



Menang Corporation (M) Berhad
(5383-K)

**QUARTERLY REPORT ON
CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2019**

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QUARTERLY UNAUDITED RESULTS FOR THE GROUP
FOR THE THIRD QUARTER ENDED 31 MARCH 2019

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019

	Unaudited 31 MARCH 2019 RM'000	Audited 30 JUNE 2018 RM'000
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Plant and equipment	124	147
Investment properties	53,668	53,788
Inventories	76,654	76,654
Operating financial asset	347,056	360,012
Investment in an associate	234	236
Other investments	-	5
	477,736	490,842
Current assets		
Inventories	112,597	109,003
Operating financial asset	17,370	17,370
Receivables	29,406	29,484
Tax assets	148	189
Cash and cash equivalents	39,629	37,554
	199,150	193,600
Assets classified as held for sale (Note A4)	509,787	524,291
TOTAL ASSETS	<u>1,186,673</u>	<u>1,208,733</u>

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019 (continued)

	Unaudited 31 MARCH 2019 RM'000	Audited 30 JUNE 2018 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	240,396	240,396
Reserves	-	3
Retained earnings	77,277	77,103
	317,673	317,502
Non-controlling interests	71,708	67,557
Total equity	389,381	385,059
Non current liabilities		
Deferred tax liabilities	46,107	42,898
Borrowings	224,740	246,712
	270,847	289,610
Current liabilities		
Payables	65,359	56,862
Borrowings	33,034	33,033
	98,393	89,895
Liabilities classified as held for sale (Note A4)	428,052	444,169
Total liabilities	797,292	823,674
TOTAL EQUITY AND LIABILITIES	1,186,673	1,208,733
Net assets per share (RM)	0.66	0.66

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2018.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019

	Current Quarter Ended 31 MAR 2019 RM'000	Corresponding Quarter Ended 31 MAR 2018 RM'000	Current Period-to-Date 31 MAR 2019 RM'000	Corresponding Period-to-Date 31 MAR 2018 RM'000
Continuing operations				
Revenue	10,517	10,699	31,639	32,113
Operating expenses	(5,008)	(3,534)	(17,009)	(14,708)
Other operating income	3	3	3	503
Operating profit	5,512	7,168	14,633	17,908
Finance income	87	168	343	197
Investing results	(1)	(6)	(2)	(18)
Profit before interest and tax	5,598	7,330	14,974	18,087
Finance costs	(4,094)	(4,352)	(12,727)	(12,893)
Profit before tax	1,504	2,978	2,247	5,194
Taxation	(2,098)	941	(3,247)	2,832
(Loss)/Profit from continuing operations	(594)	3,919	(1,000)	8,026
Discontinued operations				
Result from discontinued operations, net of tax (Note A4)	1,090	1,371	5,325	2,740
Profit for the year	496	5,290	4,325	10,766
Fair value adjustment of financial assets	-	-	(3)	-
Total comprehensive income	496	5,290	4,322	10,766

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019 (continued)

	Current Quarter Ended 31 MAR 2019 RM'000	Corresponding Quarter Ended 31 MAR 2018 RM'000	Current Period-to-Date 31 MAR 2019 RM'000	Corresponding Period-to-Date 31 MAR 2018 RM'000
<i>(Loss)/Profit attributable to :</i>				
Owners of the Company				
- continuing operations	(1,120)	2,584	(3,380)	3,952
- discontinued operations	836	142	3,554	1,400
	(284)	2,726	174	5,352
Non-controlling interests	780	2,564	4,151	5,414
	<u>496</u>	<u>5,290</u>	<u>4,325</u>	<u>10,766</u>
<i>Total comprehensive (loss)/ income attributable to :</i>				
Owners of the Company				
- continuing operations	(1,120)	2,584	(3,383)	3,952
- discontinued operations	836	142	3,554	1,400
	(284)	2,726	171	5,352
Non-controlling interests	780	2,564	4,151	5,414
	<u>496</u>	<u>5,290</u>	<u>4,322</u>	<u>10,766</u>
<i>(Losses)/Earnings per share (sen) (Note B10)</i>				
- Basic				
from continuing operations	(0.23)	0.54	(0.70)	0.82
from discontinued operations	0.17	0.03	0.74	0.29
	<u>(0.06)</u>	<u>0.57</u>	<u>0.04</u>	<u>1.11</u>
- Diluted				
from continuing operations	(0.16)	0.36	(0.47)	0.55
from discontinued operations	0.12	0.02	0.49	0.19
	<u>(0.04)</u>	<u>0.38</u>	<u>0.02</u>	<u>0.74</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2018.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019

