzim	
			Purchase of spare parts	
			Total	**1,132,838**

Definitions:

MCB	-	Malayan Cement Berhad
MCB Group	-	MCB and its subsidiaries
Major Shareholder	-	As defined in Chapter 10 of the Listing Requirements.
Person Connected	-	As defined in Paragraph 1.01 of the Listing Requirements.
Puan Sri Tan Kai Yong	-	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, a Major Shareholder (by virtue of her beneficial interests (held through YTLSTC as trustee) in the shares of YTLSFH) of MCB Group and YTL Cement Group
YTLSFH	-	Yeoh Tiong Lay & Sons Family Holdings Limited, the ultimate holding company of MCB and YTL Cement
YTLSH	-	Yeoh Tiong Lay & Sons Holdings Sdn Bhd, the penultimate holding company of MCB and YTL Cement
YTL Corporation	-	YTL Corporation Berhad, the intermediate holding company of MCB and immediate holding company of YTL Cement
YTL Cement	-	YTL Cement Berhad
YTL Cement Group	-	YTL Cement and its subsidiaries, joint ventures and associated companies
YTLSTC	-	Yeoh Tiong Lay & Sons Trust Company Limited which holds, in its capacity as trustee, 100% equity interests in YTLSFH
Yeoh Siblings	-	Tan Sri (Sir) Francis Yeoh Sock Ping, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong and Dato' Yeoh Soo Keng, collectively

Footnotes:

(1) Being the aggregate value of transactions conducted pursuant to the shareholder mandates obtained at the Extraordinary General Meetings held on 23 January 2020 and 24 September 2020, and Annual General Meeting held on 1 December 2020.

(2) YTL Cement, YTLSFH, YTLSH, YTL Corporation, YTLSTC and Puan Sri Tan Kai Yong are Major Shareholders of MCB Group.

(3) YTLSFH, YTLSH, YTL Corporation, YTLSTC and Puan Sri Tan Kai Yong are also Major Shareholders of YTL Cement Group. YTL Cement is a Major Shareholder of its subsidiaries, joint ventures and associated companies.

(4) YTLSFH, YTLSH, YTL Corporation and YTL Cement are Persons Connected with Puan Sri Tan Kai Yong and the Yeoh Siblings.

(5) Puan Sri Tan Kai Yong is also a Director of YTLSH, YTLSFH and YTLSTC.

(6) The Yeoh Siblings are the children of Puan Sri Tan Kai Yong. They are also Directors of YTL Cement, YTL Corporation and YTLSH. Except for Dato' Yeoh Soo Keng, the Yeoh Siblings are also Directors of YTLSFH and YTLSTC.

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 24 September 2021

Class of shares : Ordinary Shares
Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares	%
Less than 100	366	5.47	6,955	0.00
100 - 1,000	2,572	38.45	1,427,827	0.11
1,001 - 10,000	2,759	41.25	10,339,009	0.79
10,001 - 100,000	809	12.10	24,287,579	1.85
100,001 to less than 5% of issued shares	180	2.69	174,524,778	13.32
5% and above of issued shares	3	0.04	1,099,615,502	83.93
Total	**6,689**	**100.00**	**1,310,201,650**	**100.00**

THIRTY LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

	Name	No. of Shares	%
1	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for YTL Cement Berhad	654,109,328	49.92
2	YTL Cement Berhad	375,506,174	28.66
3	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	70,000,000	5.34
4	CGS-CIMB Nominees (Asing) Sdn Bhd - Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (RETAIL CLIENTS)	7,698,733	0.59
5	Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	7,206,200	0.55
6	Loke Wan Yat Realty Sdn Bhd	5,107,100	0.39
7	HSBC Nominees (Asing) Sdn Bhd - SIX SIS for Bank Sarasin CIE	5,000,000	0.38
8	Tasek Property Holdings Sdn Bhd	4,801,100	0.37
9	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	4,673,000	0.36
10	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	4,639,000	0.35
11	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (GROWTH)	4,452,000	0.34

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 24 September 2021

	Name	No. of Shares	%
12	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	4,424,800	0.34
13	Pertubuhan Keselamatan Sosial	4,353,700	0.33
14	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Value Fund	4,165,100	0.32
15	CIMB Group Nominees (Asing) Sdn Bhd - Exempt An for DBS Bank Ltd (SFS)	3,975,800	0.30
16	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	3,967,040	0.30
17	Malaysia Nominees (Tempatan) Sendirian Berhad - Lee Foundation, States of Malaya (00-00197-000)	3,763,620	0.29
18	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund	3,763,000	0.29
19	Citigroup Nominees (Tempatan) Sdn Bhd - Urusharta Jamaah Sdn. Bhd. (PRINCIPAL 1)	3,077,050	0.23
20	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (DANA EKT PRIMA)	2,974,900	0.23
21	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (DR)	2,802,900	0.21
22	Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner (PF)	2,722,500	0.21
23	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LBF)	2,600,800	0.20
24	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LPF)	2,551,400	0.19
25	Amanahraya Trustees Berhad - PMB Shariah Growth Fund	2,549,700	0.19
26	Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (PREM EQUITY)	2,548,200	0.19
27	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	2,527,200	0.19
28	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	2,338,400	0.18
29	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Insurance Berhad (EQUITY FUND)	2,281,400	0.17
30	Maybank Nominees (Tempatan) Sdn Bhd - Mtrustee Bhd for Aiiman TNB RBTF (EQ) (433139)	2,253,000	0.17
	Total	**1,202,833,145**	**91.81**

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 24 September 2021

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
YTL Cement Berhad	1,029,615,502	78.58	–	–
YTL Corporation Berhad	–	–	1,029,615,502 [1]	78.58
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	–	–	1,029,615,502 [1]	78.58
Yeoh Tiong Lay & Sons Family Holdings Limited	–	–	1,029,615,502 [2]	78.58
Yeoh Tiong Lay & Sons Trust Company Limited	–	–	1,029,615,502 [3]	78.58
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	–	–	1,029,615,502 [4]	78.58
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	70,000,000	5.34	–	–

(1) *Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016.*

(2) *Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.*

(3) *Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.*

(4) *Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdngs Limited.*

Class of shares : Irredeemable Convertible Preference Shares (ICPS)
Voting rights : One vote per ICPS holder on a show of hands or one vote per ICPS on a poll in respect of meeting of ICPS holders

LIST OF ICPS HOLDER

(As per the Register of ICPS Holder)

Name	No. of ICPS	%
YTL Cement Berhad	466,666,667	100.00

Statement of Directors' Interests

in the Company and Related Corporations as at 24 September 2021

THE COMPANY

Malayan Cement Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	–	–	500,000[1]	0.04
Dato' Sri Michael Yeoh Sock Siong	–	–	2,100[1]	*
Dato' Tan Guan Cheong	–	–	80,000[1]	0.01

Intermediate Holding Company
YTL Corporation Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	149,844,946	1.37	516,665[1]	*
Dato' Sri Michael Yeoh Sock Siong	–	–	77,595,817[1][2]	0.71
Dato' Yoogalingam A/L Vyramuttu	–	–	224,852[1]	*
Dato' Yeoh Seok Kian	58,508,722	0.53	13,895,816[1]	0.13
Dato' Yeoh Seok Hong	54,173,305	0.49	24,821,442[1]	0.23
Dato' Yeoh Soo Keng	58,087,165	0.53	799,157[1]	0.01

RELATED CORPORATIONS

YTL Power International Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	21,370,694	0.26	362,153[1]	*
Dato' Sri Michael Yeoh Sock Siong	–	–	18,112,912[1][2]	0.22
Tan Sri Datuk Asmat Kamaludin	–	–	21,609[1]	*
Dato' Yoogalingam A/L Vyramuttu	–	–	58,414[1]	*
Dato' Yeoh Seok Kian	11,276,298	0.14	13,816,426[1]	0.17
Dato' Yeoh Seok Hong	135,438,169	1.67	5,435,235[1]	0.07
Dato' Yeoh Soo Keng	17,042,049	0.21	197,431[1]	*

Statement of Directors' Interests

in the Company and Related Corporations as at 24 September 2021

YTL Corporation (UK) PLC

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	*

YTL Construction (Thailand) Limited

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	0.01
Dato' Yeoh Seok Kian	1	0.01
Dato' Yeoh Seok Hong	1	0.01
Dato' Sri Michael Yeoh Sock Siong	1	0.01

Samui Hotel 2 Co. Ltd

	No. of Shares Held	
Name	**Direct**	**%**
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	*

* *Negligible*

(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.*

(2) *Deemed interests by virtue of interests held by Hasil Mayang Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

Other than as disclosed above, none of the other Directors held any interest in shares of the company or its related corporations.

List of Properties
as at 30 June 2021

	Title No./Location	Approximate Area	Tenure	Description	Date of Last Revaluation/ Date of Acquisition	Age of Buildings (Years)	Net Book Value RM'000
1	Plot C, H.S. (D) 7/1983 Telok Ewa, Langkawi Kedah Darul Aman	196.4 acres	Leasehold expiring in 2043	Cement factory complex and ancillary buildings	June 1999	36	33,458
2	PTD119739, PTD119740 Jalan Pukal 3, 81700 Pasir Gudang, Johor Bahru Johor Darul Takzim	14.834 acres	Lease term expiring in 2023 and 2050	Cement Grinding Station, Drymix plant, warehouse and admin building	Jan and Sept 1997	2-23	32,509
3	Lot No. 1956, Rawang Selangor Darul Ehsan	49 acres	Leasehold expiring in 2056	Cement factory complex and ancillary buildings	Dec 1998	21-45	24,672
4	No. 2, Jalan Kilang 51/206, Petaling Jaya 46050 Selangor Darul Ehsan	6 acres	Leasehold expiring in 2068	Office complex	Dec 1998	35	15,431
5	Lot No. 46497 & 15 Kanthan Perak Darul Ridzuan	393 acres (Total gross floor area of buildings: approximately 39,672 sq ft)	Leasehold expiring in 2050	Limestone quarry and ancillary buildings	Dec 1998	29	12,549
6	H.S.(D)200047, P.T.242503 Mukim Hulu Kinta Daerah Kinta Perak Darul Ridzuan	33 acres	Lease term expiring in 2041	Cement factory complex and ancillary buildings	Dec 1998	19-43	8,165
7	Lot No. 20146, Rawang, Selangor Darul Ehsan	318 acres (Total gross floor area of buildings: approximately 28,403 sq ft)	Leasehold expiring in 2025	Limestone quarry and ancillary buildings	Dec 1998	45	7,158
8	Plot B, H.S. (D) 6/1983 Telok Ewa, Langkawi Kedah Darul Aman	34.6 acres (Total gross floor area of buildings: approximately 58,173 sq ft)	Leasehold expiring in 2043	Employees' housing Area A, with single and double story detached houses, single storey semi-detached houses and single storey dormitories	June 1999	30	6,842
9	Lot Nos. 3546 to 3548, 3551, 3554, 3555 & 3557 to 3560, Rawang, Selangor Darul Ehsan	94 acres	Freehold	Agricultural land	Dec 1998	-	6,808
10	Lot No. 1957 Rawang, Selangor Darul Ehsan	57 acres (Total gross floor area of buildings: approximately 46,893 sq ft)	Leasehold expiring in 2056	Employees' quarters comprising 6 bungalows and 24 units single storey houses	Dec 1998	43	6,274

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Directors' Report

The Directors of **MALAYAN CEMENT BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The information of the subsidiaries are disclosed in Note 16 to the financial statements.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit before tax	8,202	55,892
Income tax expense	(1,113)	(69)
Profit for the financial year	7,089	55,823
Profit attributable to:		
Owners of the Company	7,310	55,823
Non-controlling interests	(221)	-
	7,089	55,823

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period. The Directors do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

Directors' Report

ISSUE OF SHARES

The Company increased its issued and paid-up ordinary share capital during the year by the issuance of 85,000,000 new ordinary shares at an issue price of RM2.79 each for working capital purposes and repayment of bank borrowings.

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

DIRECTORS

The Directors of the Company in office during the financial year until the date of this report are:

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE
Dato' Sri Michael Yeoh Sock Siong
Dato' Yeoh Seok Kian
Dato' Yeoh Seok Hong
Dato' Yeoh Soo Keng
Tan Sri Datuk Asmat Bin Kamaludin
Dato' Tan Guan Cheong
Dato' Yoogalingam A/L Vyramuttu
Yeoh Khoon Cheng

DIRECTORS OF SUBSIDIARIES

The Directors who held office in the subsidiaries of the Company (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report are:

Dato' Hamidah Binti Maktar
Patrick James Pereira
Yeoh Keong Junn
Tan Thong Guan
Makoto Koyama
Bernard George A/L Jacob Alexis George
Lim Chee Kiong
Hong Kai Kuan
Yeap Kian Bin
Joseph Benjamin Seaton
Chen Lee Siong
Loh Siew Yee
Kelvin Low Teck Swee
Soh Puay Wee
Wong Chee Leong
Yaoki Hashimoto (appointed as alternate Director to Makoto Koyama on 16 June 2021)
Susumu Ando (ceased as alternate Director to Makoto Koyama on 16 June 2021)

Directors' Report

DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act, 2016, interests in the shares of the Company and related corporations are as follows:

	Number of ordinary shares			
The Company	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 30.6.2021**
Deemed interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	500,000 (1)	-	-	500,000 (1)
Dato' Sri Michael Yeoh Sock Siong	2,100 (1)	-	-	2,100 (1)
Dato' Tan Guan Cheong	80,000 (1)	-	-	80,000 (1)

	Number of ordinary shares			
Intermediate holding company - YTL Corporation Berhad	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 30.6.2021**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	145,011,239	4,833,707	-	149,844,946
Dato' Yeoh Seok Kian	56,621,344	1,887,378	-	58,508,722
Dato' Yeoh Seok Hong	52,425,780	1,747,525	-	54,173,305
Dato' Yeoh Soo Keng	56,213,386	1,873,779	-	58,087,165
Deemed interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	500,000 (1)	16,665	-	516,665 (1)
Dato' Sri Michael Yeoh Sock Siong	75,092,727 (1)(2)	2,503,090	-	77,595,817 (1)(2)
Dato' Tan Guan Cheong	150,000 (1)	-	(150,000)	-
Dato' Yoogalingam A/L Vyramuttu	217,599 (1)	7,253	-	224,852 (1)
Dato' Yeoh Seok Kian	13,447,566 (1)	448,250	-	13,895,816 (1)
Dato' Yeoh Seok Hong	24,020,752 (1)	800,690	-	24,821,442 (1)
Dato' Yeoh Soo Keng	773,378 (1)	25,779	-	799,157 (1)

Directors' Report

DIRECTORS' INTERESTS (CONT'D.)

Intermediate holding company - YTL Corporation Berhad	Number of share options over ordinary shares^ As at 1.7.2020	Granted	Lapsed	As at 30.6.2021
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	17,000,000	-	(17,000,000)	-
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	(15,000,000)	-
Dato' Yeoh Seok Kian	15,000,000	-	(15,000,000)	-
Dato' Yeoh Seok Hong	15,000,000	-	(15,000,000)	-
Dato' Yeoh Soo Keng	15,000,000	-	(15,000,000)	-
Deemed interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	12,000,000 (1)	-	(12,000,000)	-
Dato' Yoogalingam A/L Vyramuttu	1,300,000 (1)	-	(1,300,000)	-
Dato' Yeoh Seok Kian	6,000,000 (1)	-	(6,000,000)	-
Dato' Yeoh Seok Hong	12,000,000 (1)	-	(12,000,000)	-

^ Options granted pursuant to the 2011 Employees Share Option Scheme of YTL Corporation Berhad which expired on 31 March 2021.

Related companies - YTL Power International Berhad	Number of ordinary shares As at 1.7.2020	Acquired	Disposed	As at 30.6.2021
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	20,113,596	1,257,098	-	21,370,694
Dato' Yeoh Seok Kian	10,612,987	663,311	-	11,276,298
Dato' Yeoh Seok Hong	126,028,219	9,409,950	-	135,438,169
Dato' Yeoh Soo Keng	16,039,576	1,002,473	-	17,042,049
Deemed interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	290,780 (1)	18,173	-	308,953 (1)
Dato' Sri Michael Yeoh Sock Siong	17,047,448 (1)(2)	1,065,464	-	18,112,912 (1)(2)
Tan Sri Datuk Asmat Bin Kamaludin	20,338 (1)	1,271	-	21,609 (1)
Dato' Yoogalingam A/L Vyramuttu	54,978 (1)	3,436	-	58,414 (1)
Dato' Yeoh Seok Kian	12,909,578 (1)	906,848	-	13,816,426 (1)
Dato' Yeoh Seok Hong	5,115,520 (1)	319,715	-	5,435,235 (1)
Dato' Yeoh Soo Keng	185,818 (1)	11,613	-	197,431 (1)

Directors' Report

DIRECTORS' INTERESTS (CONT'D.)

	Number of share options over ordinary shares§			
	As at 1.7.2020	**Granted**	**Lapsed**	**As at 30.6.2021**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	17,000,000	-	(17,000,000)	-
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	(15,000,000)	-
Dato' Yeoh Seok Kian	15,000,000	-	(15,000,000)	-
Dato' Yeoh Seok Hong	10,000,000	-	(10,000,000)	-
Dato' Yeoh Soo Keng	13,000,000	-	(13,000,000)	-
Deemed interests				
Dato' Yeoh Seok Hong	4,500,000 (1)	-	(4,500,000)	-

§ Options granted pursuant to the 2011 Employees Share Option Scheme of YTL Power International Berhad which expired on 31 March 2021.

	Number of ordinary shares			
- Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd. (In Members' Voluntary Winding-up)	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 17.6.2021#**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	1

	Number of ordinary shares of £0.25 each			
Related corporations - YTL Corporation (UK) PLC *	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 30.6.2021**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	1

	Number of ordinary shares THB100 each			
- YTL Construction (Thailand) Limited+	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 30.6.2021**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	1
Dato' Sri Michael Yeoh Sock Siong	1	-	-	1
Dato' Yeoh Seok Kian	1	-	-	1
Dato' Yeoh Seok Hong	1	-	-	1

Directors' Report

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares THB10 each			
Related corporation **- Samui Hotel 2 Co., Ltd+**	**As at 1.7.2020**	**Acquired**	**Disposed**	**As at 30.6.2021**
Direct interests				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	1

(1) Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.

