



Menang Corporation (M) Berhad
(5383-K)

**QUARTERLY REPORT ON
CONSOLIDATED RESULTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2019**

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QUARTERLY UNAUDITED RESULTS FOR THE GROUP
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

	Unaudited 30 JUNE 2019 RM'000	Audited 30 JUNE 2018 RM'000
ASSETS		
Non-current assets		
Plant and equipment	124	147
Investment properties	53,628	53,788
Inventories	76,654	76,654
Operating financial asset	341,872	360,012
Investment in an associate	232	236
Other investments	-	5
Total non-current assets	472,510	490,842
Current assets		
Inventories	112,597	109,003
Operating financial asset	18,141	17,370
Receivables	29,136	29,484
Tax assets	193	189
Cash and cash equivalents	41,324	37,554
	201,391	193,600
Assets of a disposal group classified as held for sale	504,829	524,291
Total current assets	706,220	717,891
TOTAL ASSETS	1,178,730	1,208,733

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued)

	Unaudited 30 JUNE 2019 RM'000	Audited 30 JUNE 2018 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	240,398	240,396
Reserves	-	3
Retained earnings	79,455	77,103
	319,853	317,502
Non-controlling interests	76,136	67,557
Total equity	395,989	385,059
Non current liabilities		
Deferred tax liabilities	46,063	42,898
Borrowings	207,907	246,712
Total non-current liabilities	253,970	289,610
Current liabilities		
Payables	65,268	56,862
Tax payables	940	-
Borrowings	46,768	33,033
	112,976	89,895
Liabilities of a disposal group classified as held for sale	415,795	444,169
Total current liabilities	528,771	534,064
Total liabilities	782,741	823,674
TOTAL EQUITY AND LIABILITIES	1,178,730	1,208,733
Net assets per share (RM)	0.67	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 FOURTH QUARTER ENDED 30 JUNE 2019

	Current Quarter Ended 30 JUNE 2019 RM'000	Corresponding Quarter Ended 30 JUNE 2018 RM'000	Current Year-to-Date 30 JUNE 2019 RM'000	Corresponding Year-to-Date 30 JUNE 2018 RM'000
Continuing operations				
Revenue	10,475	10,671	42,114	42,784
Operating expenses	(7,295)	(6,507)	(24,304)	(21,215)
Other operating income	459	21,065	462	21,568
Operating profit	3,639	25,229	18,272	43,137
Finance income	118	115	461	312
Investing results	(1)	19	(3)	1
Profit before interest and tax	3,756	25,363	18,730	43,450
Finance costs	(4,030)	(4,358)	(16,757)	(17,251)
(Loss)/Profit before tax	(274)	21,005	1,973	26,199
Taxation	(1,095)	(15,262)	(4,342)	(12,430)
(Loss)/Profit from continuing operations	(1,369)	5,743	(2,369)	13,769
Discontinued operations				
Results from discontinued operations, net of tax (Note A4)	7,975	(4,482)	13,300	(1,742)
Profit for the year	6,606	1,261	10,931	12,027
Fair value adjustment of available-for-sale financial assets	-	(1)	(3)	(1)
Total comprehensive income	6,606	1,260	10,928	12,026

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued)

	Current Quarter Ended 30 JUNE 2019 RM'000	Corresponding Quarter Ended 30 JUNE 2018 RM'000	Current Year-to-Date 30 JUNE 2019 RM'000	Corresponding Year-to-Date 30 JUNE 2018 RM'000
<i>(Loss)/Profit attributable to :</i>				
Owners of the Company				
- continuing operations	(2,168)	11,089	(5,548)	15,041
- discontinued operations	4,346	(3,142)	7,900	(1,742)
	2,178	7,947	2,352	13,299
Non-controlling interests	4,428	(6,686)	8,579	(1,272)
	<u>6,606</u>	<u>1,261</u>	<u>10,931</u>	<u>12,027</u>
<i>Total comprehensive (loss)/ income attributable to :</i>				
Owners of the Company				
- continuing operations	(2,168)	11,088	(5,551)	15,040
- discontinued operations	4,346	(3,142)	7,900	(1,742)
	2,178	7,946	2,349	13,298
Non-controlling interests	4,428	(6,686)	8,579	(1,272)
	<u>6,606</u>	<u>1,260</u>	<u>10,928</u>	<u>12,026</u>
Basic (loses)/earnings per share (sen)				
- continuing operations	(0.45)	2.31	(1.15)	3.13
- discontinued operations	0.90	(0.65)	1.64	(0.36)
	<u>0.45</u>	<u>1.65</u>	<u>0.49</u>	<u>2.77</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 FOURTH QUARTER ENDED 30 JUNE 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 year						
Profit for the financial year	-	-	2,352	2,352	8,579	10,931
Other comprehensive loss for the financial year	-	(3)	-	(3)	-	(3)
Total comprehensive income	-	(3)	2,352	2,349	8,579	10,928
Transactions with owner						
Issuance of ordinary shares pursuant to subscription by warrant holders	2	-	-	2	-	2
	2	-	-	2	-	2
As at 30 June 2019	240,398	-	79,455	319,853	76,136	395,989

