



Menang Corporation (M) Berhad

Registration No. : 196401000240 (5383-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Unaudited 30 SEPTEMBER 2019 RM'000	Audited 30 JUNE 2019 RM'000
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Plant and equipment	222	124
Investment properties	53,587	53,628
Inventories	76,654	76,654
Operating financial asset	-	341,870
Investment in an associate	232	233
Total non-current assets	130,695	472,509
Current assets		
Inventories	112,597	112,597
Operating financial asset	-	18,140
Receivables	23,850	29,138
Tax assets	193	193
Cash and cash equivalents	13,361	41,323
	150,001	201,391
Assets of a disposal group classified as held for sale	881,684	504,829
Total current assets	1,031,685	706,220
TOTAL ASSETS	1,162,380	1,178,729

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

	Unaudited 30 SEPTEMBER 2019 RM'000	Audited 30 JUNE 2019 RM'000
	<u>RM'000</u>	<u>RM'000</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	240,400	240,398
Retained earnings	78,922	79,425
	319,322	319,823
Non-controlling interests	78,267	76,134
Total equity	397,589	395,957
Non current liabilities		
Deferred tax liabilities	167	46,063
Borrowings	84	207,904
Total non-current liabilities	251	253,967
Current liabilities		
Payables	48,086	50,586
Tax payables	-	940
Contract liability	-	14,716
Borrowings	20,163	46,768
	68,249	113,010
Liabilities of a disposal group classified as held for sale	696,291	415,795
Total current liabilities	764,540	528,805
Total liabilities	764,791	782,772
TOTAL EQUITY AND LIABILITIES	1,162,380	1,178,729
Net assets per share (RM)	0.66	0.67

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 2019.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019**

	Current Quarter Ended 30 SEP 2019 RM'000	Corresponding Quarter Ended 30 SEP 2019 RM'000	Current Period-to-Date 30 SEP 2019 RM'000	Corresponding Period-to-Date 30 SEP 2019 RM'000
Continuing operations (Note A4)				
Revenue	22	28	22	28
Operating expenses	(4,550)	(1,433)	(4,550)	(1,433)
Other operating income	19	-	19	-
Operating loss	(4,509)	(1,405)	(4,509)	(1,405)
Finance income	72	8	72	8
Investing results	(1)	-	(1)	-
Loss before interest and tax	(4,438)	(1,397)	(4,438)	(1,397)
Finance costs	(466)	(471)	(466)	(471)
Loss before tax	(4,904)	(1,868)	(4,904)	(1,868)
Taxation	(20)	(5)	(20)	(5)
Loss from continuing operations	(4,924)	(1,873)	(4,924)	(1,873)
Discontinued operations				
Results from discontinued operations, net of tax (Note A4)	6,554	3,957	6,554	3,957
Profit for the period / Total comprehensive income	1,630	2,084	1,630	2,084
(Loss)/Profit / Total comprehensive (loss)/income attributable to:				
Owners of the Company				
- continuing operations	(4,924)	(1,873)	(4,924)	(1,873)
- discontinued operations	4,421	2,840	4,421	2,840
	(503)	967	(503)	967
Non-controlling interests	2,133	1,117	2,133	1,117
	1,630	2,084	1,630	2,084
Basic (loses)/earnings per share (sen)				
- continuing operations	(1.02)	(0.39)	(1.02)	(0.39)
- discontinued operations	0.92	0.59	0.92	0.59
	(0.10)	0.20	(0.10)	0.20

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 2019.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	<Attributable to Owners of the Company>				
	Share capital RM'000	Retained earnings RM'000	Sub total RM'000	Non - controlling interests RM'000	Total equity RM'000
As at 1 July 2019	240,398	79,425	319,823	76,134	395,957
Total comprehensive income for the financial period					
Profit for the financial period / total comprehensive income for the financial period	-	(503)	(503)	2,133	1,630
Transactions with owner					
Issuance of ordinary shares pursuant to warrant exercised	2	-	2	-	2
As at 30 September 2019	<u>240,400</u>	<u>78,922</u>	<u>319,322</u>	<u>78,267</u>	<u>397,589</u>

For the financial year ended 30 June 2019

	<Attributable to Owners of the Company>					
	Share capital RM'000	Fair value reserve of assets at FVOCI RM'000	Retained earnings RM'000	Sub total RM'000	Non - controlling interests RM'000	Total equity 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/ total comprehensive income for the financial year	-	-	2,319	2,319	8,577	10,896
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(3)	3	-	-	-
Transactions with owners						
Issuance of ordinary shares pursuant to warrant exercised	2	-	-	2	-	2
As at 30 June 2019	<u>240,398</u>	<u>-</u>	<u>79,425</u>	<u>319,823</u>	<u>76,134</u>	<u>395,957</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 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

	Unaudited 30 SEPTEMBER 2019 RM'000	Audited 30 JUNE 2019 RM'000
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax		
- continuing operations	(4,904)	1,938
- discontinued operations	6,902	12,916
	<u>1,998</u>	<u>14,854</u>
Adjustments for:		
Depreciation of investment properties	41	160
Depreciation of plant and equipment	17	67
Gain on disposal of plant and equipment	(19)	(14)
Impairment losses on trade receivables	-	408
Impairment losses on other receivables	-	8
Interest expense	10,578	44,355
Interest income	(156)	(784)
Interest income on operating financial assets	(8,520)	(35,040)
Share of results of an associate, net of tax	1	3
	<u>3,940</u>	<u>24,017</u>
Operating profit before working capital changes	3,940	24,017
Changes in working capital:		
Inventories	-	(3,594)
Operating financial assets	18,008	72,051
Trade and other receivables	(660)	1,512
Trade and other payables	(7,532)	1,950
Contract liability	675	2,698
	<u>14,431</u>	<u>98,634</u>
Cash from operations	14,431	98,634
Income tax paid	(1,101)	(319)
	<u>13,330</u>	<u>98,315</u>
Net cash from operating activities	13,330	98,315