(2) Deemed interests by virtue of interests held by Hasil Mayang Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

Dissolved on 17 June 2021.

* Incorporated in England and Wales.

+ Incorporated in Thailand.

Other than as disclosed above, Directors who held office at the end of the financial year did not have interests in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

A Directors' and Officers' liability insurance against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group and the Company is maintained on a group basis under YTL Corporation Berhad, the intermediate holding company of Malayan Cement Berhad. The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors of the Company has received or become entitled to receive any benefit (other than benefit disclosed as Directors' remuneration in Note 5.6 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.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than those arising from the share options granted under the 2011 Employees Share Option Scheme of YTL Corporation Berhad, the details of which are disclosed in the financial statements of YTL Corporation Berhad.

Directors' Report

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

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

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) 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.

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

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

(b) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors, 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 operations of the Group and of the Company in the financial year in which this report is made.

Directors' Report

ULTIMATE HOLDING COMPANY

The Directors regard Yeoh Tiong Lay & Sons Family Holdings Limited, a company incorporated in Jersey, as the Company's ultimate holding company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 41 to the financial statements.

SUBSEQUENT EVENTS

Significant events subsequent to the end of the financial year are disclosed in Note 42 to the financial statements

AUDITORS

The auditors, Deloitte PLT, have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the financial year ended 30 June 2021 is as disclosed in Note 10 to the financial statements.

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

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Yeoh Seok Hong

30 September 2021

Statement by Directors

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

We, Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE and Dato' Yeoh Seok Hong, being two of the Directors of **MALAYAN CEMENT BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the year then ended.

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

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Yeoh Seok Hong

30 September 2021

Statutory Declaration

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

I, **KELVIN LOW TECK SWEE**, being the Officer primarily responsible for the financial management of **MALAYAN CEMENT BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, to the best of my knowledge and belief, 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.

KELVIN LOW TECK SWEE
MIA Membership No: 7453

Subscribed and solemnly declared by the abovenamed
KELVIN LOW TECK SWEE at **KUALA LUMPUR** on
30th day of September 2021.

Before me,

Commissioner For Oaths

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **MALAYAN CEMENT BERHAD**, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 190.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the 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.

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

Key audit matter	How the matter was addressed in the audit
<u>Assessment of Impairment of Goodwill</u> As at 30 June 2021, the Group recorded a goodwill on consolidation amounting to RM1,387 million attributable to 'Cement' cash generating unit ("CGU") of RM1,328 million and 'Aggregates and concrete' CGU of RM59 million. Goodwill is required to be tested for impairment annually and when there is an indication that the carrying value may not be recoverable. Management has tested goodwill for impairment by measuring the recoverable amount of the CGUs and compare this with the carrying amount of the CGUs. Recoverable amount is measured by calculating the value-in-use of the CGUs. Calculating value-in-use involves making significant estimates and judgements relating to assumptions such as the estimated amount and timing of operating cash flows of the CGUs and applying suitable discount rates and terminal growth rates to these cash flows. Due to the inherent uncertainty and judgement by management involved in forecasting and discounting future cash flows, this is a key audit matter. Refer to "Key Sources of Estimation Uncertainty" in Note 4.2.1 to the financial statements.	The procedures that we have performed to address the matter include: • Evaluated the design and implementation of relevant control relating to goodwill impairment review. • Evaluated the appropriateness of the allocation of the goodwill to the cash generating units ("CGUs") of the Group. • Held discussion with management to understand the business plan of the Group and the rationale of the assumptions that the management used in the cash flow projections. • Performed retrospective review of the cash flow projections used in the prior year impairment model to assess the reliability of management's estimates. Further inquiries performed with the management on the major differences noted and assessed its impact to the current year cash flow projections. • Assessed the soundness of the impairment model with the involvement of our internal valuation specialist, whom we ascertained their competency and experience, to evaluate the appropriateness of the discount rate and the terminal growth rate used and methodology of the impairment model. • Evaluated the work of our internal valuation specialist including the relevance and reasonableness of the specialist's findings or conclusions, and their consistency with other audit evidence. • Assessed and challenged the reasonableness of the key estimates and assumptions underpinning the revenue forecast and discounted cash flows, including the discount rate used and the terminal growth rate. • Performed sensitivity analysis on key management assumptions to assess if any reasonably possible changes in these assumptions can lead to impairment loss. • Assessed for impairment by comparing the recoverable amount determined from the discounted cash flows generated from the CGUs of the Group to its carrying amount. • Assessed the adequacy and appropriateness of the disclosures in the financial statements.

The key audit matter referred to above is in respect of the Group. We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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.

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG YEW CHOONG
Partner - 03195/06/2023 J
Chartered Accountant

30 September 2021

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

		Group		Company	
	Note	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
Revenue	5	**1,369,508**	2,406,906	**60,560**	10,000
Cost of sales	5	**(1,209,111)**	(2,242,445)	**-**	-
Gross profit		**160,397**	164,461	**60,560**	10,000
Selling and distribution expenses	5	**(90,699)**	(300,486)	**-**	-
Administration expenses	5	**(66,340)**	(94,100)	**(4,474)**	(4,947)
Other expenses	5	**(9,857)**	(66,531)	**-**	-
Other income		**27,432**	21,000	**858**	1,820
Investment income	6	**1,543**	7,614	**-**	-
Other losses - net	7	**-**	(5,168)	**-**	-
Profit/(loss) from operations		**22,476**	(273,210)	**56,944**	6,873
Interest income	6	**7,042**	12,923	**205**	158
Finance costs	8	**(39,312)**	(73,387)	**(1,257)**	(5,999)
Share of results in joint venture	17	**17,996**	17,216	**-**	-
Profit/(loss) before tax	10	**8,202**	(316,458)	**55,892**	1,032
Income tax (expense)/credit	9	**(1,113)**	55,249	**(69)**	(9)
Profit/(loss) for the financial year/period		**7,089**	(261,209)	**55,823**	1,023
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial losses		**-**	(1,778)	**-**	-
Net fair value gains/(losses) on investments in equity instruments designated as at FVTOCI		**677**	(79)	**-**	-

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

	Note	Group		Company	
		2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations		**240**	1,461	**-**	-
Net fair value gains on cash flow hedges		**-**	85	**-**	-
Other comprehensive income/(loss) for the financial year/period, net of tax		**917**	(311)	**-**	-
Total comprehensive income/(loss) for the financial year/period		**8,006**	(261,520)	**55,823**	1,023
Profit/(loss) attributable to:					
Owners of the Company		**7,310**	(261,067)	**55,823**	1,023
Non-controlling interests		**(221)**	(142)	**-**	-
		7,089	(261,209)	**55,823**	1,023
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**8,227**	(261,376)	**55,823**	1,023
Non-controlling interests		**(221)**	(144)	**-**	-
		8,006	(261,520)	**55,823**	1,023
Earnings/(loss) per ordinary share (sen)					
Basic and diluted	11	**0.85**	(30.72)		

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

Statements of Financial Position

as at 30 June 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**1,372,119**	1,468,012	**-**	-
Right-of-use assets	13	**103,070**	119,539	**-**	-
Investment property	14	**3,123**	3,127	**-**	-
Intangible assets	15	**1,399,893**	1,402,023	**-**	-
Investment in subsidiaries	16	**-**	-	**2,415,761**	2,415,761
Investment in joint venture	17	**51,132**	35,933	**-**	-
Deferred tax assets	18	**238,324**	228,293	**-**	-
Other financial assets	19	**3,449**	2,772	**-**	-
Net investment in leases	20	**7,586**	11,693	**-**	-
Total non-current assets		**3,178,696**	3,271,392	**2,415,761**	2,415,761
Current assets					
Inventories	22	**233,596**	254,916	**-**	-
Trade receivables	23	**90,778**	112,342	**-**	-
Other receivables, prepaid expenses and refundable deposits	24	**39,123**	41,661	**525**	502
Amounts owing by holding and other related companies	25	**177,180**	68,727	**-**	-
Amounts owing by joint venture	25	**21,669**	2,212	**-**	-
Amounts owing by subsidiaries	21	**-**	-	**268,514**	170,338
Net investment in leases	20	**4,107**	4,193	**-**	-
Other financial assets	19	**-**	1,255	**-**	1,255
Current tax assets		**10,139**	22,386	**-**	27
Fixed deposits	35	**73,383**	-	**-**	-
Cash and bank balances	35	**61,655**	77,152	**1,453**	1,196
Total current assets		**711,630**	584,844	**270,492**	173,318
Total assets		**3,890,326**	3,856,236	**2,686,253**	2,589,079

Statements of Financial Position

as at 30 June 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	26	**2,187,669**	1,950,692	**2,187,669**	1,950,525
Reserves	27	**33,027**	32,110	**-**	-
Retained earnings	28	**309,367**	301,884	**496,607**	440,778
Equity attributable to owners of the Company		**2,530,063**	2,284,686	**2,684,276**	2,391,303
Non-controlling interests	29	**5,253**	5,474	**-**	-
Total equity		**2,535,316**	2,290,160	**2,684,276**	2,391,303
Non-current liabilities					
Borrowings	30	**499,910**	279,817	**-**	-
Lease liabilities	31	**37,504**	50,151	**-**	-
Retirement benefits	32	**21,764**	21,937	**-**	-
Deferred tax liabilities	18	**128,349**	119,463	**-**	-
Total non-current liabilities		**687,527**	471,368	**-**	-
Current liabilities					
Trade payables	33	**204,577**	258,355	**-**	-
Other payables and accrued expenses	34	**135,891**	120,711	**1,946**	2,741
Amounts owing to holding and other related companies	25	**91,691**	48,305	**-**	-
Amounts owing to subsidiaries	21	**-**	-	**-**	195,035
Borrowings	30	**220,000**	649,800	**-**	-
Lease liabilities	31	**14,381**	15,845	**-**	-
Current tax liabilities		**943**	1,692	**31**	-
Total current liabilities		**667,483**	1,094,708	**1,977**	197,776
Total liabilities		**1,355,010**	1,566,076	**1,977**	197,776
Total equity and liabilities		**3,890,326**	3,856,236	**2,686,253**	2,589,079

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

Statements of Changes in Equity

for the financial year ended 30 June 2021

(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

Group	Share capital RM'000	Exchange equalisation reserve RM'000	Investments revaluation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	<---Attributable to owners of the Company--->							
	<--- Non-distributable --->				Distributable			
As at 1 January 2019	1,950,692	28,516	2,212	(85)	564,727	2,546,062	5,618	2,551,680
Loss for the financial period	-	-	-	-	(261,067)	(261,067)	(142)	(261,209)
Other comprehensive income/(loss) for the financial period, net of tax	-	1,461	(79)	85	(1,776)	(309)	(2)	(311)
As at 30 June 2020/1 July 2020	1,950,692	29,977	2,133	-	301,884	2,284,686	5,474	2,290,160
Issue of share capital	237,150	-	-	-	-	237,150	-	237,150
Profit for the financial year	-	-	-	-	7,310	7,310	(221)	7,089
Other comprehensive income for the financial year, net of tax	-	240	677	-	-	917	-	917
Others	(173)	-	-	-	173	-	-	-
As at 30 June 2021	**2,187,669**	**30,217**	**2,810**	**-**	**309,367**	**2,530,063**	**5,253**	**2,535,316**

Company	Share capital RM'000	Distributable-Retained earnings RM'000	Total equity RM'000
As at 1 January 2019	1,950,525	439,755	2,390,280
Total comprehensive income for the financial period	-	1,023	1,023
As at 30 June 2020/1 July 2020	1,950,525	440,778	2,391,303
Issue of share capital	237,150	-	237,150
Total comprehensive income for the financial year	-	55,823	55,823
Others	(6)	6	-
As at 30 June 2021	2,187,669	496,607	2,684,276

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

Statements of Cash Flows

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

		Group		Company	
	Note	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit/(loss) before tax		**8,202**	(316,458)	**55,892**	1,032
Adjustments for:					
Depreciation of:					
- property, plant and equipment		**139,275**	223,427	**-**	-
- right-of-use assets		**14,354**	36,266	**-**	-
- investment property		**4**	5	**-**	-
Provision/(Reversal of provision) for retirement benefits		**902**	(16,216)	**-**	5
Provision for inventory obsolescence		**966**	5,921	**-**	-
Property, plant and equipment written off		**4,802**	24,898	**-**	-
Inventories written off		**-**	13,863	**-**	-
Finance costs		**39,312**	73,387	**1,257**	5,999
(Reversal of loss allowance)/loss allowance for trade receivables		**(6,104)**	27,483	**-**	-
Amortisation of intangible assets		**2,130**	3,217	**-**	-
Interest income		**(7,042)**	(12,923)	**(205)**	(158)
Unrealised loss/(gain) on foreign exchange		**1,520**	(1,069)	**(864)**	(1,734)
Share of results in joint venture		**(17,996)**	(17,216)	**-**	-
Dividend income from:					
- subsidiaries		**-**	-	**(60,560)**	(10,000)
- others		**(180)**	(180)	**-**	-
Net unrealised gain arising on:					
- hedge ineffectiveness on cash flow hedges		**-**	(85)	**-**	-
- financial assets/liabilities designated as at fair value through profit or loss		**-**	(2,244)	**-**	-
Gain on disposal of:					
- property, plant and equipment		**(402)**	(2,591)	**-**	-
- right-of-use assets		**-**	(676)	**-**	-
Gain on derecognition of right-of-use assets		**-**	(77)	**-**	-
Gain on remeasurement of right-of-use assets		**(19)**	-	**-**	-
Gain on lease termination		**(177)**	-	**-**	-
Operating Profit/(Loss) Before Working Capital Changes		**179,547**	38,732	**(4,480)**	(4,856)

Statements of Cash Flows

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

	Note	Group		Company	
		2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
Decrease/(increase) in:					
Inventories		**20,354**	70,693	**-**	-
Receivables		**30,206**	261,724	**(63)**	270
Amounts owing by holding, other related companies and joint venture		**(127,910)**	(62,998)	**-**	-
Amounts owing by subsidiaries		**-**	-	**(97,152)**	(2,898)
(Decrease)/increase in:					
Payables		**(32,316)**	(293,111)	**(795)**	(822)
Amounts owing to holding and other related companies		**43,386**	48,305	**-**	-
Amounts owing to subsidiaries		**-**	-	**(195,035)**	737
Contract liabilities		**-**	(14,141)	**-**	-
Cash Generated From/(Used In) Operations		**113,267**	49,204	**(297,525)**	(7,569)
Interest paid		**(37,085)**	(70,667)	**(1,257)**	(5,671)
Retirement benefits paid		**(14,408)**	(4,280)	**-**	-
Income tax refunded/(paid)		**9,239**	39,184	**(11)**	(45)
Net Cash From/(Used In) Operating Activities		**71,013**	13,441	**(298,793)**	(13,285)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES					
Right-of-use assets:					
- additions		**-**	(5,725)	**-**	-
- proceeds from disposals		**-**	1,039	**-**	-
Property, plant and equipment:					
- additions	(a)	**(51,690)**	(99,410)	**-**	-
- proceeds from disposals		**6,347**	6,225	**-**	-
Interest received		**7,042**	12,923	**85**	111
Proceeds from net investment in leases		**4,193**	5,940	**-**	-
Dividends received from:					
- subsidiaries		**-**	-	**60,560**	10,000
- joint venture		**3,127**	-	**-**	-
- others		**180**	180	**-**	-
Redemption of debenture		**1,255**	-	**1,255**	-
Net Cash (Used In)/From Investing Activities		**(29,546)**	(78,828)	**61,900**	10,111

Statements of Cash Flows

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

		Group		Company	
	Note	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Drawdown of borrowings		**-**	394,585	**-**	-
Repayment of borrowings		**(209,800)**	-	**-**	-
Repayment of loans to former related companies		**-**	(256,350)	**-**	-
Repayment of lease liabilities		**(11,065)**	(34,920)	**-**	-
Proceeds from issue of share capital		**237,150**	-	**237,150**	-
Net Cash From Financing Activities		**16,285**	103,315	**237,150**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**57,752**	37,928	**257**	(3,174)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**134**	405	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/PERIOD		**77,152**	38,819	**1,196**	4,370
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/PERIOD	35	**135,038**	77,152	**1,453**	1,196

Statements of Cash Flows

for the financial year ended 30 June 2021
(with comparative figures for the financial period from 1 January 2019 to 30 June 2020)

(a) The additions to property, plant and equipment consist of:

	Group	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**
Payment by cash in current year/period	**51,690**	99,410
Other payables and accrued expenses	**10,865**	7,714
Payment by cash for previous period acquisition	**(7,714)**	(40,143)
Total (Note 12)	**54,841**	66,981

(b) Cash outflows for leases as a lessee:

		Group		Company	
	Note	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Included in net cash from/(used in) operating activities:					
Payment/(Refund) relating to short-term leases	10	**2,844**	3,582	**(29)**	69
Payment relating to leases of low-value assets	10	**689**	1,687	**4**	10
Payment relating to variable lease payments not included in the measurement of lease liabilities	10	**176**	1,593	**-**	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	8	**2,522**	5,206	**-**	-
Repayment of lease liabilities		**11,065**	34,920	**-**	-
Total cash outflows/(inflows) for leases		**17,296**	46,988	**(25)**	79

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The information of the subsidiaries are disclosed in Note 16.

The address of the registered office of the Company is as follows:

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

28th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

At the beginning of the current financial year, the Group and the Company adopted amended MFRSs that are mandatory for financial periods beginning on or after 1 July 2020 as fully described in Note 2.1.

2.1 Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company have adopted the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual financial periods commencing on or after 1 July 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 101 and MFRS 108	Definition of Material

The adoption of these Amendments to MFRSs did not result in significant changes to the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Notes to the Financial Statements
for the financial year ended 30 June 2021

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D.)