	<Attributable to Owners of the Company>				Sub total RM'000	Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000				
As at 1 July 2018	240,396	3	77,103		317,502	67,557	385,059
Total comprehensive income for the financial period							
Profit for the financial period	-	-	174		174	4,151	4,325
Other comprehensive loss for the financial period	-	(3)	-		(3)	-	(3)
Total comprehensive income	-	(3)	174		171	4,151	4,322
As at 31 March 2019	<u>240,396</u>	<u>-</u>	<u>77,277</u>		<u>317,673</u>	<u>71,708</u>	<u>389,381</u>

For the financial year ended 30 June 2018

	<Attributable to Owners of the Company>				Sub total RM'000	Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Capital reserve RM'000	Available- for-sale reserve RM'000	Retained earnings RM'000			
As at 1 July 2017	133,553	84,044	4	86,603	304,204	68,829	373,033
Total comprehensive income for the financial year							
Profit for the financial year	-	-	-	13,299	13,299	(1,272)	12,027
Other comprehensive loss for the financial year	-	-	(1)	-	(1)	-	(1)
Total comprehensive income	-	-	(1)	13,299	13,298	(1,272)	12,026
Transactions with owners							
Issuance of ordinary shares pursuant to bonus shares issued	106,843	(84,044)	-	(22,799)	-	-	-
Total transactions with owners	106,843	(84,044)	-	(22,799)	-	-	-
As at 30 June 2018	<u>240,396</u>	<u>-</u>	<u>3</u>	<u>77,103</u>	<u>317,502</u>	<u>67,557</u>	<u>385,059</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019

	Unaudited 31 MARCH 2019 RM'000	Audited 30 JUNE 2018 RM'000
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax		
- continuing operations	2,245	26,199
- discontinued operations	7,518	(104)
	<hr/>	<hr/>
	9,763	26,095
Adjustments for:		
Depreciation of investment properties	122	163
Depreciation of plant and equipment	55	74
Finance income on operating financial asset	(26,424)	(36,531)
Gain on disposal of plant and equipment	-	(3)
Impairment losses on trade receivables	-	194
Interest expense	33,577	45,836
Interest income	(612)	(575)
Inventories written back	-	(6,878)
Reversal of impairment losses on amount owing by an associate	-	(597)
Reversal of impairment losses on investment property	-	(3,827)
Reversal of impairment losses on land held for property development	-	(9,709)
Reversal of impairment losses on other receivables	-	(500)
Share of loss/(profit) of associate, net of tax	2	(1)
	<hr/>	<hr/>
Operating profit before working capital changes	16,483	13,741
Changes in working capital:		
Operating financial asset	54,036	72,047
Trade and other receivables	1,618	3,213
Trade and other payables	7,945	(934)
	<hr/>	<hr/>
Cash from operations	76,488	88,067
Income tax paid	(52)	(280)
	<hr/>	<hr/>
Net cash from operating activities	76,436	87,787

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2019 (continued)