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued)

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	240,396	-	3	77,103	317,502	67,557	385,059

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 FOURTH QUARTER ENDED 30 JUNE 2019

	Unaudited	Audited
	30 JUNE 2019	30 JUNE 2018
	RM'000	RM'000
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax		
- continuing operations	1,973	26,199
- discontinued operations	12,916	(104)
	<hr/>	<hr/>
	14,889	26,095
Adjustments for:		
Depreciation of investment properties	162	163
Depreciation of plant and equipment	67	74
Finance income on operating financial assets	(35,041)	(36,531)
Gain on disposal of plant and equipment	-	(3)
Impairment losses on trade receivables	8	194
Impairment losses on other receivables	9	-
Interest expense	44,355	45,836
Interest income	(783)	(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	4	(1)
	<hr/>	<hr/>
Operating profit before working capital changes	23,670	13,741
Changes in working capital:		
Inventories	(3,595)	-
Operating financial assets	72,048	72,047
Trade and other receivables	1,907	3,213
Trade and other payables	4,367	(934)
	<hr/>	<hr/>
Cash from operations	98,397	88,067
Income tax paid	(323)	(280)
	<hr/>	<hr/>
Net cash from operating activities	98,074	87,787

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2019 (continued)

	Unaudited	Audited
	30 JUNE 2019	30 JUNE 2018
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment made to an associate	-	477
Interest received	783	575
Proceed from disposal of plant and equipment	-	3
Proceed from disposal of other investments	5	-
Purchase of plant and equipment	(44)	(26)
Placement of time deposits	(322)	(2,139)
Shares subscription by warrant holders	2	-
Withdrawal in pledged deposits	-	21
Net cash from/(used in) investing activities	424	(1,089)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of term loans	-	31,721
Interest paid	(51,922)	(59,258)
Payment of finance lease liability	-	(4)
Repayment to consortium parties	-	(4,258)
Repayment of term loans	(41,360)	(28,477)
Net cash used in financing activities	(93,282)	(60,276)
Net increase in cash and cash equivalents	5,216	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	56,298	51,082
Add: Deposits pledged	9,195	8,873
Less: Cash and cash equivalents of disposal group classified as held for sale (Note A4)	(24,169)	(22,401)
Cash and cash equivalents at the end of financial year as reported in statements of financial position	41,324	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 interests in Rumpun Positif Sdn Bhd (“RPSB”) and Protokol Elegan Sdn Bhd (“PESB”). However on 19 July 2019, the proposed disposals lapsed due to the non-fulfillment of the conditions precedent in connection with the required approvals from UKAS and lenders.

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

Summary of impact from the reclassification are as follows:

Impact on unaudited CSOFP as at 30 June 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	53,628	-	53,628
Inventories	76,654	-	76,654
Operating financial asset	789,302	(447,430)	341,872
Investment in an associate	232	-	232
	919,940	(447,430)	472,510
Current assets			
Inventories	112,598	(1)	112,597
Operating financial asset	38,560	(20,419)	18,141
Receivables	41,947	(12,811)	29,136
Tax assets	193	-	193
Cash and cash equivalents	65,492	(24,168)	41,324
	258,790	(57,399)	201,391
Assets classified as held for sale	-	504,829	504,829
TOTAL ASSETS	<u>1,178,730</u>	<u>-</u>	<u>1,178,730</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 30 June 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	240,398	-	240,398
Retained earnings	79,455	-	79,455
	319,853	-	319,853
Non-controlling interests	76,136	-	76,136
Total equity	395,989	-	395,989
Non current liabilities			
Deferred tax liabilities	75,302	(29,239)	46,063
Borrowings	538,384	(330,477)	207,907
	613,686	(359,716)	253,970
Current liabilities			
Payables	94,050	(28,782)	65,268
Borrowings	74,065	(27,297)	46,768
	169,055	(56,079)	112,976
Liabilities classified as held for sale	-	415,795	415,795
Total liabilities	782,741	-	782,741
TOTAL EQUITY AND LIABILITIES	1,178,730	-	1,178,730

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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 Year Ended 30 June 2019 (continued)