2.2 Amendments to MFRSs In Issue But Not Yet Effective

At the date of the authorisation for issue of these financial statements, the Amendments to MFRSs that are relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2[1]
Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021[2]
Amendments to MFRS 3	Reference to Conceptual Framework[3]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[3]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[3]
Amendments to MFRS 101	Disclosure of Accounting Policies[4]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[4]
Amendments to MFRS 108	Definition of Accounting Estimates[4]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Annual Improvements to MFRSs 2018 - 2020[3]	

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 April 2021
[3] Effective for annual periods beginning on or after 1 January 2022
[4] Effective for annual periods beginning on or after 1 January 2023
[5] Effective date deferred to a date to be determined and announced by MASB

The Directors anticipate that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transaction that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described in Note 36.5.

The principal accounting policies are set out below.

3.2 Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Subsidiaries and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its investment with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Subsidiaries and Basis of Consolidation (cont'd.)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meeting.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3.1 Changes in Group's Ownership Interest in Existing Subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.3 Subsidiaries and Basis of Consolidation (cont'd.)

3.3.2 Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

3.4 Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised 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, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* (revised) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits*, respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement year (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement year is the year from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.5 Investment in Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint venture are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in joint venture are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of individual investments. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

3.6 Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.7 Impairment of Goodwill

At the end of each reporting period, the carrying value of goodwill is tested for impairment by income approach (value-in-use). In the income approach, value-in-use is applied by estimating the discounted value of the sum of the expected future cash flows. If the carrying value of the cash-generating unit exceeds the higher of the value-in-use of the related assets and liabilities, an impairment of goodwill will be recognised in profit or loss. Evaluations for impairment are impacted by estimates of future sales volume and selling prices of products, economic trends in the local and international construction sector and other factors. The result of these evaluations requires the Group to estimate the future cash flows expected to arise from the cash-generating units, constant growth rates and a suitable discount rate.

3.8 Revenue Recognition

3.8.1 Revenue

The Group's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer.

A contract with customer exists when the contract has commercial substance, the Group and its customers have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group estimates the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue of the Company represents gross dividend received and/or receivable from subsidiaries.

3.8.2 Dividend Income

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.9 Leases

(a) Definition of a lease

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

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition and initial measurement

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.9 Leases (cont'd.)

(b) Recognition and initial measurement (cont'd.)

(i) As a lessee (cont'd.)

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the year in which the performance or use occurs.

The Group has elected not to recognise right-of-use and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue* from *Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as "Net Investment in Leases". The Group uses the interest rate implicit in the lease to measure the Net Investment in Leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(c) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is yearically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.9 Leases (cont'd.)

(c) Subsequent measurement (cont'd.)

(i) As a lessee (cont'd.)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or it there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

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

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in leases. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the year against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the leases is subject to impairment requirements in MFRS 9 *Financial Instruments*.

3.10 Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the year in which they arise except for:

- exchange differences on transactions entered into to hedge certain foreign currency risks (see 3.20 below for hedging accounting policies).
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.10 Foreign Currencies (cont'd.)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of joint arrangement that do not results in the Group losing joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.11 Borrowing Costs

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

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.12 Employee Benefits

3.12.1 Short-Term Employee Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company.

3.12.2 Post-Employment Benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the countries in which they operate. These benefit plans are either defined contribution or defined benefit plans.

(a) Defined Contribution Plan

The Group and the Company make statutory contributions to approved provident funds and the contributions are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined Benefit Plan

The Group and the Company operate an unfunded final salary defined benefit plan covering eligible employees. The retirement benefits accounting cost is assessed using the Projected Unit Credit Method, with actuarial valuation being carried out at the end of each reporting period. The latest actuarial valuation was undertaken on 28 August 2020.

The retirement benefits obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

(c) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

3.13 Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Taxation (cont'd.)

3.13.2 Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

3.13.3 Current and Deferred Tax for the Year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.13 Taxation (cont'd.)

3.13.4 Goods and Services Tax ("GST")

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

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

3.14 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

The costs of self-constructed assets also include the cost of materials and direct labour.

Purchased software including development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.14 Property, Plant and Equipment (cont'd.)

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in profit or loss.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is computed on a straight line basis to write off the cost or valuation over their estimated useful lives.

The principal annual rates are:

	2021	2020
Land improvement	Over the remaining year of leases ranging from 5 to 78 years	Over the remaining year of leases ranging from 5 to 79 years
Buildings	2% to 10%	2% to 10%
Office equipment, furniture and fittings and motor vehicles	10% to 33.33%	10% to 33.33%
Plant, machinery and cement silos	2% to 20%	2% to 20%

Capital work-in-progress is not depreciated until they have been completed and ready for commercial operation.

At the end of each reporting period, the residual values, useful lives and depreciation method of the property, plant and equipment are reviewed, and the effects of any changes in estimates are recognised prospectively.

3.15 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated. Building is depreciated on a straight line basis to write off the cost over its estimated useful life at annual rate of 4%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

3.16 Quarry Rights

Quarry rights represent the consideration paid to obtain aggregates and is amortised on a straight line basis to write off the cost over the lives of the quarry agreements. Where an indication of impairment exists, the carrying amount of quarry right is assessed and written down immediately to its recoverable amount. The amortisation year and the amortisation method for the quarry rights are reviewed at the end of each reporting period.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.17 Impairment of Non-financial Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets excluding goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the assets does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.18 Inventories

Inventories comprising fuels, raw and packing materials, finished and semi-finished goods, engineering parts and consumables are stated at the lower of cost and net realisable value. The cost of inventories is determined on the weighted average basis.

Cost of fuels, raw and packing materials, engineering parts and consumables comprises the original purchase price plus costs incurred in bringing the inventories to their present location and condition. Cost of finished and semi-finished goods comprises fuels, raw and packing materials, direct labour, other direct costs and appropriate proportions of production overheads.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision for inventory obsolescence is made when an item has been identified as obsolete or excess inventory. The identification of an item as obsolete is done on an item by item basis after proper analysis has been conducted.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.19 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate on the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20 Financial Instruments

3.20.1 Financial Assets

Financial Assets - Classification and Measurement

(a) Classification

The Group and the Company classify their financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group and the Company have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVTOCI").

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets - Classification and Measurement (cont'd.)

(b) Recognition and derecognition

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

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest ("SPPI").

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. There are three measurement categories into which the Group and the Company classify their debt instruments:

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets – Classification and Measurement (cont'd.)

(c) Measurement (cont'd.)

Debt Instruments (cont'd.)

(ii) Fair Value through Other Comprehensive Income ("FVTOCI")

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(iii) Fair Value through Profit or Loss ("FVTPL")

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Equity Instruments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets - Impairment

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) Impairment for debt instruments

The Group and the Company assess on a forward-looking basis the expected credit losses ("ECL") model associated with its debt instruments carried at amortised cost and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have financial instruments that are subject to the ECL model as follows:

- trade receivables,
- other receivables and refundable deposits,
- net investment in leases,
- debentures,
- intercompany receivables, and
- financial guarantees

While cash and bank balances are also subject to the impairment requirements of MFRS 9 *Financial Instruments*, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between the present value of contractual cash flows and the present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

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

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets - Impairment (cont'd.)

(a) Impairment for debt instruments (cont'd.)

General 3-stage approach for other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees

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

Note 36.4.2 sets out the measurement details of ECL.

Simplified approach for trade receivables

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

Note 36.4.2 sets out the measurement details of ECL.

(b) Significant increase in credit risk

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 supportable forward-looking information.

The following indicators are incorporated:

- internal credit assessment;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets - Impairment (cont'd.)

(c) Definition of default and credit impaired financial assets

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

Quantitative criteria:

The Group and the Company define a financial instrument as in default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicate the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

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

(d) Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics, geographical location and the days past due.

(ii) Individual assessment

Trade receivables, other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees which are in default or credit-impaired are assessed individually. Amounts owing by subsidiaries in the Company's separate financial statements are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored based on each amount owing by a subsidiary.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.1 Financial Assets (cont'd.)

Financial Assets - Impairment (cont'd.)

(e) Write-off

(i) Trade receivables

Trade receivables are written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Indicators that there is no realistic prospect of recovery include amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

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

(ii) Other receivables and refundable deposits, net investment in leases, debentures, intercompany receivables and financial guarantees

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.2 Financial Liabilities

Financial Liabilities - Recognition and Initial Measurement

Financial liabilities are classified as measured at fair value through profit or loss or at amortised cost, as appropriate. Financial liabilities are recognised initially at fair value plus or minus, in the case of financial instrument not at fair value through profit or loss, any directly attributable transaction costs incurred at the acquisition or issuance of financial instrument.

The Group's and the Company's financial liabilities include 'borrowings', 'lease liabilities', 'trade payables', 'other payables and accrued expenses' and 'intercompany payables'.

Financial Liabilities - Classification and Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in profit or loss.

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method (refer to Note 3.20.5).

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

Financial Liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as other reserve.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.3 Derivative Financial Instruments

The Group uses derivative financial instruments such as foreign currency forward contracts to manage certain exposures to fluctuations in foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives financial instruments during the financial year are recognised in profit or loss.

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

In general, contracts to sell or purchase non-financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses recognised in profit or loss.

3.20.4 Financial Guarantees

A financial guarantee contract is a contract that requires the guarantor to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

3.20.5 Effective Interest Method

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

Notes to the Financial Statements

for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.6 Hedge Accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expect to offset each other.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same year or years during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future years is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same year or years as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.20 Financial Instruments (cont'd.)

3.20.6 Hedge Accounting (cont'd.)

Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

3.20.7 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported 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, or to realise the assets and settle the liabilities simultaneously.

3.21 Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consists of cash on hand, balances and deposit with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, against which bank overdrafts, if any, are deducted.

3.22 Interest Income

Interest income is recognised on an accrual basis by reference to the principal outstanding and at the effective interest rate applicable.

3.23 Current and Non-current Classification

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

An asset is classified as current when it is:

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

Notes to the Financial Statements
for the financial year ended 30 June 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

3.23 Current and Non-current Classification (cont'd.)

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

3.24 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 not wholly within the control of the Group or of the Company.

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

3.25 Contract Asset/Liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 *Financial Instruments* (refer to Note 3.20.1).

A contract liability is stated at cost and represents obligation of the Group or of the Company to transfer goods or services to a customer for which consideration has been received from the customers.

3.26 Equity Instruments

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

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

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

Notes to the Financial Statements

for the financial year ended 30 June 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 Critical Judgements in Applying the Group's Accounting Policies

The following are the judgements made by the Directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Business Model Assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (refer to Note 3.20.1). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the years presented.

4.1.2 Significant Increase in Credit Risk

As explained in Note 3.20.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. MFRS 9 *Financial Instruments* does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

- Stage 1 assets are financial assets whose credit risk has not increased significantly since initial recognition or that have low credit risk at the reporting date.
- Stage 2 assets are financial assets whose credit risk has increased significantly since initial recognition.
- Stage 3 assets are financial assets that have objective evidence of impairment.

Notes to the Financial Statements

for the financial year ended 30 June 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities of the Group and of the Company within the next financial year is discussed below.

4.2.1 Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use ("VIU") of the cash-generating unit ("CGU") to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose the suitable discount rates and terminal growth rates in order to calculate the present value of those cash flows.

The carrying amount of goodwill of the Group as at 30 June 2021 was approximately RM1,387,089,000 (30 June 2020: RM1,387,089,000). Further details are disclosed in Note 15.

4.2.2 Engineering Parts and Consumables

Engineering parts and consumables are replacement parts and consumables of a plant. Their obsolescence is based on the analysis of the ageing of the parts and consumables as well as the analysis of the capacity of such materials to be used based on their levels of preservation and maintenance, and their potential obsolescence due to technological change. Further details are disclosed in Note 22.

4.2.3 Retirement Benefits

The Group has engaged an independent external actuary to assess the provision for retirement benefits. Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation. However, when the benefit formula is based on future compensation and social security levels, assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service will be used. Financial and demographic assumptions are used in assessing the actuarial value of the benefit obligations. Financial assumptions used include discount rate, price inflation rate and salary increment rate. While demographic assumptions include staff turnover rate, pre-retirement mortality, normal retirement age and new entrant profile. The latest valuation was undertaken by the external actuary on 28 August 2020. Further details are disclosed in Note 32.

Notes to the Financial Statements

for the financial year ended 30 June 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D.)

4.2 Key Sources of Estimation Uncertainty (cont'd.)

4.2.4 MFRS 16 *Leases*

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2.5 Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 18.

4.2.6 Impairment of Investment in Subsidiaries

The Company conducts an annual impairment review of its investments in subsidiaries. The Company carried out the impairment test based on the assessment of the fair value less costs to sell of the investees' assets or cash-generating unit ("CGU") or based on the estimation of the value-in-use ("VIU") of the CGUs of the investees. Estimating the VIUs required the Company to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. An impairment loss will be recognised if the carrying values of these CGUs are assessed to be in excess of their VIUs. Further details are disclosed in Note 16.

4.2.7 Depreciation of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment within 3 to 78 years based on past experience with similar assets or/and common life expectancies of the industries. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets resulting in revision of future depreciation.

4.2.8 Impairment of Property, Plant and Equipment

The Group carried out the impairment test based on the assessment of the fair value of the respective assets' or cash generating units' ("CGUs") fair value less costs to sell or based on the estimation of the value-in-use ("VIUs") of the CGUs to which the property, plant and equipment are allocated. Estimating the VIUs requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Financial Statements
for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS

5.1 Revenue

	Group		Company	
	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
Revenue from contracts with customers	**1,369,508**	2,406,906	**-**	-
Other revenue:				
- Dividend income	**-**	-	**60,560**	10,000
	1,369,508	2,406,906	**60,560**	10,000

5.2 Disaggregation of Revenue

	Group	
	2021 (12 months) RM'000	2020 (18 months) RM'000
Major Products and Service Lines		
Cement:		
- Sale of clinker, cement and other building materials	**1,114,921**	1,800,177
- Others	**2,231**	783
Aggregates & Concrete:		
- Sale of aggregates	**10,363**	16,646
- Sale of ready-mixed concrete	**241,089**	577,586
- Others	**904**	11,714
	1,369,508	2,406,906

Notes to the Financial Statements
for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS (CONT'D.)

5.2 Disaggregation of Revenue (cont'd.)

	Group	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**
Timing of recognition:		
At a point in time	**1,366,373**	2,394,409
Over time	**3,135**	12,497
	1,369,508	2,406,906

Disaggregation of revenue by geographical location is as disclosed in Note 39.

5.3 Nature of Goods and Services

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds
Sale of clinker, cement and other building materials	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises	Credit term of 30 to 90 days from invoice date	Discounts are given to customers where the customers pay within the credit term given	The Group allows returns only for damaged goods
Sale of aggregates	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises	Credit term of 60 to 90 days from invoice date	Not applicable	Not applicable
Sale of ready-mixed concrete	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises	Credit term of 30 to 90 days from invoice date	Discounts are given to customers where the customers pay within the credit term given	Not applicable
Others	Revenue is recognised over time when the services are rendered to customers	Credit term of 30 to 90 days from invoice date	Discounts are given to customers where the customers pay within the credit term given	Not applicable

Notes to the Financial Statements

for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS (CONT'D.)

5.3 Nature of Goods and Services (cont'd.)

There are no warranty in substantially all of the contracts for the provision of goods and services by the Group.

For the transaction price allocated to the remaining performance obligations, the Group applied the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less;
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the year between the transfer of a promised goods or service to a customer and when the customer pays for that good or service is one year or less.

5.4 Operating Costs Applicable to Revenue

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Costs of production, costs of goods purchased and changes in inventories of finished goods	**1,012,156**	1,884,131	**-**	-
Transportation costs	**87,720**	225,410	**-**	-
Depreciation and amortisation	**155,763**	262,915	**-**	-
Staff costs	**66,765**	192,222	**-**	1,135
Directors' remuneration	**920**	1,942	**920**	1,942
Others	**52,683**	136,942	**3,554**	1,870
	1,376,007	2,703,562	**4,474**	4,947

5.5 Staff Costs

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Wages, salaries and bonuses	**59,042**	158,829	**-**	928
Defined contribution plan	**6,949**	18,331	**-**	97
Termination benefits	**(210)**	9,141	**-**	-
Defined benefit plan	**902**	(16,216)	**-**	5
Other employee benefits	**82**	22,137	**-**	105
	66,765	192,222	**-**	1,135

Notes to the Financial Statements

for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS (CONT'D.)

5.6 Directors' Remuneration

2021 (12 months) Group and Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
Executive Directors								
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	-	-	-	-	-	-	-	-
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	-	-	-	-
Dato' Yeoh Seok Kian	-	-	-	-	-	-	-	-
Dato' Yeoh Seok Hong	-	-	-	-	-	-	-	-
Dato' Yeoh Soo Keng	-	-	-	-	-	-	-	-
Non-executive Directors								
Tan Sri Datuk Asmat Bin Kamaludin	-	240	-	-	-	-	-	240
Dato' Tan Guan Cheong	-	240	-	-	-	-	-	240
Dato' Yoogalingam A/L Vyramuttu	-	240	-	-	-	-	-	240
Yeoh Khoon Cheng	-	200	-	-	-	-	-	200
Total	-	920	-	-	-	-	-	920

Notes to the Financial Statements

for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS (CONT'D.)