	Unaudited 31 MARCH 2019 RM'000	Audited 30 JUNE 2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment made to an associate	-	477
Interest received	612	575
Proceed from disposal of plant and equipment	-	3
Proceed from disposal of other investments	5	-
Purchase of plant and equipment	(32)	(26)
Placement of time deposits	(237)	(2,139)
Withdrawal in pledged deposits	-	21
Net cash from/(used in) investing activities	348	(1,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	-	31,721
Interest paid	(42,818)	(59,258)
Payment of finance lease liability	-	(4)
Repayment to consortium parties	-	(4,258)
Repayment of term loans	(30,436)	(28,477)
Net cash used in financing activities	(73,254)	(60,276)
Net increase in cash and cash equivalents	3,530	26,422
Cash and cash equivalents at beginning of financial year	51,082	24,660
Cash and cash equivalents at the end of financial year as reported in statements of cash flows	54,612	51,082
Add: Deposits pledged	9,110	8,873
Less: Cash and cash equivalents classified as held for sale (Note A4)	(24,093)	(22,401)
Cash and cash equivalents at the end of financial year as reported in statements of financial position	39,629	37,554

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2018.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

- (a) The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, paragraph 9.22 of the Listing Requirements as well as Guidance on Disclosure in Notes to Quarterly Report (ICN 1/2017) of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Group's audited financial statements for the year ended 30 June 2018. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes to the financial position and performance of the Group since the financial year ended 30 June 2018.

- (b) On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual year beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities"). Transitioning Entities was allowed to defer adoption of the new MFRS Framework.

Accordingly, the Group falls within the definition of "Transitioning Entities", commence adoption of MFRS Framework from the financial year beginning on 1 July 2018. The Group does not expect material changes toward transition of FRS Framework to MFRS Framework.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the financial statements for the financial year ended 30 June 2018 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for year beginning on or after 1 July 2018.

The adoption of the new MFRSs, amendments/improvements to MFRSs and IC Interpretations do not have any material impact on the financial position and results of the Group.

A2. Audit Report for the Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2018 was not qualified.

A3. Seasonal or Cyclical Factors

The Group's business operations were not significantly affected by any seasonal and cyclical factors for the quarter under review.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A4. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows That Are Unusual Because of Nature, Size or Incidence

On 18 July 2018, the Company announced the proposed disposals of its 51% equity interest in Rumpun Positif Sdn Bhd (“RPSB”) and its 51% equity interest in Protokol Elegan Sdn Bhd (“PESB”). The assets and liabilities of RPSB and PESB has been reclassified as held for sale in the Consolidated Statement of Financial Position (“CSOFP”). The incomes, expenses and profit after tax of RPSB and PESB has been reclassified and presented as results from discontinued operations in the Consolidated Statement of Comprehensive Income (“CSOCI”). The reclassification resulted in a decrease in reported figures across the CSOFP and CSOCI, thus affecting the disclosures in Note A8, B1 and B2.

The reclassification adjustment on the Group financial statement is in compliance of *MFRS 5 Non-current Assets Held for Sale and Discontinued Operations* (“MFRS 5”). Summary of impact from the reclassification are as follows:

Impact on unaudited CSOFP as at 31 March 2019

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
ASSETS			
Non-current assets			
Plant and equipments	124	-	124
Investment properties	53,668	-	53,668
Inventories	76,654	-	76,654
Operating financial asset	800,250	(453,194)	347,056
Investment in an associate	234	-	234
	930,930	(453,194)	477,736
Current assets			
Inventories	112,597	-	112,597
Operating financial asset	37,007	(19,637)	17,370
Receivables	42,253	(12,847)	29,406
Tax assets	164	(16)	148
Cash and cash equivalents	63,722	(24,093)	39,629
	255,743	(56,593)	199,150
Assets clasified as held for sale	-	509,787	509,787
TOTAL ASSETS	<u>1,186,673</u>	<u>-</u>	<u>1,186,673</u>

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A4. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows That Are Unusual Because of Nature, Size or Incidence (continued)

Impact on unaudited CSOFP as at 31 March 2019 (continued)

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	240,396	-	240,396
Retained earnings	77,277	-	77,277
	317,673	-	317,673
Non-controlling interests	71,708	-	71,708
Total equity	389,381	-	389,381
Non current liabilities			
Deferred tax liabilities	77,965	(31,858)	46,107
Borrowings	571,210	(346,470)	224,740
	649,175	(378,328)	270,847
Current liabilities			
Payables	97,632	(32,273)	65,359
Borrowings	50,485	(17,451)	33,034
	148,117	(49,724)	98,393
Liabilities classified as held for sale	-	428,052	428,052
Total liabilities	797,292	-	797,292
TOTAL EQUITY AND LIABILITIES	1,186,673	-	1,186,673