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
Continuing operations			
Revenue	91,171	(49,057)	42,114
Operating expenses	(34,876)	10,572	(24,304)
Other operating income	2,169	(1,707)	462
Operating profit	58,464	(40,192)	18,272
Finance income	783	(322)	461
Investing results	(3)	-	(3)
Profit before interest and tax	59,244	(40,514)	18,730
Finance costs	(44,355)	27,598	(16,757)
Profit before tax	14,889	(12,916)	1,973
Taxation	(3,958)	(384)	(4,342)
Profit/(Loss) from continuing operations	10,931	(13,300)	(2,369)
Discontinued operations			
Result from discontinued operations, net of tax	-	13,300	13,300
Profit for the year	10,931	-	10,931
Fair value adjustment of financial assets	(3)	-	(3)
Total comprehensive income	10,928	-	10,928
Profit/(Loss) for the year attributable to :			
Owners of the Company			
- continuing operations	2,352	(7,900)	(5,548)
- discontinued operations	-	7,900	7,900
	2,352	-	2,352
Non-controlling interests	8,579	-	8,579
	10,931	-	10,931
Total comprehensive income /(loss) attributable to :			
Owners of the Company			
- continuing operations	2,349	(7,900)	(5,551)
- discontinued operations	-	7,900	7,900
	2,349	-	2,349
Non-controlling interests	8,579	-	8,579
	10,928	-	10,928

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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, except for subscription of shares by warrant holders for 2,880 units on 21 June 2019, resulting in a total of 480,796,290 units of issued and paid-up capital as at 30 June 2019.

A7. Dividends

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

A8. Segmental Reporting

Business Segments	3 months ended 30 June 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	20	-	10,455	-	-	10,475
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	590	-	10,455	-	(570)	10,475
Segment results	(1,212)	(3,070)	7,929	(8)	-	3,639
Finance cost	(461)	-	(3,569)	-	-	(4,030)
Finance income	-	118	-	-	-	118
Investing results	(3)	2	-	-	-	(1)
Profit before tax	(1,676)	(2,950)	4,360	(8)	-	(274)
Taxation	17	45	(1,157)	-	-	(1,095)
Profit after tax	(1,659)	(2,905)	3,203	(8)	-	(1,369)
Result from discontinued operations, net of tax	-	-	7,975	-	-	7,975
Profit for the financial year	(1,659)	(2,905)	11,178	(8)	-	6,606

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

A8. Segmental Reporting (continued)

Business Segments	12 months ended 30 June 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	96	-	42,018	-	-	42,114
Inter-segment revenue	2,280	-	-	-	(2,280)	-
Total revenue	2,376	-	42,018	-	(2,280)	42,114
Segment results	(3,497)	(10,203)	32,010	(38)	-	18,272
Finance cost	(1,850)	-	(14,907)	-	-	(16,757)
Finance income	-	461	-	-	-	461
Investing results	(3)	-	-	-	-	(3)
Profit before tax	(5,350)	(9,742)	17,103	(38)	-	1,973
Taxation	(1)	-	(4,341)	-	-	(4,342)
Profit after tax	(5,351)	(9,742)	12,762	(38)	-	(2,369)
Result from discontinued operations, net of tax	-	-	13,300	-	-	13,300
Profit for the financial year	(5,351)	(9,742)	26,062	(38)	-	10,931

Business Segments	As at 30 June 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	20,173	259,940	393,638	150	-	673,901
Total liabilities	21,057	47,601	298,279	9	-	366,946
Discontinued operations						
Total assets	-	-	504,829	-	-	504,829
Total liabilities	-	-	415,795	-	-	415,795

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

A9. Material Events Subsequent to the End of the Year 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, 30 April 2019, 20 June 2019 and 22 July 2019. The terms herein shall bear the same meaning as defined in the said announcements.

The Court of Appeal has fixed the Hearing date on 11 March 2020 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. The outstanding 240,389,460 warrants 2014/2019 of the Company (1694WB) ceased to be exercisable on its expiry date of 9 July 2019. The warrants were removed from the Official List of Bursa Malaysia on 10 July 2019.
- iii. Please refer to Note A4 with regards to proposed disposals of the Group's interest in Rumpun Positif Sdn Bhd and Protokol Elegan Sdn Bhd.

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 30 June 2019	Audited 30 June 2018
Financial assets:		
- measured at amortised cost		
• Level 2		
○ Operating financial assets	360,013	377,382
• Level 3		
○ Deposits, cash and bank balances	41,324	37,554
○ Trade and other receivables, excluding prepayments and GST refundable	28,218	29,336
- at fair value through other comprehensive income		
• Level 1		
○ Other investments	-	5
	<u>429,555</u>	<u>444,277</u>
Financial liabilities:		
- measured at amortised cost		
• Level 3		
○ Loans and borrowings	254,675	279,745
○ Trade and other payables	65,268	56,862
	<u>319,943</u>	<u>336,607</u>

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

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 30 June 2019 RM'000	Financial Year Ended 30 June 2019 RM'000
Continuing operations		
Management fees	21	96
Interest income on operating financial assets	3,979	16,199
Maintenance income	2,683	10,652
Fair value of supplementary services	3,792	15,167
	10,475	42,114

A14. Material Events and Transactions

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

There were no material inventories 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*

There were no material impairments or reversal of impairments charged or credited during the quarter under review.