5.6 Directors' Remuneration (cont'd.)

2020 (18 months) Group and Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
Executive Directors								
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	-	-	-	-	-	-	-	-
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	-	-	-	-
Dato' Yeoh Seok Kian	-	-	-	-	-	-	-	-
Dato' Yeoh Seok Hong	-	-	-	-	-	-	-	-
Dato' Yeoh Soo Keng	-	-	-	-	-	-	-	-
Former Executive Directors								
Martin Kriegner	-	-	-	-	-	-	-	-
John William Stull	-	-	-	-	-	-	-	-
Yeoh Khoon Cheng	640	-	115	91	-	-	-	846
Non-executive Directors								
Tan Sri Datuk Asmat Bin Kamaludin	-	240	-	-	-	-	-	240
Dato' Tan Guan Cheong	-	240	-	-	-	-	-	240
Dato' Yoogalingam A/L Vyramuttu	-	240	-	-	-	-	-	240
Yeoh Khoon Cheng	-	200	-	-	-	-	-	200

Notes to the Financial Statements

for the financial year ended 30 June 2021

5. REVENUE AND OPERATING COSTS (CONT'D.)

5.6 Directors' Remuneration (cont'd.)

2020 (18 months) Group and Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
Former Non-executive Directors								
Y.A.M. Tunku Tan Sri Imran ibni Almarhum Tuanku Ja'afar	-	69	-	-	-	-	-	69
Y.M. Tunku Afwida Binti Tunku A. Malek	-	41	-	-	-	-	-	41
Datuk Muhamad Noor Bin Hamid	-	40	-	-	-	-	-	40
Ar. Datuk Tan Pei Ing	-	26	-	-	-	-	-	26
Total	640	1,096	115	91	-	-	-	1,942

6. INVESTMENT AND INTEREST INCOME

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Investment income from:				
- operating lease under Lorry-Owner-Driver scheme	**864**	5,860	**-**	-
- rental of investment property	**385**	165	**-**	-
- other rental income	**114**	1,409	**-**	-
Dividends received from unquoted investments	**180**	180	**-**	-
	1,543	7,614	**-**	-
Interest income from:				
- bank balances	**6,063**	10,746	**75**	64
- net investment in leases	**573**	1,128	**-**	-
- others	**406**	1,049	**130**	94
	7,042	12,923	**205**	158

Notes to the Financial Statements

for the financial year ended 30 June 2021

7. OTHER LOSSES - NET

	Group	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**
Net loss arising on financial assets/liabilities designated as at FVTPL		
- realised	**-**	6,803
- unrealised	**-**	(2,244)
Hedge ineffectiveness on cash flow hedges		
- realised	**-**	694
- unrealised	**-**	(85)
	-	5,168

8. FINANCE COSTS

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Interest expense:				
- Sukuk Wakalah	**23,700**	30,746	**-**	-
- bank overdrafts	**2,894**	10,022	**-**	14
- revolving credit	**9,909**	25,388	**-**	-
- lease liabilities	**2,522**	5,206	**-**	-
- subsidiaries	**-**	-	**1,257**	5,985
- former other related companies	**-**	1,261	**-**	-
- others	**287**	764	**-**	-
	39,312	73,387	**1,257**	5,999

Notes to the Financial Statements

for the financial year ended 30 June 2021

9. INCOME TAX EXPENSE/(CREDIT)

9.1 Income Tax Recognised in Profit or Loss

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Malaysia				
Estimated current tax payable:				
- current financial year/period	**5,594**	9,239	**48**	8
- (over)/under provision in prior financial period/years	**(3,513)**	(4,063)	**21**	1
Deferred tax:				
- current financial year/period	**(2,511)**	(69,478)	**-**	-
- underprovision in prior financial period/ years	**1,288**	3,226	**-**	-
	858	(61,076)	**69**	9
Foreign				
Estimated current tax payable:				
- current financial year/period	**(116)**	500	**-**	-
- under provision in prior financial period/ years	**294**	5,481	**-**	-
Deferred tax:				
- current financial year/period	**-**	(154)	**-**	-
- underprovision in prior financial period	**77**	-	**-**	-
	255	5,827	**-**	-
Total income tax expense/(credit)	**1,113**	(55,249)	**69**	9

Notes to the Financial Statements
for the financial year ended 30 June 2021

9. INCOME TAX EXPENSE/(CREDIT) (CONT'D.)

9.1 Income Tax Recognised in Profit or Loss (cont'd.)

A reconciliation of income tax expense/(credit) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Profit/(loss) before tax	**8,202**	(316,458)	**55,892**	1,032
Tax expense/(credit) calculated using the Malaysian statutory income tax rate of 24%	**1,968**	(75,950)	**13,414**	248
Tax effects of:				
- different tax rates of subsidiaries operating in other jurisdictions	**(142)**	(125)	**-**	-
- share of results in joint venture	**(4,319)**	(4,132)	**-**	-
- expenses that are not deductible in determining taxable profit	**6,975**	13,544	**1,168**	2,160
- income not taxable in determining taxable profit	**(181)**	(336)	**(14,534)**	(2,400)
- change in the unrecognised deferred tax assets	**47**	6,846	**-**	-
- utilisation of unabsorbed capital allowances not previously recognised	**(1,381)**	-	**-**	-
- (over)/underprovision of tax payable in prior financial period/years	**(3,219)**	1,418	**21**	1
- underprovision of deferred tax in prior financial period/years	**1,365**	3,226	**-**	-
- others	**-**	260	**-**	-
Income tax expense/(credit) recognised in profit or loss	**1,113**	(55,249)	**69**	9

Taxation of other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Financial Statements

for the financial year ended 30 June 2021

9. INCOME TAX EXPENSE/(CREDIT) (CONT'D.)

9.2 Income Tax Recognised in Other Comprehensive Income

	Group	
	2021 (12 months) RM'000	2020 (18 months) RM'000
Deferred Tax		
Arising on income and expenses recognised in other comprehensive income:		
- Defined benefit plan actuarial losses	-	(561)
- Net fair value gains on cash flow hedges	-	27
Total income tax credit recognised in other comprehensive income	-	(534)

10. PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD

Profit/(loss) for the financial year/period has been arrived at after charging/(crediting):

	Group		Company	
	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
10.1 Trade Receivables				
(Reversal of loss allowance)/Loss allowance	**(6,104)**	27,483	-	-
10.2 Depreciation and Amortisation Expense				
Depreciation of property, plant and equipment	**139,275**	223,427	-	-
Depreciation of investment property	**4**	5	-	-
Depreciation of right-of-use assets	**14,354**	36,266	-	-
Amortisation of intangible assets	**2,130**	3,217	-	-
Total depreciation and amortisation expense	**155,763**	262,915		
10.3 Inventories				
Inventories written off	-	13,863	-	-
Provision for inventory obsolescence	**966**	5,921	-	-

Notes to the Financial Statements

for the financial year ended 30 June 2021

10. PROFIT/(LOSS) FOR THE FINANCIAL YEAR/PERIOD (CONT'D.)

Profit/(loss) for the financial year/period has been arrived at after charging/(crediting): (cont'd.)

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
10.4 Other Charges/(Credit)				
Rental of equipment	**8,272**	18,605	**-**	-
Expenses relating to short-term leases	**2,844**	3,582	**(29)**	69
Expenses relating to leases of low-value assets	**689**	1,687	**4**	10
Expenses relating to variable lease payments not included in the measurement of lease liabilities	**176**	1,593	**-**	-
Provision/(reversal of provision) for retirement benefits	**902**	(16,216)	**-**	5
(Gain)/loss on foreign exchange:				
- realised	**(1,145)**	(160)	**6**	(3)
- unrealised	**1,520**	(1,069)	**(864)**	(1,734)
Property, plant and equipment written off	**4,802**	24,898	**-**	-
Fees paid/payable to external auditors:				
Statutory audit:				
(a) auditors of the Company	**509**	509	**90**	90
(b) other member firm of the auditors of the Company	**-**	197	**-**	-
(c) other auditors of the Company	**100**	-	-	-
Non-audit services:				
(a) auditors of the Company				
- current financial year/period	**107**	2	2	2
- underprovision in prior financial years	**-**	4	-	-
(b) other member firm of the auditors of the Company				
- current financial year/period	**83**	78	-	-
- overprovision in prior financial years	**-**	(11)	-	-
Gain on disposal of:				
- property, plant and equipment	**(402)**	(2,591)	-	-
- right-of-use assets	**-**	(676)	-	-
Gain on derecognition of right-of-use assets	**-**	(77)	-	-
Gain on remeasurement of right-of-use assets	**(19)**	-	-	-
Gain on lease termination	**(177)**	-	-	-

Notes to the Financial Statements
for the financial year ended 30 June 2021

11. EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per share is based on the consolidated profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year/period as follows:

Basic earnings/(loss) per share

	Group	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**
Profit/(loss) attributable to owners of the Company	**7,310**	(261,067)

	Group	
	2021 (12 months) Units'000	**2020 (18 months) Units'000**
Weighted average number of ordinary shares in issue	**856,779**	849,695

	Group	
	2021 (12 months)	**2020 (18 months)**
Basic earnings/(loss) per ordinary share (sen)	**0.85**	(30.72)

Diluted earnings/(loss) per share

The basic and diluted earnings/(loss) per share are the same as the Company has no dilutive potential ordinary shares.

Notes to the Financial Statements

for the financial year ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Land Improvement RM'000	Buildings RM'000	Office Equipment, Furniture and Fittings and Motor Vehicles RM'000	Plant, Machinery and Cement Silos RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost							
As at 1 July 2020	32,086	90,495	303,778	72,180	3,940,220	43,030	4,481,789
Additions	-	-	639	1,344	6,321	46,537	54,841
Reclassifications	-	2,220	13,390	(4,647)	12,119	(23,082)	-
Reclassifications to right-of-use assets	-	-	(4,357)	-	-	-	(4,357)
Disposals	(148)	(392)	-	(3,007)	(14,633)	(60)	(18,240)
Write-offs	-	(1,773)	(5,004)	(1,401)	(29,908)	-	(38,086)
Effects of foreign currency exchange differences	-	-	(65)	31	584	-	550
As at 30 June 2021	31,938	90,550	308,381	64,500	3,914,703	66,425	4,476,497
Accumulated Depreciation							
As at 1 July 2020	-	71,074	188,381	58,734	2,695,548	-	3,013,737
Charge for the financial year	-	5,986	7,157	3,809	122,323	-	139,275
Reclassifications	-	-	2,504	(4,647)	2,143	-	-
Reclassifications to right-of-use assets	-	-	(1,409)	-	(2,223)	-	(3,632)
Disposals	-	(392)	-	(2,201)	(9,702)	-	(12,295)
Write-offs	-	(1,773)	(5,004)	(1,401)	(25,106)	-	(33,284)
Effects of foreign currency exchange differences	-	-	(54)	31	560	-	537
As at 30 June 2021	-	74,895	191,575	54,325	2,783,543	-	3,104,338

Notes to the Financial Statements

for the financial year ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold Land RM'000	Land Improvement RM'000	Buildings RM'000	Office Equipment, Furniture and Fittings and Motor Vehicles RM'000	Plant, Machinery and Cement Silos RM'000	Capital Work-in-Progress RM'000	Total RM'000
Cost							
As at 1 January 2019	31,862	96,407	294,050	86,236	3,911,458	123,917	4,543,930
Additions	-	-	12	2,724	6,231	58,014	66,981
Reclassifications	-	3,728	8,465	29,819	96,889	(138,901)	-
Reclassifications from/ (to) right-of-use assets	224	(2,354)	4,047	-	-	-	1,917
Disposals	-	(592)	(1,462)	(2,445)	(16,987)	-	(21,486)
Write-offs	-	(6,694)	(1,517)	(44,190)	(58,401)	-	(110,802)
Effects of foreign currency exchange differences	-	-	183	36	1,030	-	1,249
As at 30 June 2020	32,086	90,495	303,778	72,180	3,940,220	43,030	4,481,789
Accumulated Depreciation							
As at 1 January 2019	-	66,040	177,939	71,811	2,575,466	-	2,891,256
Charge for the financial period	-	12,327	10,162	15,021	185,917	-	223,427
Reclassifications	-	-	-	5,599	(5,599)	-	-
Reclassifications from/ (to) right-of-use assets	-	(62)	1,627	-	-	-	1,565
Disposals	-	(592)	(810)	(1,713)	(14,737)	-	(17,852)
Write-offs	-	(6,639)	(724)	(32,057)	(46,484)	-	(85,904)
Effects of foreign currency exchange differences	-	-	187	73	985	-	1,245
As at 30 June 2020	-	71,074	188,381	58,734	2,695,548	-	3,013,737

Notes to the Financial Statements

for the financial year ended 30 June 2021

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group	Freehold Land RM'000	Land Improvement RM'000	Buildings RM'000	Office Equipment, Furniture and Fittings and Motor Vehicles RM'000	Plant, Machinery and Cement Silos RM'000	Capital Work-in-Progress RM'000	Total RM'000
Accumulated Impairment Loss							
As at 1 July 2020 and 30 June 2021	**40**	**-**	**-**	**-**	**-**	**-**	**40**
As at 1 January 2019 and 30 June 2020	40	-	-	-	-	-	40
Net Book Value							
As at 30 June 2021	**31,898**	**15,655**	**116,806**	**10,175**	**1,131,160**	**66,425**	**1,372,119**
As at 30 June 2020	32,046	19,421	115,397	13,446	1,244,672	43,030	1,468,012

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM1,530,802,000 (2020: RM1,577,879,000).

Notes to the Financial Statements

for the financial year ended 30 June 2021

13. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Machinery RM'000	Motor Vehicles RM'000	Total RM'000
Cost					
As at 1 July 2020	247,783	1,384	5,704	5,942	260,813
Additions	1,886	181	-	-	2,067
Expiry/Termination	(11,659)	(558)	(1,278)	(2,355)	(15,850)
Reclassification from property, plant and equipment	4,357	-	-	-	4,357
Remeasurement	(461)	-	-	-	(461)
Effects of foreign currency exchange differences	97	2	-	-	99
As at 30 June 2021	242,003	1,009	4,426	3,587	251,025
Accumulated Depreciation					
As at 1 July 2020	131,785	926	4,864	3,699	141,274
Charge for the financial year	12,887	369	208	890	14,354
Expiry/Termination	(7,923)	(538)	(664)	(1,831)	(10,956)
Reclassification from property, plant and equipment	3,632	-	-	-	3,632
Remeasurement	(372)	-	-	-	(372)
Effects of foreign currency exchange differences	21	2	-	-	23
As at 30 June 2021	140,030	759	4,408	2,758	147,955

Notes to the Financial Statements
for the financial year ended 30 June 2021

13. RIGHT-OF-USE ASSETS (CONT'D.)

Group	Land RM'000	Buildings RM'000	Machinery RM'000	Motor Vehicles RM'000	Total RM'000
Cost					
As at 1 January 2019	-	-	-	-	-
Effect of adoption of MFRS 16	244,295	1,005	5,704	5,942	256,946
Additions	5,725	376	-	5,010	11,111
Derecognition*	-	-	-	(5,010)	(5,010)
Reclassification to property, plant and equipment	(1,917)	-	-	-	(1,917)
Disposals	(457)	-	-	-	(457)
Effects of foreign currency exchange differences	137	3	-	-	140
As at 30 June 2020	247,783	1,384	5,704	5,942	260,813
Accumulated Depreciation					
As at 1 January 2019	-	-	-	-	-
Effect of adoption of MFRS 16	106,655	-	-	-	106,655
Charge for the financial period	26,778	925	4,864	3,699	36,266
Reclassification to property, plant and equipment	(1,565)	-	-	-	(1,565)
Disposals	(94)	-	-	-	(94)
Effects of foreign currency exchange differences	11	1	-	-	12
As at 30 June 2020	131,785	926	4,864	3,699	141,274
Net Book Value					
As at 30 June 2021	**101,973**	**250**	**18**	**829**	**103,070**
As at 30 June 2020	115,998	458	840	2,243	119,539

* Derecognition of the right-of-use assets during the financial period is as a result of entering into the finance sublease.

The Group leases various land, buildings, machinery and motor vehicles. Leases of land and buildings generally have lease term of 2 to 79 years whilst machinery and motor vehicles generally have a lease term of 2 and 7 years.

The Group and the Company have certain leases with lease terms of 12 months or less or leases of low-value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

The maturity analysis of lease liabilities is presented in Note 31.

Notes to the Financial Statements

for the financial year ended 30 June 2021

13. RIGHT-OF-USE ASSETS (CONT'D.)

Variable lease payments

Some leases of batching plants contain variable lease payments that are based on the volume of the concrete produced by the Group at the batching plant. Those payments are common in the industry where the Group operates. Fixed and variable lease payments for the financial year/period were as follows:

Group	Fixed payments RM'000	Variable payments RM'000	Total payments RM'000
2021			
Leases with variable lease payments	**-**	**176**	**176**
2020			
Leases with variable lease payments	702	1,593	2,295

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

14. INVESTMENT PROPERTY

	2021 RM'000	2020 RM'000
At Cost		
At beginning and end of financial year/period	**4,079**	4,079
Accumulated Depreciation		
At beginning of financial year/period	**367**	362
Charge for the financial year/period	**4**	5
At end of financial year/period	**371**	367
Impairment Loss		
At beginning and end of financial year/period	**585**	585
Net Book Value	**3,123**	3,127
Included in the above are:		
Freehold land	**3,100**	3,100
Buildings	**23**	27
	3,123	3,127

Investment property comprises of freehold land and buildings that is leased to third parties.

Notes to the Financial Statements

for the financial year ended 30 June 2021

14. INVESTMENT PROPERTY (CONT'D.)

The property rental income earned by the Group from its investment property, all of which are leased out under operating leases, amounted to RM385,000 (2020: RM165,000). Direct operating expenses arising on the investment property amounted to RM2,000 (2020: RM5,000).

The operating lease payments to be received are as follows:

Group	2021 RM'000	2020 RM'000
Less than 1 year	**21**	7
Between 1 and 5 years	**11**	–
Total undiscounted lease payments	**32**	7

The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change of the valuation technique during the financial year.

Details of the Group's investment property and information about the fair value hierarchy are as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair value RM'000
2021				
– Freehold land	**-**	**-**	**9,541**	**9,541**
– Buildings	**-**	**-**	**277**	**277**
	-	**-**	**9,818**	**9,818**
2020				
– Freehold land	–	–	9,541	9,541
– Buildings	–	–	277	277
	–	–	9,818	9,818

There were no transfers between Levels 1, 2 and 3 during the financial year.