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A4. Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows That Are Unusual Because of Nature, Size or Incidence (continued)

Impact on unaudited CSOCI for the Financial Period Ended 31 March 2019

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
Continuing operations			
Revenue	68,501	(36,862)	31,639
Operating expenses	(25,788)	8,779	(17,009)
Other operating income	19	(16)	3
Operating profit	42,732	(28,099)	14,633
Finance income	612	(269)	343
Investing results	(2)	-	(2)
Profit before interest and tax	43,342	(28,368)	14,974
Finance costs	(33,577)	20,850	(12,727)
Profit before tax	9,765	(7,518)	2,247
Taxation	(5,440)	2,193	(3,247)
Profit from continuing operations	4,325	(5,325)	(1,000)
Discontinued operations			
Result from discontinued operations, net of tax	-	5,325	5,325
Profit for the year	4,325	-	4,325
Fair value adjustment of financial assets	(3)	-	(3)
Total comprehensive income	4,322	-	4,322
Profit/(Loss) for the year attributable to :			
Owners of the Company			
- continuing operations	174	(3,554)	(3,380)
- discontinued operations	-	3,554	3,554
	174	-	174
Non-controlling interests	4,151	-	4,151
	4,325	-	4,325
Total comprehensive income /(expense) attributable to :			
Owners of the Company			
- continuing operations	171	(3,554)	(3,383)
- discontinued operations	-	3,554	3,554
	171	-	171
Non-controlling interests	4,151	-	4,151
	4,322	-	4,322

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A5. Changes in Estimates

There were no material changes in estimates for the quarter under review.

A6. Issuances, Repayment and Cancellations of Debt and Equity Securities

There were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the quarter under review.

A7. Dividends

No dividend has been paid, proposed or declared during the quarter under review.

A8. Segmental Reporting

	3 months ended 31 March 2018					
Business Segments	Project Management and Other Investment RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Continuing operations						
Revenue from external customers	28	-	10,489	-	-	10,517
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	598	-	10,489	-	(570)	10,517
Segment results	(567)	(1,897)	7,982	(6)	-	5,512
Finance cost	(456)	-	(3,638)	-	-	(4,094)
Finance income	-	87	-	-	-	87
Investing results	-	(1)	-	-	-	(1)
(Loss)/Profit before tax	(1,023)	(1,811)	4,344	(6)	-	1,504
Taxation	(5)	(15)	(2,078)	-	-	(2,098)
(Loss)/Profit after tax	(1,028)	(1,826)	2,266	(6)	-	(594)
Result from discontinued operations, net of tax	-	-	1,090	-	-	1,090
(Loss)/Profit for the financial year	(1,028)	(1,826)	3,356	(6)	-	496

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PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A8. Segmental Reporting (continued)

Business Segments	9 months ended 31 March 2019					
	Project Management and Other Investment RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Continuing operations						
Revenue from external customers	76	-	31,563	-	-	31,639
Inter-segment revenue	1,710	-	-	-	(1,710)	-
Total revenue	1,786	-	31,563	-	(1,710)	31,639
Segment results	(2,285)	(7,133)	24,081	(30)	-	14,633
Finance cost	(1,389)	-	(11,338)	-	-	(12,727)
Finance income	-	343	-	-	-	343
Investing results	-	(2)	-	-	-	(2)
(Loss)/Profit before tax	(3,674)	(6,792)	12,743	(30)	-	2,247
Taxation	(18)	(45)	(3,184)	-	-	(3,247)
(Loss)/Profit after tax	(3,692)	(6,837)	9,559	(30)	-	(1,000)
Result from discontinued operations, net of tax	-	-	5,325	-	-	5,325
(Loss)/Profit for the financial year	(3,692)	(6,837)	14,884	(30)	-	4,325