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

There were no material restructuring costs incurred during the quarter under review.

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

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

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

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

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

A14. Material Events and Transactions (continued)

(f) *Litigation settlements*

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

(g) *Corrections of prior year errors*

There were no material corrections of prior year 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 year*

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.

(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.

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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)

B1. Review of Performance

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

	Current quarter RM'000	Preceding year's corresponding quarter RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	10,475	10,671	(196)	(1.84)
Operating profit	3,639	25,229	(21,590)	(85.58)
Profit before interest and tax	3,756	25,363	(21,607)	(85.19)
(Loss)/Profit before tax	(274)	21,005	(21,279)	(101.30)
(Loss)/Profit after tax	(1,369)	5,743	(7,112)	(123.84)
Discontinued Operations				
Result for the quarter, net of tax	7,975	(4,482)	12,457	(277.93)
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(2,168)	11,089	(13,257)	(119.55)
Discontinued operations	4,346	(3,142)	7,488	(238.32)

Comparing the preceding year's corresponding quarter's continuing operations' operating profit, profit before interest and tax, and profit before tax, the current quarter is significantly lower, as the preceding year's corresponding quarter included reversals of impairment of certain investments properties and written down value of certain inventories, totalling approximately RM20 million.

The discontinued operations' loss in preceding year's corresponding quarter was mainly due to deferred tax adjustments.

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B1. Review of Performance (continued)

(b) Financial Review for Current Year Compared to Preceding Year

	Current year RM'000	Preceding year RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	42,114	42,784	(670)	(1.57)
Operating profit	18,272	43,137	(24,865)	(57.64)
Profit before interest and tax	18,730	43,450	(24,720)	(56.89)
Profit before tax	1,973	26,199	(24,226)	(92.47)
(Loss)/Profit after tax	(2,369)	13,769	(16,138)	(117.21)
Discontinued Operations				
Result for the year, net of tax	13,300	(1,742)	15,042	(863.49)
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(5,548)	15,041	(20,589)	(136.89)
Discontinued operations	7,900	(1,742)	9,642	(553.50)

Comparing the preceding year's continuing operations' operating profit, profit before interest and tax, profit before tax and profit after tax, the current year is significantly lower, as the preceding year included reversals of impairment of certain investments properties and written down value of certain inventories, totalling approximately RM20 million.

The discontinued operations' loss in preceding year was mainly due to deferred tax adjustments.

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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)

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	10,475	10,517	(42)	(0.40)
Operating profit	3,639	5,512	(1,873)	(33.98)
Profit before interest and tax	3,756	5,598	(1,842)	(32.90)
(Loss)/Profit before tax	(274)	1,504	(1,778)	(118.22)
(Loss)/Profit after tax	(1,369)	(594)	(775)	130.47
Discontinued Operations				
Result for the quarter, net of tax	7,975	1,090	6,885	631.65
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(2,168)	(1,120)	(1,048)	93.57
Discontinued operations	4,346	836	3,510	419.86

The higher profit in the current quarter for discontinued operations compared to the preceding quarter is mainly due to the adjustments on deferred tax.

B3. Group's Prospects

The property market outlook remains challenging. The Group will continue to assess the market for opportunities, identify strategic partners for its properties and continue its efforts 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.

B5. Taxation

	Quarter Ended 30 June 2019 RM'000	Financial Year Ended 30 June 2019 RM'000
Continuing Operations		
Income tax	(1,140)	(1,177)
Deferred tax	45	(3,165)
Total	<u>(1,095)</u>	<u>(4,342)</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)

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 30 June 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	-	207,907	-	46,768	-	254,675
- discontinued operations	-	330,477	-	27,296	-	357,773
	-	538,384	-	74,064	-	612,448
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.

(b) Details of significant increase or reduction in borrowings

The decrease in total borrowings for financial year ended 30 June 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

Combined both continuing and discontinued operations, the weighted average interest rate of borrowings is 7.06%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 0.04 : 0.96.

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)

(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. Audit Report from the Group's Annual Report 2018

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

B11. Profit before tax is arrived at after (charging) / crediting:

	Quarter Ended 30 June 2019 RM'000	Financial Year Ended 30 June 2019 RM'000
Continuing Operations		
Interest Income	118	461
Finance Income on Operating Financial Asset	3,979	16,199
Finance Costs	(4,030)	(16,757)
Depreciation	(52)	(229)
Impairment loss on trade receivables	(8)	(8)
Impairment loss on other receivables	(9)	(9)

By Order of the Board
MENANG CORPORATION (M) BERHAD

WONG YOUN KIM
COMPANY SECRETARY

30 August 2019