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

	2021 RM'000	2020 RM'000
At beginning of financial year/period	**9,818**	4,467
Fair value changes during the financial year/period	**-**	5,351
At end of financial year/period	**9,818**	9,818

Notes to the Financial Statements

for the financial year ended 30 June 2021

15. INTANGIBLE ASSETS

Intangible assets consist of the following:

	Group	
	2021 **RM'000**	**2020** **RM'000**
Goodwill on consolidation	**1,387,089**	1,387,089
Quarry rights	**12,804**	14,934
	1,399,893	1,402,023

15.1 Goodwill on Consolidation

	Group	
	2021 **RM'000**	**2020** **RM'000**
At beginning and end of financial year/period	**1,387,089**	1,387,089

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of any impairment losses, the carrying amount of goodwill has been allocated to the following business segments as independent CGUs:

	Group	
	2021 **RM'000**	**2020** **RM'000**
Cement	**1,327,850**	1,327,850
Aggregates and concrete	**59,239**	59,239
	1,387,089	1,387,089

Notes to the Financial Statements
for the financial year ended 30 June 2021

15. INTANGIBLE ASSETS (CONT'D.)

15.1 Goodwill on Consolidation (cont'd.)

The Group's methodology to test its goodwill for impairment is described in Note 4. The goodwill is allocated to the respective CGU corresponding to the activity of the segment.

The recoverable amount of CGU is determined based on value-in-use calculations applying a discounted cash flow model based on cash flows projections covering a five-year period of each CGU.

15.1.1 Key assumptions used

The following assumptions have been applied in the value-in-use calculation for the goodwill in cement segment ("A") and aggregates and concrete segment ("B"):

	2021		2020	
	A	**B**	**A**	**B**
	%	**%**	**%**	**%**
Pre-tax discount rate	**8.00**	**8.50**	9.10	8.70
Terminal growth rate	**2.20**	**2.20**	2.20	2.20

(a) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the CGU.

(b) Terminal growth rate

The long term annual growth rate used is consistent with the average long term annual growth rate for the relevant industries.

(c) The cement selling price and sales volume in preparing the cash flow projections were determined based on past business performance and management's expectations on the current market condition.

15.1.2 Sensitivity analysis

The management believes that there are no reasonable possible change in any of the key assumptions which would cause the carrying value of the goodwill allocated to CGUs to materially exceeds its recoverable amount.

Notes to the Financial Statements
for the financial year ended 30 June 2021

15. INTANGIBLE ASSETS (CONT'D.)

15.2 Quarry Rights (with finite useful life)

	Group	
	2021 RM'000	**2020 RM'000**
Cost		
At beginning and end of financial year/period	**27,783**	27,783
Accumulated Amortisation		
At beginning of financial year/period	**12,849**	9,632
Charge for the financial year/period	**2,130**	3,217
At end of financial year/period	**14,979**	12,849
Net Book Value	**12,804**	14,934

The amount charged in respect of the amortisation of quarry rights is taken up as part of the cost of sales in profit or loss of the Group.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	**2020 RM'000**
Unquoted shares, at cost:		
In Malaysia	**2,415,761**	2,415,761

Details of the Company's subsidiaries are as follows:

		Proportion of ownership interest and voting rights held by the Group	
Name of Subsidiary	**Principal Activities**	**2021 %**	**2020 %**
Incorporated in Malaysia			
Associated Pan Malaysia Cement Sdn. Bhd.	Manufacture and sale of cement and clinker	**100**	100
Kedah Cement Sdn. Bhd.	Manufacture and sale of cement, clinker and related products	**100**	100

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the Company's subsidiaries are as follows: (cont'd.)

Name of Subsidiary	Principal Activities	Proportion of ownership interest and voting rights held by the Group 2021 %	2020 %
Incorporated in Malaysia			
Lafarge Drymix Sdn. Bhd.	Manufacture and sale of cement and drymix products	**100**	100
CMCM Perniagaan Sdn. Bhd.	Distribution of cement and building materials	**100**	100
Jumewah Shipping Sdn. Bhd.	Shipping of bulk cement and vessels chartering	**100**	100
Kedah Cement Jetty Sdn. Bhd.	Licensed jetty operator	**100**	100
Lafarge Aggregates Sdn. Bhd.	Investment holding, trading and quarrying of aggregates and related products	**100**	100
Lafarge Aggregates (Pantai Remis) Sdn. Bhd.	Trading and quarrying of aggregates and related products and leasing of quarrying rights of aggregates and related materials	**100**	100
Lafarge Concrete (Malaysia) Sdn. Bhd.	Manufacture and sale of ready-mixed concrete	**93.26**	93.26
Lafarge Concrete Industries Sdn. Bhd.	Manufacture and sale of ready-mixed concrete	**93.26**	93.26
Lafarge Concrete (East Malaysia) Sdn. Bhd. (in liquidation)[#]	Dormant	**93.26**	93.26
Probuilders Centre Sdn. Bhd. (in liquidation)[#]	Dormant	**100**	100
Holcim (Malaysia) Sdn. Bhd.	Manufacture and sale of cement	**100**	100
Simen Utama Marketing Sdn. Bhd.	Marketing, trading and manufacturing of cement and related products	**100**	100

Notes to the Financial Statements

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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the Company's subsidiaries are as follows: (cont'd.)

Name of Subsidiary	Principal Activities	Proportion of ownership interest and voting rights held by the Group 2021 %	2020 %
Incorporated in Malaysia			
Lafarge Aggregates (Kota Tinggi) Sdn. Bhd.	Quarrying and trading of granite and quarry products	**100**	100
Geo Alam Sdn. Bhd. (formerly known as Geocycle Malaysia Sdn. Bhd.)	Trading of any type of cementitious materials for cement or concrete use	**100**	100
M-Cement Sdn. Bhd.	Investment holding	**100**	100
Kedah Cement Holdings Berhad	Investment holding	**100**	100
YTL Cement Shared Services Sdn. Bhd.	Accounting shared services, and management consulting services	**100**	100
Geo Alam Environmental Sdn. Bhd. (formerly known as Geocycle Environmental Services Sdn. Bhd.)	Waste management in supplying, delivering of alternative fuels and raw materials for use in cement manufacturing activities	**100**	100
Incorporated in Singapore			
LMCB Holding Pte. Ltd.*	Investment holding	**100**	100
LCS Pte. Ltd.*	Bulk import and sale of cement and trading of other building materials	**100**	100
Supermix Concrete Pte. Ltd.*	Investment holding	**100**	100
Lafarge Marketing Pte. Ltd.*	Investment holding	**100**	100
PMCWS Enterprises Pte. Ltd.*	Investment holding	**100**	100
LCS Shipping Pte. Ltd.*	Shipping of bulk cement and chartering of vessels	**100**	100

* The financial statements of these subsidiaries were audited by firms other than Deloitte.

These subsidiaries have been placed under members' voluntary winding-up.

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17. INVESTMENT IN JOINT VENTURE

	Group	
	2021 RM'000	**2020 RM'000**
Unquoted shares at cost, representing share of net assets acquired	**17,975**	17,975
Group's share of post acquisition results	**44,457**	26,461
Exchange differences	**7,735**	7,405
	70,167	51,841
Less: Dividends received	**(19,035)**	(15,908)
	51,132	35,933

At Group level, the carrying value of joint venture represents its share of net assets in the joint venture at end of the reporting period. Summarised financial information in respect of the Group's joint venture is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Total assets	**232,451**	130,057
Total liabilities	**(137,733)**	(65,694)
Net assets	**94,718**	64,363
Group's share of joint venture's net assets	**47,359**	32,182
Goodwill	**3,288**	3,288
Effect of foreign currency exchange differences	**485**	463
	51,132	35,933

	2021 (12 months) RM'000	**2020 (18 months) RM'000**
Total revenue	**539,185**	724,074
Total profit for the financial year/period	**35,991**	34,432
Share of results in joint venture	**17,996**	17,216

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17. INVESTMENT IN JOINT VENTURE (CONT'D.)

Details of the joint venture are as follows:

Name of Joint Venture	Principal Activities	Proportion of ownership interest and voting rights held by the Group 2021 %	2020 %
Incorporated in Singapore			
Alliance Concrete Singapore Pte. Ltd.	Production and sale of ready-mixed concrete	**50**	50

18. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred Tax Assets

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of financial year/period	**228,293**	170,086
Recognised in profit or loss	**9,251**	57,556
Recognised in other comprehensive income	**-**	285
Reclassification from deferred tax liabilities	**781**	364
Effects of foreign currency exchange differences	**(1)**	2
At end of financial year/period	**238,324**	228,293

Deferred Tax Liabilities

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of financial year/period	**(119,463)**	(128,198)
Recognised in profit or loss	**(8,105)**	8,850
Recognised in other comprehensive income	**-**	249
Reclassification to deferred tax assets	**(781)**	(364)
At end of financial year/period	**(128,349)**	(119,463)

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18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

As mentioned in Note 3.13, the tax effects of unused tax losses, unabsorbed capital allowances and deductible temporary differences which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses, unabsorbed capital allowances and deductible temporary differences can be utilised.

The amount of unused tax losses, unabsorbed capital allowances and deductible temporary differences of certain subsidiaries for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Unused tax losses		
- expired by 30 June 2025	**81,200**	83,538
- expired by 30 June 2026	**2,130**	2,130
- expired by 30 June 2028	**11,643**	-
- with no expiry period	**30,076**	30,076
Unabsorbed capital allowances	**30,323**	36,079
Deductible temporary differences	**123**	9,230
	155,495	161,053

Pursuant to guidelines issued by the Malaysia tax authorities in 2018, the Ministry of Finance ("MOF") has allowed companies to carry forward their unabsorbed capital allowances indefinitely until is it fully absorbed. With effect from year of assessment 2019, any unused business losses in a year of assessment can only be carried forward for a maximum year of 7 consecutive years of assessment. This can be utilised against income from the same business source for unabsorbed capital allowances and utilised against income from any business source for unused tax losses.

Notes to the Financial Statements

for the financial year ended 30 June 2021

18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

The components and movements of deferred tax assets and liabilities during the financial year/period are as follows:

Group	Property, plant and equipment RM'000	Right-of-use assets RM'000	Payables and reserves RM'000	Unused tax losses RM'000	Unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
Deferred Tax Assets							
As at 1 January 2019	(30,245)	-	5,029	177,016	15,270	3,016	170,086
Recognised in profit or loss	(475)	(1,220)	(7,896)	47,147	15,703	4,297	57,556
Recognised in other comprehensive income	-	-	285	-	-	-	285
Reclassification from deferred tax liabilities	863	-	(499)	-	-	-	364
Effects of foreign currency exchange differences	2	-	-	-	-	-	2
As at 30 June 2020/1 July 2020	(29,855)	(1,220)	(3,081)	224,163	30,973	7,313	228,293
Recognised in profit or loss	(2,839)	43	6,635	(16,761)	23,807	(1,634)	9,251
Reclassification from deferred tax liabilities	781	-	-	-	-	-	781
Effects of foreign currency exchange differences	(1)	-	-	-	-	-	(1)
As at 30 June 2021	(31,914)	(1,177)	3,554	207,402	54,780	5,679	238,324
Deferred Tax Liabilities							
As at 1 January 2019	(158,178)	-	5,894	21,267	-	2,819	(128,198)
Recognised in profit or loss	(12,968)	409	1,320	720	18,815	554	8,850
Recognised in other comprehensive income	-	-	249	-	-	-	249
Reclassification to deferred tax assets	(863)	-	499	-	-	-	(364)
As at 30 June 2020/1 July 2020	(172,009)	409	7,962	21,987	18,815	3,373	(119,463)
Recognised in profit or loss	2,031	(464)	(5,639)	(18,817)	19,970	(5,186)	(8,105)
Reclassification to deferred tax assets	(781)	-	-	-	-	-	(781)
As at 30 June 2021	(170,759)	(55)	2,323	3,170	38,785	(1,813)	(128,349)

RM873,411,000 (2020: RM869,264,000) of unused tax losses of subsidiaries that are suffering losses are recognised as management considered it is probable that future taxable profits will be available against which they can be utilised.

Notes to the Financial Statements
for the financial year ended 30 June 2021

19. OTHER FINANCIAL ASSETS

Group	Quoted, unquoted and other investments RM'000	Debentures RM'000	Total RM'000
2021			
Non-current:			
Fair value through other comprehensive income (Note 19.1)	3,449	-	3,449
	3,449	-	3,449
2020			
Non-current:			
Fair value through other comprehensive income (Note 19.1)	2,772	–	2,772
Current:			
Amortised cost	–	1,255	1,255
	2,772	1,255	4,027

Company	Debentures RM'000
2021	
Current:	
Amortised cost	-
2020	
Current:	
Amortised cost	1,255

Notes to the Financial Statements

for the financial year ended 30 June 2021

19. OTHER FINANCIAL ASSETS (CONT'D.)

19.1 Equity Instruments Designated at Fair Value through Other Comprehensive Income

The Group designated the investments of equity securities as at fair value through other comprehensive income because these equity securities represent investments that the Group intends to hold for long-term strategic purposes.

Group	Fair value at 30 June 2021 RM'000	Dividend income recognised during 2021 (12 months) RM'000	Fair value at 30 June 2020 RM'000	Dividend income recognised during 2020 (18 months) RM'000
MGB Berhad	**724**	**-**	395	-
Simen Utara Sdn. Bhd.	**2,558**	**180**	2,177	180
Others	**167**	**-**	200	-
	3,449	**180**	2,772	180

20. NET INVESTMENT IN LEASES

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year/period	**15,886**	-
Effect of adoption of MFRS 16	**-**	16,739
Additions	**-**	5,087
Interest income	**573**	1,128
Lease payments received	**(4,766)**	(7,068)
At end of financial year/period	**11,693**	15,886
Current	**4,107**	4,193
Non-current	**7,586**	11,693

The Group leases concrete mixer trucks to third parties. Each of the leases contains an initial non-cancellable period of 7 years.

These leases transfer substantially all the risk and rewards incidental to ownership of the concrete mixer trucks. The Group expects the residual value of the concrete mixer trucks at the end of the lease term to be minimal. These leases do not include buy-back agreements or residual value guarantees.

Notes to the Financial Statements

for the financial year ended 30 June 2021

20. NET INVESTMENT IN LEASES (CONT'D.)

The lease payments to be received are as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Less than 1 year	**4,507**	4,766
1 to 2 years	**3,524**	4,507
2 to 3 years	**2,598**	3,524
3 to 4 years	**1,345**	2,598
4 to 5 years	**537**	1,345
More than 5 years	**-**	537
Total undiscounted lease payments	**12,511**	17,277
Unearned interest income	**(818)**	(1,391)
Net investment in leases	**11,693**	15,886

The Group recognised a gain of RMNil (2020: RM77,000) for new finance lease entered into.

21. AMOUNTS OWING BY/(TO) SUBSIDIARIES

21.1 Amounts Owing by Subsidiaries

	Company	
	2021 RM'000	**2020 RM'000**
Current:		
Short-term loans and advances to subsidiaries (a)	**268,349**	167,484
Outstanding balances receivable for other transactions (b)	**165**	2,854
	268,514	170,338

(a) The loans and advances to subsidiaries are unsecured, interest-free and repayable on demand except for the short term loan of RM100,000,000 (2020: RMNil), which bears interest at a rate of 2.58% (2020: Nil) per annum.

(b) Outstanding balances receivable for other transactions, which arose mainly from payment made on behalf, are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

for the financial year ended 30 June 2021

21. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D.)

21.2 Amounts Owing to Subsidiaries

	Company	
	2021 RM'000	**2020 RM'000**
Current:		
Short-term loans and advances from subsidiaries (c)	**-**	193,984
Outstanding balances payables for other transactions (d)	**-**	1,051
	-	195,035

(c) In 2020, the loans and advances from subsidiaries were unsecured, interest-free and repayable on demand except for an advance of RM83,283,000, which bore interest at a rate of 4.80% per annum.

(d) Outstanding balances payables for other transactions, which arose mainly from payment made on behalf, are unsecured, interest-free and repayable on demand.

22. INVENTORIES

	Group	
	2021 RM'000	**2020 RM'000**
At cost:		
Fuels, raw and packing materials	**69,812**	86,816
Finished and semi-finished goods	**54,777**	53,247
Engineering parts and consumables	**140,337**	145,217
	264,926	285,280
Provision for inventory obsolescence	**(31,330)**	(30,364)
	233,596	254,916
Recognise in profit or loss:		
Inventories recognised as cost of sales	**678,473**	1,469,930
Inventories written off	**-**	13,863
Provision for inventory obsolescence	**966**	5,921

Notes to the Financial Statements

for the financial year ended 30 June 2021

22. INVENTORIES (CONT'D.)

The movement in provision for inventory obsolescence for engineering parts and consumables during the financial year/period is shown below:

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of financial year/period	**30,364**	24,443
Provision for inventory obsolescence	**966**	5,921
At end of financial year/period	**31,330**	30,364

The Group's inventories are expected to be recovered within the next twelve months other than engineering parts and consumables which are expected to be utilised as and when the components in the plants require replacements and may be utilised after the next twelve months.

23. TRADE RECEIVABLES

	Group	
	2021 RM'000	**2020 RM'000**
Trade receivables	**114,319**	143,632
Loss allowance	**(23,541)**	(31,290)
	90,778	112,342

Trade receivables of the Group comprise amounts receivable for the trading and sales of goods. The credit term for trade receivables of the Group ranges from 30 to 90 days (2020: 30 to 120 days).