Business Segments	As at 31 March 2019					
	Project Management and Other Investment RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Continuing operations						
- Total assets	19,672	263,722	393,342	150	-	676,886
- Total liabilities	21,937	47,499	299,789	15	-	369,240
Discontinued operations						
- Total assets	-	-	509,787	-	-	509,787
- Total liabilities	-	-	428,052	-	-	428,052

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A9. Material Events Subsequent to the End of the Period Reported

- i. For the appeal on compensation sum for the compulsory acquisition of Klang Lands, we refer to the announcements dated 22 June 2017, 25 July 2017, 16 August 2017, 27 September 2017, 13 October 2017, 23 February 2018, 17 April 2018, 28 May 2018, 28 August 2018, 24 October 2018, 29 November 2018, 10 January 2019, 21 February 2019, 13 March 2019 and 30 April 2019. The terms herein shall bear the same meaning as defined in the said announcements.

The Court of Appeal has fixed the next case management on 17 June 2019 for Case nos.: B-01(A)-411-07/2018, B-01(A)-412-07/2018, and B-01(A)-413-07/2018.

Further announcement will be made if there are any material developments.

- ii. On 18 July 2018, the Group announced the proposed disposal of its 51% equity interests in Rumpun Positif Sdn. Bhd. and Protokol Elegan Sdn. Bhd..

The Group on 17 January 2019 announced that via an exchange of letters dated 16 January 2019 with the purchasers, Liberal Gains Sdn. Bhd. and Key Transmark Sdn. Bhd. respectively, mutually agreed to extend the conditional period for both Share Sale Agreements (“SSA”) for a period of three (3) months from 18 January 2019 to 18 April 2019 to enable the parties to fulfil their obligations set out in Condition Precedents of the SSA.

On 25 April 2019, the completion of the two SSAs were further extended by both parties to 18 July 2019.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group for the quarter under review.

A11. Disclosure on Financial Instruments

	Unaudited 31 March 2019	Audited 30 June 2018
Financial assets:		
- measured at amortised cost		
• Level 2		
○ Operating financial assets	364,426	377,382
• Level 3		
○ Deposits, cash and bank balances	39,629	37,554
○ Trade and other receivables, excluding prepayments	29,313	29,336
- at fair value through other comprehensive income		
• Level 1		
○ Other investments	-	5
	433,368	444,277

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A11. Disclosure on Financial Instruments (continued)

	Unaudited 31 March 2019	Audited 30 June 2018
Financial liabilities:		
- measured at amortised cost		
• Level 3		
○ Loans and borrowings	257,774	279,745
○ Trade and other payables	65,359	55,337
	<u>323,133</u>	<u>335,082</u>

A12. Entities Becoming, or Ceasing to be, Investment Entities

No entity is becoming or ceasing to be an Investment Entity during the quarter under review.

A13. Disaggregation of Revenue

Revenue of the Group can be disaggregated and categorised as follows:

	Quarter Ended 31 March 2019 RM'000	Financial Period Ended 31 March 2019 RM'000
Continuing operations		
Management fees	27	75
Interest income on operating financial assets	4,027	12,220
Maintenance income	2,671	7,969
Fair value of supplementary services	3,792	11,375
	<u>10,517</u>	<u>31,639</u>

A14. Material Events and Transactions

(a) *Write-down of inventories to net realisable value and the reversal of such a write-down*

No material inventory was written down or reversed during the quarter under review.

(b) *Recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, assets arising from contracts with customers, or other assets, and the reversal of such an impairment loss*

No material impairment or reversal of impairment was charged or credited during the quarter under review.

(c) *Reversal of any provisions for the costs of restructuring*

No material restructuring cost was incurred during the quarter under review.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A14. Material Events and Transactions (continued)

(d) *Acquisitions and disposals of items of property, plant and equipment*

There were no material acquisition and disposal of property, plant and equipment during the quarter under review.

(e) *Commitments for the purchase of property, plant and equipment*

There were no material commitment to purchase any property, plant and equipment during the quarter under review.

(f) *Litigation settlements*

There were no material litigation settled during the quarter under review.

(g) *Corrections of prior period errors*

There were no material correction of prior period error during the quarter under review.

(h) *Changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost*

There were no material changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities during the quarter under review.

(i) *Loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period*

There were no material loan default or breach of a loan agreement during the quarter under review.

(j) *Related party transactions*

There were no material related party transactions during the quarter under review.

(k) *Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments*

There were no material financial instrument was transferred between levels of the fair value hierarchy during the quarter under review.

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A14. Material Events and Transactions (continued)

- (l) *Changes in the classification of financial assets as a result of a change in the purpose or use of those assets*

There were no material change in the classification of financial assets during the quarter under review.

- (m) *Changes in contingent liabilities or contingent assets*

There were no material contingent liability or contingent asset during the quarter under review.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017)

B1. Review of Performance

(a) Current Quarter Compared to Preceding Year's Corresponding Quarter

	Current quarter RM'000	Preceding year's corresponding quarter RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	10,517	10,699	(182)	(1.70)
Operating profit	5,512	7,168	(1,656)	(23.10)
Profit before interest and tax	5,598	7,330	(1,732)	(23.63)
Profit/(Loss) before tax	1,504	2,978	(1,474)	(49.50)
Profit/(Loss) after tax	(594)	3,919	(4,513)	(115.16)
Discontinued Operations				
Result from discontinued operations, net of tax	1,090	1,371	(281)	(20.50)
Profit/(Loss) attributable to ordinary equity holders of the parent				
Continuing operations	(1,120)	2,584	(3,704)	143.34
Discontinued operations	836	142	694	488.73

For continuing operations, profits were reduced due to more expenses incurred during the quarter under review. Revision of deferred tax contributed to the loss after tax.

For discontinued operations, profits were reduced due to revision of deferred tax.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017) (continued)

B1. Review of Performance (continued)

(b) Current Financial Period-to-Date Results Compared to Preceding Year's Corresponding Period-to-Date Results

	Current period-to- date RM'000	Preceding year's corresponding period-to-date RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	31,639	32,113	(474)	(1.48)
Operating profit	14,633	17,908	(3,275)	(18.29)
Profit before interest and tax	14,974	18,087	(3,113)	(17.21)
Profit before tax	2,247	5,194	(2,947)	(56.74)
Profit/(Loss) after tax	(1,000)	8,026	(9,026)	(112.46)
Discontinued Operations				
Result from discontinued operations, net of tax	5,325	2,740	2,585	94.34
Profit/(Loss) attributable to ordinary equity holders of the parent				
Continuing operations	(3,380)	3,952	(7,332)	185.53
Discontinued operations	3,554	1,400	2,154	153.86

For continuing operations, profits were reduced due to more expenses incurred during the period-to-date under review. Revision of deferred tax contributed to the loss after tax.

For discontinued operations, more profits were recognised due to lesser expenses recognised during the period-to-date under review.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017) (continued)

B2. Financial Review for Current Quarter Compared with Immediate Preceding Quarter

	Current quarter RM'000	Preceding quarter RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	10,517	10,617	(100)	(0.94)
Operating profit	5,512	6,221	(709)	(11.40)
Profit before interest and tax	5,598	6,229	(631)	(10.13)
Profit/(Loss) before tax	1,504	1,852	(348)	(18.79)
Profit/(Loss) after tax	(594)	847	(1,441)	(170.13)
Discontinued Operations				
Result from discontinued operations, net of tax	1,090	1,240	(150)	12.10
Profit/(Loss) attributable to ordinary equity holders of the parent				
Continuing operations	(1,120)	58	(1,178)	(2,031.03)
Discontinued operations	836	912	(76)	8.33

There were no material changes from preceding quarter to current quarter. PFI companies have revised respective deferred tax computation, and resulted loss after tax for continuing operations and lower profit after tax for discontinued operations.

B3. Group's Prospects

The property market outlook remains challenging. The Group continues to assess the market to develop its properties and to dispose off its non-core assets.