Notes to the Financial Statements

for the financial year ended 30 June 2021

23. TRADE RECEIVABLES (CONT'D.)

The following table provides information about the exposure to credit risk and ECL for trade receivables, which are grouped together as they are expected to have similar risk nature:

Group	Gross-carrying amount RM'000	Loss allowance RM'000	Net RM'000
2021			
Not past due	**27,046**	**(151)**	**26,895**
Past due 0 - 30 days	**27,526**	**(505)**	**27,021**
Past due 31 - 60 days	**19,112**	**(1,111)**	**18,001**
Past due 61 - 90 days	**9,569**	**(979)**	**8,590**
	83,253	**(2,746)**	**80,507**
Credit impaired			
Past due more than 90 days	**17,434**	**(7,163)**	**10,271**
Individually impaired	**13,632**	**(13,632)**	**-**
	31,066	**(20,795)**	**10,271**
At end of financial year	**114,319**	**(23,541)**	**90,778**
2020			
Not past due	43,237	(192)	43,045
Past due 0 - 30 days	12,012	(59)	11,953
Past due 31 - 60 days	13,428	(629)	12,799
Past due 61 - 90 days	14,151	(1,396)	12,755
	82,828	(2,276)	80,552
Credit impaired			
Past due more than 90 days	44,806	(13,016)	31,790
Individually impaired	15,998	(15,998)	-
	60,804	(29,014)	31,790
At end of financial period	143,632	(31,290)	112,342

Notes to the Financial Statements
for the financial year ended 30 June 2021

23. TRADE RECEIVABLES (CONT'D.)

The movements in the loss allowance in respect of trade receivables during the financial year/period are shown below:

Group	Lifetime ECL RM'000	Credit Impaired RM'000	Total RM'000
2021			
At beginning of financial year	**2,276**	**29,014**	**31,290**
Loss allowance during the financial year	**709**	**1,601**	**2,310**
Amounts written off	**-**	**(1,645)**	**(1,645)**
Loss allowance no longer required	**(239)**	**(8,175)**	**(8,414)**
At end of financial year	**2,746**	**20,795**	**23,541**
2020			
At beginning of financial period	241	3,831	4,072
Loss allowance during the financial period	2,038	27,979	30,017
Amounts written off	-	(265)	(265)
Loss allowance no longer required	(3)	(2,531)	(2,534)
At end of financial period	2,276	29,014	31,290

The currency profile of trade receivables of the Group is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	**85,818**	105,419
United States Dollar	**4,960**	6,923
	90,778	112,342

24. OTHER RECEIVABLES, PREPAID EXPENSES AND REFUNDABLE DEPOSITS

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
GST receivable	**3,556**	9,942	**-**	-
Other receivables	**11,817**	14,536	**62**	144
Prepaid expenses	**12,911**	3,904	**98**	86
Refundable deposits	**10,839**	13,279	**365**	272
	39,123	41,661	**525**	502

Other receivables of the Group includes loans and advances given to the staffs, which are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

for the financial year ended 30 June 2021

25. RELATED PARTY DISCLOSURES

The Directors regard Yeoh Tiong Lay & Sons Family Holdings Limited, a company incorporated in Jersey, as the Company's ultimate holding company.

In addition to the related party information disclosed elsewhere in the financial statements, the details of related parties and their relationship with the Company and its subsidiaries are as follows:

Name of related parties	Relationship
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Penultimate holding company
YTL Corporation Berhad	Intermediate holding company
YTL Cement Berhad	Immediate holding company
Alliance Concrete Singapore Pte. Ltd.	Joint venture of the Group
Batu Tiga Quarry Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Beijing Dama Sinosource Trading Co., Ltd	Subsidiary of YTL Cement Berhad
Bentara Gemilang Industries Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Buildcon-Cimaco Concrete Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Buildcon Concrete Sdn. Bhd.	Subsidiary of YTL Cement Berhad
C.I. Readymix Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Gemilang Pintar Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Jurong Cement Limited	Subsidiary of YTL Cement Berhad
Kenneison Northern Quarry Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Mini-Mix Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Nanyang Cement Pte. Ltd.	Subsidiary of YTL Cement Berhad
Pahang Cement Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Perak-Hanjoong Simen Sdn. Bhd.	Subsidiary of YTL Cement Berhad
RC Aggregates Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Slag Cement Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Slag Cement (Southern) Sdn. Bhd.	Subsidiary of YTL Cement Berhad
SMC Mix Sdn. Bhd.	Subsidiary of YTL Cement Berhad
Straits Cement Sdn. Bhd.	Subsidiary of YTL Cement Berhad
YTL Cement Marketing Sdn. Bhd.	Subsidiary of YTL Cement Berhad
YTL Cement Marketing Singapore Pte. Ltd.	Subsidiary of YTL Cement Berhad
YTL Cement Myanmar (Holdings) Pte. Ltd.	Subsidiary of YTL Cement Berhad
YTL Cement Terminal Services Pte. Ltd.	Subsidiary of YTL Cement Berhad
Dynamic Marketing Sdn. Bhd.	Subisdiary of YTL Corporation Berhad
YTL Communications Sdn. Bhd.	Subisdiary of YTL Corporation Berhad
YTL Info Screen Sdn. Bhd.	Subsidiary of YTL Corporation Berhad
YTL Technologies Sdn. Bhd.	Subisdiary of YTL Corporation Berhad

The amounts owing by/(to) holding and other related companies represent mainly trade transactions and payments on behalf. The amounts outstanding arising from expenses paid on behalf by the other related companies are unsecured, interest-free and repayable on demand. The amounts outstanding relating to trade and other transactions were made under agreed terms and conditions.

Notes to the Financial Statements

for the financial year ended 30 June 2021

25. RELATED PARTY DISCLOSURES (CONT'D.)

25.1 Significant Related Party Transactions

	Group	
	2021 Transactions during the financial year (12 months) RM'000	**2020 Transactions during the financial period (18 months) RM'000**
Immediate holding company of the Company:		
Provision of I.T. hardware, software and maintenance services	**334**	228
Rental payable for use of office premise	**909**	-
Joint venture of the Group:		
Sales of cement and concrete products	**91,387**	114,432
Batching income	**272**	344
Management service fees	**147**	226
Subsidiaries of ultimate holding company of the Company:		
Sales of cement, clinker, drymix and cementitous materials	**740,976**	228,004
Purchase of cement, clinker, drymix and cementitious materials	**266,301**	107,379
Sales of aggregates, sand and concrete products	**23,169**	3,814
Purchase of aggregates, sand and concrete products	**108,998**	9,256
Rental payable for use of land and office premise	**184**	274
Rental receivable for use of land and office premise	**35**	1,087
Rental receivable for use of plant and machinery	**2,038**	-
Silo storage charges	**887**	137
Support functions and packing of cementitious product service fees	**226**	4,816
Terminal management service fees	**-**	137
Purchase of spare parts	**8,150**	367
Sales of property, plant and equipment	**664**	1,800
Shared services management fee receivable	**1,629**	-
Management fee payable	**960**	-
Procurement of maintenance parts and service fees	**167**	-
Provision of telecommunication services	**156**	279
Provision of travelling and hotel services	**-**	162

The Directors are of the opinion that the related party transactions are entered into in the normal course of business and have been established under agreed terms and conditions.

Notes to the Financial Statements

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25. RELATED PARTY DISCLOSURES (CONT'D.)

25.2 Amounts Owing by Holding and Other Related Companies

	Group	
	2021 RM'000	**2020 RM'000**
Current:		
Trade amounts owing by holding and other related companies	**173,556**	68,711
Outstanding balances receivable for other operating transactions	**3,624**	16
	177,180	68,727

The following table provides information about the exposure to credit risk and ECL for trade amounts owing by holding and other related companies which are grouped together as they are expected to have similar risk nature:

Group	Gross-carrying amount RM'000	Loss allowance RM'000	Net RM'000
2021			
Not past due	**38,765**	**-**	**38,765**
Past due 0 - 30 days	**66,855**	**-**	**66,855**
Past due 31 - 60 days	**34,842**	**-**	**34,842**
Past due 61 - 90 days	**13,998**	**-**	**13,998**
Past due more than 90 days	**19,096**	**-**	**19,096**
	173,556	**-**	**173,556**
2020			
Not past due	52,054	-	52,054
Past due 0 - 30 days	5	-	5
Past due 31 - 60 days	2,088	-	2,088
Past due 61 - 90 days	152	-	152
Past due more than 90 days	14,412	-	14,412
	68,711	-	68,711

Trade amounts owing by holding and other related companies comprise amounts receivable for the trading and sales of goods. The credit term for trade amounts owing by holding and other related companies ranges from 30 to 60 days (2020: 30 to 60 days).

Notes to the Financial Statements
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25. RELATED PARTY DISCLOSURES (CONT'D.)

25.2 Amounts Owing by Holding and Other Related Companies (cont'd.)

The currency profile of amounts owing by holding and other related companies of the Group is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
United States Dollar	**4,033**	3
Ringgit Malaysia	**152,814**	52,465
Singapore Dollar	**20,333**	16,259
	177,180	68,727

25.3 Amounts Owing by Joint Venture

	Group	
	2021 RM'000	**2020 RM'000**
Current:		
Trade amounts owing by joint venture	**21,669**	2,038
Outstanding balances receivable for other operating transactions	**-**	174
	21,669	2,212

Notes to the Financial Statements

for the financial year ended 30 June 2021

25. RELATED PARTY DISCLOSURES (CONT'D.)

25.3 Amounts Owing by Joint Venture (cont'd.)

The following table provides information about the exposure to credit risk and ECL for trade amounts owing by joint venture which are grouped together as they are expected to have similar risk nature:

Group	Gross-carrying amount RM'000	Loss allowance RM'000	Net RM'000
2021			
Not past due	**10,983**	**-**	**10,983**
Past due 0 - 30 days	**10,686**	**-**	**10,686**
At end of financial year	**21,669**	**-**	**21,669**
2020			
Not past due	254	-	254
Past due 0 - 30 days	1,784	-	1,784
At end of financial period	2,038	-	2,038

Trade amounts owing by joint venture comprise amounts receivable for the trading and sales of goods. The credit term for trade amounts owing by joint venture is 60 days (2020: 60 days).

The currency profile of amounts owing by joint venture of the Group is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Singapore Dollar	**21,669**	2,212

Notes to the Financial Statements
for the financial year ended 30 June 2021

25. RELATED PARTY DISCLOSURES (CONT'D.)

25.4 Amounts Owing to Holding and Other Related Companies

	Group	
	2021 RM'000	**2020 RM'000**
Current:		
Trade amounts owing to holding and other related companies	**88,578**	47,574
Outstanding balances payable for other operating transactions	**3,113**	731
	91,691	48,305

The currency profile of amounts owing to holding and other related companies of the Group is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	**68,344**	48,194
Singapore Dollar	**19,556**	111
Chinese Renminbi	**3,791**	-
	91,691	48,305

25.5 Compensation of Key Management Personnel

The members of key management personnel of the Group and of the Company comprise Directors of the Group and of the Company. Details on the compensation for these key management personnel are disclosed in Note 5.6.

Notes to the Financial Statements

for the financial year ended 30 June 2021

26. SHARE CAPITAL

	Group			
	2021		2020	
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000
Issued and fully paid:				
Ordinary shares				
At beginning of financial year/period	**849,695**	**1,950,692**	849,695	1,950,692
Issue of share capital	**85,000**	**237,150**	–	–
Others	**-**	**(173)**	–	–
At end of financial year/period	**934,695**	**2,187,669**	849,695	1,950,692

	Company			
	2021		2020	
	No. of shares ('000)	RM'000	No. of shares ('000)	RM'000
Issued and fully paid:				
Ordinary shares				
At beginning of financial year/period	**849,695**	**1,950,525**	849,695	1,950,525
Issue of share capital	**85,000**	**237,150**	–	–
Others	**-**	**(6)**	–	–
At end of financial year/period	**934,695**	**2,187,669**	849,695	1,950,525

The Company increased its issued and paid-up ordinary share capital during the year by the issuance of 85,000,000 new ordinary shares at an issue price of RM2.79 each for working capital purposes and repayment of bank borrowings.

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

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 the meetings of the Company.

Notes to the Financial Statements
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27. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	**2021 RM'000**	2020 RM'000
Non-distributable:				
Exchange equalisation reserve	**30,217**	29,977	**-**	-
Investments revaluation reserve	**2,810**	2,133	**-**	-
	33,027	32,110	**-**	-

27.1 Exchange Equalisation Reserve

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year/period	**29,977**	28,516
Exchange differences relating to translating the net assets of foreign operations	**240**	1,461
At end of financial year/period	**30,217**	29,977

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Ringgit Malaysia) are recognised directly in other comprehensive income and accumulated in the exchange equalisation reserve.

27.2 Investments Revaluation Reserve

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year/period	**2,133**	2,212
Fair value gain/(loss)	**677**	(79)
At end of financial year/period	**2,810**	2,133

The investments revaluation reserve represents cumulative gains and losses arising from the revaluation of investment in equity instruments designated as FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal.

Notes to the Financial Statements

for the financial year ended 30 June 2021

27. RESERVES (CONT'D.)

27.3 Hedging Reserve

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year/period	**-**	(85)
Gain recognised on cash flow hedges:		
- foreign currency forward contracts	**-**	112
Deferred tax related to gains recognised in other comprehensive income	**-**	(27)
At end of financial year/period	**-**	-

The hedging reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedge instrument is reclassified to profit or loss only when the hedged transaction affects profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

28. RETAINED EARNINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Distributable reserve:				
Retained earnings	**309,367**	301,884	**496,607**	440,778
At beginning of financial year/period	**301,884**	563,907	**440,778**	439,755
Effect of adoption of MFRS 16	**-**	820	**-**	-
As restated	**301,884**	564,727	**440,778**	439,755
Profit/(loss) attributable to owners of the Company	**7,310**	(261,067)	**55,823**	1,023
Actuarial loss on defined benefit plan recognised directly in retained earnings	**-**	(2,336)	**-**	-
Income tax on income and expenses taken directly to retained earnings	**-**	560	**-**	-
Others	**173**	-	**6**	-
At end of financial year/period	**309,367**	301,884	**496,607**	440,778

The entire retained earnings of the Company are available for distribution as single-tier dividends. Under the single-tier dividend system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders.

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29. NON-CONTROLLING INTERESTS

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of financial year/period	**5,474**	5,559
Effect of adoption of MFRS 16	**-**	59
As restated	**5,474**	5,618
Share of loss for the financial year/period	**(221)**	(142)
Share of other comprehensive loss for the financial year/period	**-**	(2)
At end of financial year/period	**5,253**	5,474

30. BORROWINGS

	Group	
	2021 RM'000	**2020 RM'000**
Current - at amortised cost		
Non-secured:		
Sukuk Wakalah (a)	**-**	220,000
Revolving credit (b)	**220,000**	429,800
	220,000	649,800
Non-current - at amortised cost		
Non-secured:		
Sukuk Wakalah (a)	**499,910**	279,817
	499,910	279,817
Current	**220,000**	649,800
Non-current:		
2 - 5 years	**499,910**	279,817
Total borrowings	**719,910**	929,617

All borrowings are denominated in Ringgit Malaysia.

Notes to the Financial Statements

for the financial year ended 30 June 2021

30. BORROWINGS (CONT'D.)

(a) Sukuk Wakalah Programme

In 2016, Kedah Cement Sdn. Bhd. ("KCSB"), a wholly-owned subsidiary of the Company, had established a Sukuk Wakalah Programme ("Sukuk Wakalah") for the issuance of up to RM500,000,000 in nominal value of Sukuk Wakalah. It provides KCSB the flexibility to raise funds from time to time which can be utilised to finance and/or to reimburse the acquisition of property, plant and equipment/investments, to fund working capital requirements and to refinance existing bank borrowings of KCSB. The Sukuk Wakalah Programme has a tenure of 7 years from the date of first issuance of the Sukuk Wakalah.

On 13 January 2017, KCSB made its first and second issuance of RM100,000,000 and RM180,000,000 in nominal value of Sukuk Wakalah, respectively based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of KCSB. The Sukuk Wakalah bore profit based at 4.40% and 4.80% per annum and has been fully settled in 2018 and 2020, respectively.

On 13 December 2017 and 10 July 2019, KCSB made its third and fourth issuance of RM100,000,000 in nominal value of Sukuk Wakalah, based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of KCSB. The Sukuk Wakalah are due on 11 December 2020 and 8 July 2022 and bear profit at 5.00% and 5.06% per annum, respectively payable semi-annually. The third issuance of Sukuk Wakalah has been fully settled during the year.

On 10 July 2019, KCSB made its fifth issuance of RM120,000,000 in nominal value of Sukuk Wakalah, based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of KCSB. The Sukuk Wakalah bore profit at 4.10% per annum and has been fully settled during the year.

On 13 January 2020, 9 July 2020 and 11 December 2020, KCSB made its sixth, seventh and eighth issuance of RM180,000,000, RM120,000,000 and RM100,000,000 in nominal value of Sukuk Wakalah, based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of KCSB. The Sukuk Wakalah are due on 13 January 2023, 7 July 2023 and 11 December 2023 and bear profit at 4.60%, 4.55% and 4.40% per annum respectively, payable semi-annually.

(b) The interest rate for the revolving credit ranges from 2.41% to 4.25% (2020: 2.75% to 4.57%) per annum.

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31. LEASE LIABILITIES

	Group	
	2021 RM'000	**2020 RM'000**
At beginning of financial year/period	**65,996**	-
Effect of adoption of MFRS 16	**-**	95,402
Additions	**2,067**	5,386
Finance costs	**2,522**	5,206
Payments	**(13,587)**	(40,126)
Expiry/Termination	**(5,071)**	-
Remeasurement	**(108)**	-
Effect of foreign currency exchange differences	**66**	128
At end of financial year/period	**51,885**	65,996
Analysed as:		
Non-current	**37,504**	50,151
Current	**14,381**	15,845
	51,885	65,996
Maturity analysis		
Within 1 year	**14,381**	15,845
Between 2 to 5 years	**23,453**	28,975
More than 5 years	**14,051**	21,176
	51,885	65,996

The Group discounted the lease liabilities by using the Group's incremental borrowings rates, which ranges from 3.36% to 4.05% (2020: 3.16% to 4.37%).

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32. RETIREMENT BENEFITS

The defined benefit plan typically exposes the Group and the Company to actuarial risks such as longevity risk and salary risk.

Type	Risk
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 28 August 2020 by the external actuary.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal actuarial assumptions at the end of the reporting period are as follows:

	2021 %	2020 %
Discount rate	**3.9**	3.9
Future salary increase	**5.0**	5.0

Significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analysis below has been determined based on reasonably possible change of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increase/(decrease) by 0.5%, the defined benefit obligation would decrease by RM959,471/increase by RM1,017,212 (2020: decreased by RM1,016,616/increase by RM1,081,738).