B4. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee was published or provided.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017) (continued)

B5. Taxation

	Quarter Ended 31 March 2019 RM'000	Financial Period Ended 31 March 2019 RM'000
Continuing operations		
Income tax	(20)	(37)
Deferred tax	(2,078)	(3,210)
Total	<u>(2,098)</u>	<u>(3,247)</u>

B6. Status of Corporate Proposals

Other than the proposed disposals of subsidiaries set out in Note A4, there were no other corporate proposal during the quarter under review.

B7. Borrowings and debt securities

	As at 31 March 2019					
	Long term		Short term		Total borrowings	
	Foreign denomination	RM denomination RM'000	Foreign denomination	RM denomination RM'000	Foreign denomination	RM denomination RM'000
Secured						
- continuing operations	-	224,740	-	33,034	-	257,774
- discontinued operations	-	346,470	-	17,452	-	363,922
	-	571,210	-	50,486	-	621,696
Unsecured	-	-	-	-	-	-
	As at 30 June 2018					
	Long term		Short term		Total borrowings	
	Foreign denomination	RM denomination RM'000	Foreign denomination	RM denomination RM'000	Foreign denomination	RM denomination RM'000
Secured						
- continuing operations	-	246,712	-	33,033	-	279,745
- discontinued operations	-	364,179	-	17,452	-	381,631
	-	610,891	-	50,485	-	661,376
Unsecured	-	-	-	-	-	-

(a) Detailed explanation on the material changes in borrowings

There were no new borrowings by the Group during the quarter under review.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017) (continued)

B7. Borrowings and debt securities (continued)

(b) Details of significant increase or reduction in borrowings

The decrease in total borrowings for financial period ended 31 March 2019 compared to the financial year ended 30 June 2018 was due to scheduled repayments made to banks.

(c) Weighted average interest rate of borrowings and proportion of debt that is based on the fixed interest rate and floating interest rate

The weighted average interest rate of borrowings is 6.29%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 0.78 : 0.92.

(d) Borrowings that denominated in foreign currencies

There are no borrowings denominated in foreign currencies.

B8. Changes in Material Litigation

There are no updates on material litigation during the quarter under review.

B9. Dividends

No dividend has been proposed or declared during the current quarter under review.

B10. Earnings Per Share

	Quarter Ended 31 March 2019	Financial Period Ended 31 March 2019
Profit attributable to shareholders (RM'000)		
- Continuing operations	(1,120)	(3,380)
- Discontinued operations	836	3,554
	<u>(284)</u>	<u>174</u>
(a) Basic Earnings Per Share		
Number of ordinary shares issued ('000)	480,792	480,792
Basic profit per ordinary share (sen)		
- Continuing operations	(0.23)	(0.70)
- Discontinued operations	0.17	0.74
	<u>(0.06)</u>	<u>0.04</u>
(b) Diluted Earnings Per Share		
Number of ordinary shares issued and full exercise of warrants ('000)	721,186	721,186
Diluted profit per ordinary share (sen)		
- Continuing operations	(0.16)	(0.47)
- Discontinued operations	0.12	0.49
	<u>(0.04)</u>	<u>0.02</u>

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B, PART A OF THE BURSA SECURITIES LISTING REQUIREMENTS AND GUIDANCE ON DISCLOSURES IN NOTES TO QUARTERLY REPORT (ICN 1/2017) (continued)

B11. Audit Report from the Group’s Annual Report 2018

The audit report from the Group’s Annual Report 2018 was unqualified.

B12. Profit before tax is arrived at after (charging) / crediting:

	Quarter Ended 31 March 2019 RM’000	Financial Period Ended 31 March 2019 RM’000
Continuing Operations		
Interest Income	87	343
Finance Income on Operating Financial Asset	4,027	12,220
Finance Costs	(4,094)	(12,727)
Depreciation	(60)	(177)

By Order of the Board
MENANG CORPORATION (M) BERHAD

WONG YOUN KIM
COMPANY SECRETARY

29 May 2019