Notes to the Financial Statements

for the financial year ended 30 June 2021

32. RETIREMENT BENEFITS (CONT'D.)

The movements in the net liability recognised in the statements of financial position are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At beginning of financial year/period	**21,937**	54,462	**-**	115
Charge/(reversal) for the financial year/period	**902**	(16,216)	**-**	5
Benefit paid/payable	**(1,075)**	(18,648)	**-**	(120)
Actuarial loss recognised in other comprehensive income	**-**	2,339	**-**	-
At end of financial year/period	**21,764**	21,937	**-**	-

The amounts recognised in the statements of financial position are analysed as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Present value of unfunded obligation	**21,764**	21,937	**-**	-

Reconciliations of the present value of unfunded obligation are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At beginning of financial year/period	**21,937**	54,462	**-**	115
Current service cost	**71**	123	**-**	-
Interest cost	**831**	1,423	**-**	-
Curtailment (gain)/loss	**-**	(17,762)	**-**	5
Actuarial loss	**-**	2,339	**-**	-
Benefit paid/payable	**(1,075)**	(18,648)	**-**	(120)
At end of financial year/period	**21,764**	21,937	**-**	-

Notes to the Financial Statements

for the financial year ended 30 June 2021

32. RETIREMENT BENEFITS (CONT'D.)

The amounts recognised in profit or loss are as follows:

	Group		Company	
	2021 (12 months) RM'000	**2020 (18 months) RM'000**	**2021 (12 months) RM'000**	**2020 (18 months) RM'000**
Current service cost	**71**	123	**-**	-
Interest cost	**831**	1,423	**-**	-
Curtailment (gain)/loss	**-**	(17,762)	**-**	5
	902	(16,216)	**-**	5

Actuarial loss recognised directly in other comprehensive income are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
At beginning of financial year/period	**20,311**	22,650	**7**	7
Recognised during the financial year/period	**-**	(2,339)	**-**	-
At end of financial year/period	**20,311**	20,311	**7**	7

33. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The credit term granted to the Group for trade purchases generally ranges from 30 to 90 days (2020: 14 to 90 days).

The currency profile of trade payables of the Group is as follows:

	2021 RM'000	**2020 RM'000**
Ringgit Malaysia	**141,260**	225,964
United States Dollar	**59,541**	28,914
Singapore Dollar	**1,270**	362
Euro Dollar	**2,237**	2,886
British Pound	**25**	202
Chinese Renminbi	**187**	19
Japanese Yen	**57**	8
	204,577	258,355

Notes to the Financial Statements

for the financial year ended 30 June 2021

34. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses consist of:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Other payables	**58,973**	65,411	**161**	738
Accrued expenses	**76,918**	55,300	**1,785**	2,003
	135,891	120,711	**1,946**	2,741

Other payables of the Group consist of amount outstanding for purchases of assets, retention monies, deposits received, general administrative expenses payable and retirement benefits payable.

35. FIXED DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Fixed deposits with licensed banks	**73,383**	-	**-**	-
Cash on hand and at banks	**61,655**	77,152	**1,453**	1,196
	135,038	77,152	**1,453**	1,196

Fixed deposits with licensed banks of the Group have maturity periods ranging from 1 to 30 days (2020: Nil) and earn interest at rates ranging from 1.70% to 1.80% (2020: Nil) per annum.

The currency profile of fixed deposits, cash and bank balances of the Group and of the Company is as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Ringgit Malaysia	**112,014**	48,793	**1,453**	1,196
Singapore Dollar	**21,305**	12,500	**-**	-
United States Dollar	**1,719**	15,859	**-**	-
	135,038	77,152	**1,453**	1,196

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS

36.1 Capital Risk Management

The primary objectives of the Group's capital management are to ensure that it maintains healthy capital ratios in order to support its existing business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

The capital structure of the Group consists of net debts (borrowings and lease liabilities as detailed in Notes 30 and 31, respectively offset by cash and bank balances) and equity of the Group (comprising share capital, reserves, retained earnings and non-controlling interests as detailed in Notes 26 to 29).

The gearing ratio at end of the reporting period is as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Debts (i)	**719,910**	929,617
Lease liabilities (Note 31)	**51,885**	65,996
Fixed deposits, cash and bank balances	**(135,038)**	(77,152)
Net debts	**636,757**	918,461
Equity (ii)	**2,535,316**	2,290,160
Net debt to equity ratio	**25.12%**	40.10%

(i) Debts are defined as short and long-term borrowings as described in Note 30.
(ii) Equity includes share capital, reserves, retained earnings and non-controlling interests of the Group that are managed as capital.

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

36.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial instruments are disclosed in Note 3 to the financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.3 Categories of Financial Instruments

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Financial assets				
Fair value through other comprehensive income:				
Quoted, unquoted and other investments	**3,449**	2,772	**-**	-
Amortised cost:				
Debentures	**-**	1,255	**-**	1,255
Trade receivables	**90,778**	112,342	**-**	-
Other receivables and refundable deposits	**22,656**	27,815	**427**	416
Amounts owing by holding and other related companies	**177,180**	68,727	**-**	-
Amounts owing by subsidiaries	**-**	-	**268,514**	170,338
Amounts owing by joint venture	**21,669**	2,212	**-**	-
Net investment in leases	**11,693**	15,886	**-**	-
Fixed deposits, cash and bank balances	**135,038**	77,152	**1,453**	1,196
	462,463	308,161	**270,394**	173,205
Financial liabilities				
Amortised cost:				
Borrowings	**719,910**	929,617	**-**	-
Lease liabilities	**51,885**	65,996	**-**	-
Trade payables	**204,577**	258,355	**-**	-
Other payables and accrued expenses	**135,891**	120,711	**1,946**	2,741
Amounts owing to holding and other related companies	**91,691**	48,305	**-**	-
Amounts owing to subsidiaries	**-**	-	**-**	195,035
	1,203,954	1,422,984	**1,946**	197,776

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management

The operations of the Group are subject to various financial risks which include market risk (including foreign currency risk, interest rate risk, commodity price risk and other price risk), credit risk, liquidity risk and cash flow risk, in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group.

36.4.1 Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see 36.4.1(a) below), interest rates (see 36.4.1(b) below), commodity prices (see 36.4.1(c) below) and other prices (see 36.4.1.(d) below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk including:

- foreign currency forward contracts and cross currency swap arrangement to hedge the exchange rate risk arising on foreign currency purchases; and

- interest rate swap contract to mitigate the risk of rising interest rates.

36.4.1(a) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising foreign currency forward contracts and cross currency swap arrangement.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as disclosed in Note 23 for trade receivables, Note 25 for intercompany receivables and payables, Note 33 for trade payables and Note 35 for fixed deposits, cash and bank balances.

<u>Foreign currency risk sensitivity analysis</u>

The Group is mainly exposed to United States Dollar and Singapore Dollar.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.1 Market Risk (cont'd.)

36.4.1(a) Foreign Currency Risk Management (cont'd.)

The following table details the Group's sensitivity to a 10% increase and decrease in RM against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the RM strengthens 10% against the relevant currency. For a 10% weakening of the RM against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Group			
	USD Impact RM'000		SGD Impact RM'000	
2021				
Profit or loss	**4,883**	**(i)**	**(4,248)**	**(ii)**
2020				
Profit or loss	608	(i)	(3,050)	(ii)

(i) This is mainly attributable to the exposure outstanding on USD fixed deposits, cash and bank balances, trade receivables, amounts owing by holding and other related companies net of with USD trade payables of the Group at the end of the reporting period.

(ii) This is mainly attributable to the exposure outstanding on SGD fixed deposits, cash and bank balances, amounts owing by holding, other related companies and joint venture net of with SGD trade payables, amounts owing to holding and other related companies of the Group at the end of the reporting period.

The above sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year/period.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.1 Market Risk (cont'd.)

36.4.1(b) Interest Rate Risk Management

The Group is exposed to interest rate risk because entities in the Group borrow funds at fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by using interest rate swap contracts.

The significant interest bearing financial assets are mainly fixed deposits and balances with licensed banks and they are not held for speculative purposes. The Group manages the interest rates of its fixed deposits and balances with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The interest rate profile of the Group's significant interest-bearing financial liabilities are disclosed in the table below as follows:

	Group	
	2021 RM'000	**2020 RM'000**
Fixed rate instruments		
Sukuk Wakalah	**499,910**	499,817
Floating rate instruments		
Revolving credit	**220,000**	429,800
	719,910	929,617

<u>Interest rate risk sensitivity analysis</u>

<u>Fair value sensitivity analysis for fixed rate instruments</u>

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

<u>Sensitivity analysis for floating rate instruments</u>

A change of 100 basis point ("bp") in interest rates would have increased or decreased equity and profit or loss of the Group by RM2,200,000 (2020: RM4,298,000). This analysis assumes that all other variables remain constant.

The sensitivity analysis in the foregoing paragraph has been determined based on the exposure to interest rate risks at the reporting date.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.1 Market Risk (cont'd.)

36.4.1(c) Commodity Price Risk Management

The Group is subject to commodity risk with respect to price fluctuations in coal markets and attempts to limit its exposure to fluctuations in commodity prices by increasing its use of alternative fuels and renewable energies. From time to time, and if a market exists, the Group hedges its commodity exposures through derivative instruments at the latest when a firm commitment is entered into or known, or where future cash flows are highly probable.

There is no outstanding commodity contract and commodity derivative instruments as at year end, accordingly, the Group is not exposed to commodity price risk.

36.4.1(d) Other Price Risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade in these investments.

The financial impact of changes in equity price is insignificant to the Group.

36.4.2 Credit Risk Management

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, intercompany receivables, other receivables and refundable deposits, net investment in leases and debentures as well as credit exposures primarily from outstanding trade receivables.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.2 Credit Risk Management (cont'd.)

Trade Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained and credit evaluations are performed on customers requiring credit.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial period.

Exposure to credit risk, credit quality and collateral

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

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing credit risk.

The carrying amounts of collateral for trade receivables as at the end of reporting period were:

	Group	
	2021 RM'000	**2020 RM'000**
Type of collateral		
Bank guarantees	**5,176**	6,984
Corporate guarantees	**11,146**	8,182
Directors' guarantees	**21,643**	69,154
Others	**3,794**	8,897
	41,759	93,217

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.2 Credit Risk Management (cont'd.)

Trade Receivables (cont'd.)

Concentration of credit risk

The Group has no significant concentration of credit risk with its exposure spread over a large number of customers.

As at the end of the reporting period, the exposure of credit risk for trade receivables by geographic region was:

	Group	
	2021 RM'000	**2020 RM'000**
Malaysia	**85,818**	105,419
Others	**4,960**	6,923
	90,778	112,342

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days. The Group's debt recovery process is as follows:

(a) Above 60 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and

(b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the Financial Statements
for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.2 Credit Risk Management (cont'd.)

Amounts Owing by Holding Companies, Subsidiaries, Other Related Companies and Joint Venture

Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake trade and non-trade transactions with the holding companies, subsidiaries, other related companies and joint venture. The Company also provides unsecured loans and advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

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

Loans and advances are only provided to subsidiaries, which are wholly-owned by the Company.

Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

Net Investment in Leases

The Group manages credit risk on net investment in leases together with its leasing arrangements.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.2 Credit Risk Management (cont'd.)

Cash and Cash Equivalents

The cash and cash equivalents are held with banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. These banks have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other Receivables, Refundable Deposits and Debentures

Credit risks on other receivables and refundable deposits are mainly arising from deposits paid for plants, port operations and administration offices rented. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement. For debentures, the Group and the Company only invest in high quality debentures.

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

Financial Guarantees

The Company provides unsecured financial guarantees to third parties in respect of provision for services to subsidiaries. The Company monitors on an ongoing basis, the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk is amounting to RM43,100,000 (2020: RM43,100,000) which represents the outstanding amount as at reporting date. As at reporting date, there was no indication that the subsidiaries would default on repayments.

36.4.3 Liquidity Risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their financial obligations as they fall due.

The Group and the Company practice prudent liquidity risk management to minimise the mismatch of financial assets and liabilities.

Notes to the Financial Statements

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36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.3 Liquidity Risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

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

Group	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	On demand or within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2021							
Financial liabilities							
Borrowings	**719,910**	**2.41 - 5.06**	**773,987**	**248,521**	**525,466**	**-**	**773,987**
Trade payables	**204,577**	**-**	**204,577**	**204,577**	**-**	**-**	**204,577**
Other payables and accrued expenses	**135,891**	**-**	**135,891**	**135,891**	**-**	**-**	**135,891**
Amounts owing to holding and other related companies	**91,691**	**-**	**91,691**	**91,691**	**-**	**-**	**91,691**
Lease liabilities	**51,885**	**3.36 - 4.05**	**59,500**	**16,498**	**27,418**	**15,584**	**59,500**
	1,203,954		**1,265,646**	**697,178**	**552,884**	**15,584**	**1,265,646**
2020							
Financial liabilities							
Borrowings	929,617	2.75 - 5.06	969,730	665,642	304,088	-	969,730
Trade payables	258,355	-	258,355	258,355	-	-	258,355
Other payables and accrued expenses	120,711	-	120,711	120,711	-	-	120,711
Amounts owing to holding and other related companies	48,305	-	48,305	48,305	-	-	48,305
Lease liabilities	65,996	3.16 - 4.37	72,708	17,857	32,890	21,961	72,708
	1,422,984		1,469,809	1,110,870	336,978	21,961	1,469,809

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.4 Financial Risk Management (cont'd.)

36.4.3 Liquidity Risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

Company	Carrying amount RM'000	Contractual interest rates per annum %	Contractual cash flows RM'000	On demand or within 1 year RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2021							
Financial liabilities							
Other payables and accrued expenses	**1,946**	**-**	**1,946**	**1,946**	**-**	**-**	**1,946**
Financial guarantees	**-***	**-**	**43,100**	**43,100**	**-**	**-**	**43,100**
	1,946		**45,046**	**45,046**	**-**	**-**	**45,046**
2020							
Financial liabilities							
Other payables and accrued expenses	2,741	-	2,741	2,741	-	-	2,741
Amounts owing to subsidiaries	195,035	4.80	199,033	199,033	-	-	199,033
Financial guarantees	-*	-	43,100	43,100	-	-	43,100
	197,776		244,874	244,874	-	-	244,874

* For financial guarantees, it was not probable that the counterparties to financial guarantees will claim under the contract. Consequently, the amount included is negligible.

36.4.4 Cash Flow Risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.5 Fair Values

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group and of the Company are as follows:

- **Fixed deposits, cash and bank balances, net investment in leases, trade receivables, other receivables and refundable deposits, intercompany indebtedness, trade and other payables, accrued expenses, short-term borrowings and lease liabilities:** The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

- **Long-term borrowings and lease liabilities:** The fair values of long-term borrowings and lease liabilities are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements.

- **Derivative instruments:** The fair values of foreign currency forward contracts and cross currency swap arrangement were calculated using market prices that the Group would pay or receive to settle the related agreements.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.5 Fair Values (cont'd.)

36.5.1 Fair value measurements recognised in the statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Financial assets				
Quoted investments	**724**	**-**	**-**	**724**
Unquoted investments	**-**	**-**	**2,558**	**2,558**
Others	**-**	**-**	**167**	**167**
	724	**-**	**2,725**	**3,449**
2020				
Financial assets				
Quoted investments	395	-	-	395
Unquoted investments	-	-	2,177	2,177
Others	-	-	200	200
	395	-	2,377	2,772

There were no transfers between Levels 1 and 2 in 2021 and 2020.

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.5 Fair Values (cont'd.)

36.5.1 Fair value measurements recognised in the statements of financial position (cont'd.)

Reconciliation of Level 3 fair value measurements of financial instruments.

	Group			
	Unquoted investments 2021 RM'000	**Others 2021 RM'000**	**Unquoted investments 2020 RM'000**	**Others 2020 RM'000**
At beginning of financial year/ period	**2,177**	**200**	2,040	230
Gains/(losses) recognised in other comprehensive income	**381**	**(33)**	137	(30)
At end of financial year/period	**2,558**	**167**	2,177	200

All gains and losses included in other comprehensive income relate to other investments held at the end of the reporting period are reported as changes of "investments revaluation reserve" (see Note 27.2).

Notes to the Financial Statements

for the financial year ended 30 June 2021

36. FINANCIAL INSTRUMENTS (CONT'D.)

36.5 Fair Values (cont'd.)

36.5.2 Fair Values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and input used).

Financial assets/(liabilities)	2021 RM'000	2020 RM'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Quoted investments	**724**	395	Level 1	Quoted bid price in an active market	N/A	N/A
Unquoted investments	**2,558**	2,177	Level 3	Dividend discount model	Weighted average cost of capital of 10%, determined using a Capital Asset Pricing Model	The higher the weighted average cost of capital, the lower the fair value
Other investments	**167**	200	Level 3	The fair value of other investments is based on market comparison technique. The valuation model is based on market multiples derived from quoted prices of comparable other investments	N/A	N/A
	3,449	2,772				

Notes to the Financial Statements

for the financial year ended 30 June 2021

37. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	**2020 RM'000**
In respect of capital expenditure:		
Approved, contracted but not provided for	**6,882**	17,105

38. FINANCIAL GUARANTEES

	Company	
	2021 RM'000	**2020 RM'000**
Unsecured		
Corporate guarantee given to third parties in respect of provision for services to subsidiaries	**43,100**	43,100

The financial guarantees have not been recognised in the financial statements since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancements to the subsidiaries.

39. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:
- cement
- aggregates and concrete

Included in Cement Segment of the Group are operating divisions of other building materials and other operations.

Notes to the Financial Statements

for the financial year ended 30 June 2021

39. SEGMENTAL INFORMATION (CONT'D.)

Information regarding the Group's reportable segments is presented below.

39.1 Segment Revenue and Results

Group	Cement RM'000	Aggregates & Concrete RM'000	Elimination RM'000	Consolidated RM'000
2021 (12 months)				
REVENUE				
External sales	**1,117,152**	**252,356**	**-**	**1,369,508**
Inter-segment sales	**23,173**	**-**	**(23,173)**	**-**
Total revenue	**1,140,325**	**252,356**	**(23,173)**	**1,369,508**
RESULTS				
Segment results	**42,396**	**(19,920)**	**-**	**22,476**
Interest income	**4,369**	**2,673**	**-**	**7,042**
Finance costs	**(37,792)**	**(1,520)**	**-**	**(39,312)**
Share of results in joint venture	**-**	**17,996**	**-**	**17,996**
Segment profit/(loss) before tax	**8,973**	**(771)**	**-**	**8,202**
Income tax credit/(expense)	**733**	**(1,846)**	**-**	**(1,113)**
Segment profit/(loss) for the financial year	**9,706**	**(2,617)**	**-**	**7,089**
2020 (18 months)				
REVENUE				
External sales	1,800,960	605,946	-	2,406,906
Inter-segment sales	573,717	7,789	(581,506)	-
Total revenue	2,374,677	613,735	(581,506)	2,406,906
RESULTS				
Segment results	(274,466)	1,256	-	(273,210)
Interest income	8,461	4,462	-	12,923
Finance costs	(67,514)	(5,873)	-	(73,387)
Share of results in joint venture	-	17,216	-	17,216
Segment (loss)/profit before tax	(333,519)	17,061	-	(316,458)
Income tax credit/(expense)	56,851	(1,602)	-	55,249
Segment (loss)/profit for the financial period	(276,668)	15,459	-	(261,209)

Notes to the Financial Statements

for the financial year ended 30 June 2021

39. SEGMENTAL INFORMATION (CONT'D.)

39.2 Segment Assets and Liabilities

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets and liabilities that relate to investing and financing activities and cannot be reasonably allocated to individual segments. These include mainly corporate assets, other investments, deferred tax assets/liabilities and current tax assets/liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Group	Cement RM'000	Aggregates & Concrete RM'000	Elimination RM'000	Consolidated RM'000
2021				
SEGMENT ASSETS				
Segment assets	**3,824,601**	**205,011**	**(577,368)**	**3,452,244**
Investment in joint venture				**51,132**
Unallocated corporate assets				**386,950**
Consolidated total assets				**3,890,326**
SEGMENT LIABILITIES				
Segment liabilities	**935,472**	**95,819**	**(577,368)**	**453,923**
Interest bearing instruments				**771,795**
Unallocated corporate liabilities				**129,292**
Consolidated total liabilities				**1,355,010**
2020				
SEGMENT ASSETS				
Segment assets	3,649,249	187,594	(348,398)	3,488,445
Investment in joint venture				35,933
Unallocated corporate assets				331,858
Consolidated total assets				3,856,236
SEGMENT LIABILITIES				
Segment liabilities	596,445	195,573	(342,710)	449,308
Interest bearing instruments				995,613
Unallocated corporate liabilities				121,155
Consolidated total liabilities				1,566,076

Notes to the Financial Statements
for the financial year ended 30 June 2021

39. SEGMENTAL INFORMATION (CONT'D.)

39.3 Other Segment Information

Group	Cement RM'000	Aggregates & Concrete RM'000	Elimination RM'000	Consolidated RM'000
OTHER INFORMATION				
2021				
(12 months)				
Capital expenditure	**53,316**	**1,525**	**-**	**54,841**
Depreciation and amortisation	**137,512**	**18,251**	**-**	**155,763**
2020				
(18 months)				
Capital expenditure	61,762	5,219	-	66,981
Depreciation and amortisation	215,118	47,797	-	262,915

39.4 Geographical Information

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Singapore.

	Revenue		Segment Assets		Capital Expenditure	
	2021 (12 months) RM'000	2020 (18 months) RM'000	2021 RM'000	2020 RM'000	2021 (12 months) RM'000	2020 (18 months) RM'000
Malaysia	**1,277,849**	2,179,196	**3,323,821**	3,395,385	**54,792**	62,815
Singapore	**91,659**	227,710	**128,423**	94,315	**49**	4,166
	1,369,508	2,406,906	**3,452,244**	3,489,700	**54,841**	66,981
Investment in joint venture			**51,132**	35,933		
Unallocated corporate assets			**386,950**	330,603		
			3,890,326	3,856,236		

Inter-segment pricing is mutually agreed between the segments based on market prices determined in the normal course of business.

Notes to the Financial Statements
for the financial year ended 30 June 2021

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

Group	Borrowings RM'000	Loans from former other related companies RM'000	Lease liabilities RM'000	Total RM'000
2021				
At beginning of financial year (excluding bank overdrafts)	**929,617**	**-**	**65,996**	**995,613**
Financing cash flows (i)	**(209,800)**	**-**	**(11,065)**	**(220,865)**
Non-cash changes				
Other changes (ii)	**93**	**-**	**(3,046)**	**(2,953)**
At end of financial year (excluding bank overdrafts)	**719,910**	**-**	**51,885**	**771,795**
2020				
At beginning of financial period (excluding bank overdrafts)	534,855	257,159	95,402	887,416
Financing cash flows (i)	394,585	(256,350)	(34,920)	103,315
Non-cash changes				
Other changes (ii)	177	(809)	5,514	4,882
At end of financial period (excluding bank overdrafts)	929,617	-	65,996	995,613

(i) The cash flows from borrowings make up the net amount of drawdowns and repayments of borrowings and loans in the statements of cash flows.

(ii) Other changes include interest accruals, acquisition of new leases, termination and remeasurement of leases and foreign currency exchange differences.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The outbreak of the COVID-19 pandemic has impacted economic activities worldwide. Many countries have imposed restrictions on non-essential services and business operations, and have also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. For the financial year ended 30 June 2021, the impact of COVID-19 has been reflected in this set of financial statements.

As the situation is still evolving and will be affected by the degree to which the Malaysian Government is able to contain the spread of the virus and successfully implement the national vaccination programme, the full impact of the COVID-19 pandemic on the Group and Company's performance for the financial year ending 30 June 2022 could not be reasonably ascertained when this set of financial statements was authorised for issuance.

Notes to the Financial Statements

for the financial year ended 30 June 2021

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D.)

(b) On 15 April 2021, the Company announced the proposed issuance of up to 85,000,000 new ordinary shares in the Company ("Placement Shares") representing approximately 10% of the total number of issued shares of the Company as at 14 April 2021 ("Placement"). The application for the listing and quotation of the Placement Shares was approved by Bursa Securities via its letter dated 23 April 2021. The Placement was completed on 14 June 2021 following the listing and quotation of 85,000,000 Placement Shares on the Main Market of Bursa Securities at an issue price of RM2.79 per share.

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 21 September 2021, Malayan Cement Berhad ("MCB" or "Company") completed the acquisition of the entire equity interest of 10 companies and their respective subsidiaries as listed below, and which are involved in cement and ready-mixed concrete businesses in Malaysia from its immediate holding company, YTL Cement Berhad:

(i) Buildcon Concrete Sdn. Bhd.;
(ii) Buildcon-Cimaco Concrete Sdn. Bhd.;
(iii) C.I. Readymix Sdn. Bhd.;
(iv) Mini-Mix Sdn. Bhd.;
(v) Pahang Cement Sdn. Bhd. and its wholly-owned subsidiary, Straits Cement Sdn. Bhd.;
(vi) Perak-Hanjoong Simen Sdn. Bhd. and its wholly-owned subsidiary, PHS Trading Sdn. Bhd.;
(vii) Slag Cement Sdn. Bhd.;
(viii) Slag Cement (Southern) Sdn. Bhd.;
(ix) SMC Mix Sdn. Bhd.; and
(x) YTL Cement Marketing Sdn. Bhd.

for a total consideration of RM5,158 million in the following manner:

(i) RM2,000 million in cash, subject to certain adjustments;
(ii) RM1,408 million through the issuance of 375,506,174 new MCB Shares ("Consideration Shares") at an issue price of RM3.75 per Consideration Share, which were listed on the Main Market of Bursa Securities on 22 September 2021; and
(iii) RM1,750 million through the issuance of 466,666,667 new Irredeemable Convertible Preference Shares ("ICPS") in MCB ("Consideration ICPS") at an issue price of RM3.75 per Consideration ICPS.

Accordingly, the 10 companies and their respective subsidiaries are now wholly-owned subsidiaries of MCB.

(b) On 23 September 2021, Maybank IB and United Overseas Bank (Malaysia) Bhd ("UOB Malaysia") announced that they have been appointed the underwriters and the bookrunners, on an equal basis, for a RM2,000 million Islamic facility granted to MCB. The facility will fund MCB's acquisition of 10 companies in Malaysia as disclosed above. The Islamic syndicated term financing facility is based on the Shariah principles of Commodity Murabahah. MCB will use the Islamic facility to finance the cash consideration for the acquisition of the entire equity interest of the 10 companies and their respective subsidiaries for a total estimated amount of RM5,158 million.

Notes to the Financial Statements

for the financial year ended 30 June 2021

43. COMPARATIVES

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Group			
Statements of Profit or Loss and Other Comprehensive Income			
Cost of sales	(2,235,746)	(6,699)	(2,242,445)
Other income	14,301	6,699	21,000
Statements of Financial Position			
Current assets			
Trade receivables	109,435	2,907	112,342
Other receivables, prepaid expenses and refundable deposits	41,630	31	41,661
Amounts owing by former holding and other related companies	5,150	(5,150)	-
Amounts owing by joint venture	-	2,212	2,212
Current liabilities			
Trade payables	251,616	6,739	258,355
Other payables and accrued expenses	119,869	842	120,711
Amounts owing to former holding and other related companies	7,581	(7,581)	-
Company			
Statement of Financial Position			
Current assets			
Other receivables, prepaid expenses and refundable deposits	462	40	502
Amounts owing by former holding and other related companies	40	(40)	-

Certain comparative figures in the statements of cash flows have also been reclassified as a result of the reclassification in the statements of financial position.

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT that the Seventy-First Annual General Meeting of Malayan Cement Berhad (the "**Company**") will be held on Tuesday, 7 December 2021 at 4:30 p.m. or at any adjournment thereof and will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System ("**TIIH Online**") at https://tiih.com.my ("**Meeting Platform**") to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire pursuant to Article 85 of the Company's Constitution:-

   (i) Dato' Yeoh Seok Kian **Resolution 1**

   (ii) Dato' Yeoh Seok Hong **Resolution 2**

   (iii) Dato' Sri Michael Yeoh Sock Siong **Resolution 3**

3. To approve the payment of fees to the Non-Executive Directors amounting to RM920,000 for the financial year ended 30 June 2021. **Resolution 4**

4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2022 to December 2022. **Resolution 5**

5. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

6. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being or such other percentage as prescribed by Bursa Malaysia Securities Berhad ("**Bursa Securities**") and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities." **Resolution 7**

Notice of Annual General Meeting

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

"THAT subject to the Company's compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company's Constitution and Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**Listing Requirements**") and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company ("**the Proposed Share Buy-Back**") provided that:-

(i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 1 December 2020, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities;

(ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase by the Company of its own shares; and

(iii) The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-

(a) the shares so purchased may be cancelled; and/or

(b) the shares so purchased may be retained in treasury for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or

(c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or

(d) transfer the shares, or any of the shares for the purposes of or under an employees' shares scheme; and/or

(e) transfer the shares, or any of the shares as purchase consideration; and/or

(f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

Notice of Annual General Meeting

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company's Constitution and the Listing Requirements and all other relevant governmental/regulatory authorities." **Resolution 8**

8. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT") AND PROPOSED NEW SHAREHOLDER MANDATE FOR ADDITIONAL RRPT**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into RRPT from time to time with the related parties as specified in section 2.3 (a) & (b) of the Circular to Shareholders dated 29 October 2021 ("**Related Parties**") subject to the following:-

(i) the transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

THAT the mandate given by the shareholders of the Company shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the "**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." **Resolution 9**

By Order of the Board,

HO SAY KENG
Company Secretary

Kuala Lumpur
29 October 2021

Notice of Annual General Meeting

Notes:-

REMOTE PARTICIPATION AND VOTING

1. *The Annual General Meeting ("AGM") will be conducted on a fully virtual basis **without a physical meeting venue** through live streaming, online remote participation and voting via the Remote Participation and Voting ("RPV") facilities provided by the Company's share registrar and poll administrator for the AGM, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online at https://tiih.com.my. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at http://ytlcement.my/meetings/ to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities.*

MEETING PLATFORM

2. *The Meeting Platform, which is the deemed main venue of the AGM, is registered with MYNIC Berhad under Domain Registration Number: D1A282781. This fulfils Section 327(2) of the Companies Act, 2016 which requires the main venue of the meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the FAQs on Virtual General Meetings issued by the Companies Commission of Malaysia dated 8 June 2021.*

PROXY

3. *A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via the RPV facilities.*

4. *Where a member is an Exempt Authorised Nominee as defined under the SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*

5. *A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.*

7. *The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than **5 December 2021 at 4:30 p.m.**:*

   (i) In hardcopy form

   The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

   or alternatively,

   at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) Electronically via TIIH Online

   The Form of Proxy can be electronically lodged with Tricor via TIIH Online at https://tiih.com.my. Please follow the procedures set out in the Administrative Guide for the AGM.

8. *For the purpose of determining a member who shall be entitled to attend the AGM via the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 30 November 2021. Only a depositor whose name appears on the General Meeting Record of Depositors as at 30 November 2021 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote in his stead.*

APPOINTMENT OF REPRESENTATIVES BY CORPORATE MEMBERS

9. *For a corporate member who has appointed an authorised representative to participate and vote remotely via the RPV facilities, please deposit the original certificate of appointment of corporate representative with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia*

   or alternatively,

   at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

   before the time appointed for holding the AGM or adjourned meeting.

Explanatory Notes to Ordinary Business:-

Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 5 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

Explanatory Notes to Special Business:-

Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 7 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Seventieth AGM held on 1 December 2020 ("Previous Mandate").

On 14 June 2021, the Company completed the placement of 85,000,000 new ordinary shares in the Company ("Placement Shares") at an issue price of RM2.79 per ordinary share pursuant to the Previous Mandate which will lapse at the conclusion of this AGM. Total proceeds raised from the Placement Shares was RM237,150,000 and has been utilised for working capital, repayment of bank borrowings and defrayment of expenses incidental thereto.

Resolution 7, if passed, will give the Directors authority to allot and issue ordinary shares at any time up to a maximum of 10% of the total number of issued shares of the Company for the time being or such other percentage as prescribed by Bursa Malaysia Securities Berhad, without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Resolution pertaining to the Renewal of Authority to Buy-Back Shares of the Company

For Resolution 8, further information on the Share Buy-Back is set out in the Statement to Shareholders dated 29 October 2021 which is available on the Company's website at http://ytlcement.my/meetings/.

Resolution pertaining to the Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

For Resolution 9, further information on the RRPT is set out in Part B of the Circular to Shareholder dated 29 October 2021 which is available on the Company's website at http://ytlcement.my/meetings/.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

1. **DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)**

   No individual is seeking election as a Director at the Seventy-First Annual General Meeting of the Company.

2. **GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS**

   Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Seventy-First Annual General Meeting.

Form of Proxy

CDS Account No.	
(only for nominee companies)	
Number of shares held	

Malayan Cement Berhad

[Company No. 195001000048 (1877-T)]
(Incorporated in Malaysia)

I/We *(full name in block letters)* ____

____ Tel. No. ____________________

NRIC *(New & old)*/Passport/Company No. ____

of *(full address)* ____

____

being a member of **Malayan Cement Berhad** hereby appoint

Full name of proxy in block letters	*NRIC (new & old)/Passport No. of proxy*	*Proportion of shareholdings to be represented*	
		No. of shares	*%*

* and/or *(delete as appropriate)*

Full name of proxy in block letters	*NRIC (new & old)/Passport No. of proxy*	*Proportion of shareholdings to be represented*	
		No. of shares	*%*

or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Seventy-First Annual General Meeting ("**AGM**") of the Company which will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System ("**TIIH Online**") at https://tiih.com.my ("**Meeting Platform**") on **Tuesday, 7 December 2021 at 4:30 p.m.** or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	Resolution	For	Against
1.	Re-election of Dato' Yeoh Seok Kian		
2.	Re-election of Dato' Yeoh Seok Hong		
3.	Re-election of Dato' Sri Michael Yeoh Sock Siong		
4.	Approval of the payment of fees to the Non-Executive Directors		
5.	Approval of the payment of meeting attendance allowance to the Non-Executive Directors		
6.	Re-appointment of Deloitte PLT as Auditors of the Company		
7.	Proposed authorisation for Directors to allot and issue shares		
8.	Proposed renewal of share buy-back authority		
9.	Proposed renewal of shareholder mandate for existing recurrent related party transactions of a revenue or trading nature ("RRPT") and proposed new shareholder mandate for additional RRPT		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this ____________ day of ____________________ 2021.

____
Signature(s)/Common Seal of Member

IMPORTANT NOTICE

The Meeting Platform, which is the deemed main venue of the AGM, is registered with MYNIC Berhad under Domain Registration Number: D1A282781. This fulfils Section 327(2) of the Companies Act, 2016 which requires the main venue of the meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the FAQs on Virtual General Meetings issued by the Companies Commission of Malaysia dated 8 June 2021. Members are to participate, speak (in the form of real time submission of typed texts) and vote remotely via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online at the Meeting Platform.

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Notes:-

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6. *Only members whose names appear on the General Meeting Record of Depositors as at 30 November 2021 shall be entitled to attend the AGM via the RPV facilities or appoint proxy(ies) to attend and/or vote in his stead.*
7. *For a corporate member who has appointed an authorised representative, please deposit the original certificate of appointment of corporate representative with Tricor at either of the addresses stated in Note 5(i) above, before the time appointed for holding the AGM or adjourned meeting.*

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for the 71st Annual General Meeting of
Malayan Cement Berhad
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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