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

	Unaudited 30 SEPTEMBER 2019 RM'000	Audited 30 JUNE 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment made to an associate	-	(6)
Interest received	156	784
Proceed from disposal of plant and equipment	19	14
Proceed from disposal of other investments	-	5
Purchase of plant and equipment	(115)	(44)
Placement of time deposits	(84)	(322)
Net cash (used in)/from investing activities	(24)	431
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank overdraft	9,000	-
Finance from lease facility	94	-
Interest paid	(11,949)	(44,355)
Proceed from issuance of shares	2	2
Repayment to consortium parties	-	(291)
(Repayment to)/Advances from directors	(36)	44
Repayment of term loans	(18,077)	(48,931)
Net cash used in financing activities	(20,966)	(93,531)
Net (decrease)/increase in cash and cash equivalents	(7,660)	5,215
Cash and cash equivalents at beginning of financial year	56,297	51,082
Cash and cash equivalents at the end of financial period/year as reported in statements of cash flows	48,637	56,297
Add: Deposits pledged	9,279	9,195
Less: Cash and cash equivalents of disposal group classified as held for sale (Note A4)	(44,555)	(24,169)
Cash and cash equivalents at the end of financial period/year as reported in statements of financial position	13,361	41,323

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 2019.

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 2019. 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 2019.

- (b) 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 2019 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 2019 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.

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").

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)

On 27 November 2019, the Group announced the proposed disposal of its 71% equity interests in Inovatif Mewah Sdn Bhd (“IMS B”). The proposed disposal falls within the scope of MFRS 5, hence the same accounting treatment as stated above will be applied.

Summary of impact from the reclassifications are as follows:

Impact on unaudited CSOFP as at 30 September 2019

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
ASSETS			
Non-current assets			
Plant and equipments	222	-	222
Investment properties	53,587	-	53,587
Inventories	76,654	-	76,654
Operating financial asset	779,811	(779,811)	-
Investment in an associate	232	-	232
	910,506	(779,811)	130,695
Current assets			
Inventories	112,597	-	112,597
Operating financial asset	38,560	(38,560)	-
Receivables	42,608	(18,758)	23,850
Tax assets	193	-	193
Cash and cash equivalents	57,916	(44,555)	13,361
	251,874	(101,873)	150,001
Assets classified as held for sale	-	881,684	881,684
TOTAL ASSETS	<u>1,162,380</u>	<u>-</u>	<u>1,162,380</u>

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 September 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	240,400	-	240,400
Retained earnings	78,922	-	78,922
	319,322	-	319,322
Non-controlling interests	<u>78,267</u>	<u>-</u>	<u>78,267</u>
Total equity	397,589	-	397,589
Non current liabilities			
Deferred tax liabilities	74,575	(74,408)	167
Borrowings	518,991	(518,907)	84
	593,566	(593,315)	251
Current liabilities			
Payables	71,800	(23,714)	48,086
Contract liability	15,391	(15,391)	-
Tax payables	940	(940)	-
Borrowings	83,094	(62,931)	20,163
	171,225	(102,976)	68,249
Liabilities classified as held for sale	<u>-</u>	<u>696,291</u>	<u>696,291</u>
Total liabilities	<u>764,791</u>	<u>-</u>	<u>764,791</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,162,380</u></u>	<u><u>-</u></u>	<u><u>1,162,380</u></u>

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 30 September 2019

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
Continuing operations			
Revenue	22,594	(22,572)	22
Operating expenses	(10,196)	5,646	(4,550)
Other operating income	23	(4)	19
Operating profit/(loss)	12,421	(16,930)	(4,509)
Finance income	156	(84)	72
Investing results	(1)	-	(1)
Profit/(Loss) before interest and tax	12,576	(17,014)	(4,438)
Finance costs	(10,578)	10,112	(466)
Profit/(Loss) before tax	1,998	(6,902)	(4,904)
Taxation	(368)	348	(20)
Profit/(Loss) from continuing operations	1,630	(6,554)	(4,924)
Discontinued operations			
Result from discontinued operations, net of tax	-	6,554	6,554
Profit for the period / Total comprehensive income	1,630	-	1,630
(Loss)/Profit / Total comprehensive (loss)/income attributable to :			
Owners of the Company			
- continuing operations	(503)	(4,421)	(4,924)
- discontinued operations	-	4,421	4,421
	(503)	-	(503)
Non-controlling interests	2,133	-	2,133
	1,630	-	1,630

A5. Changes in Estimates

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

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

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 detailed as follows:

Date Proceed from Warrant Exercised	Number of Share Subscribed	Proceed from the Exercise RM
05 July 2019	540	297
09 July 2019	720	396
15 July 2019	540	297
17 July 2019	1,350	743
Total	3,150	1,733

Total issued and paid-up capital as at 30 September 2019 stood at 480,799,440 units.

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.

A7. Dividends

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

A8. Segmental Reporting

	As at 30 September 2019					
	Project Management and Other Investment RM'000	Property Development RM'000	Concession Arrange- ments RM'000	Other Operating Segments RM'000	Elimi- nations RM'000	Consoli- dation RM'000
Business Segments						
Continuing operations						
Total assets	19,355	261,192	-	149	-	280,696
Total liabilities	21,139	47,350	-	11	-	68,500
Discontinued operations						
Total assets	-	-	881,684	-	-	881,684
Total liabilities	-	-	696,291	-	-	696,291

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

A8. Segmental Reporting (continued)

Business Segments	3 months ended 30 September 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	22	-	-	-	-	22
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	592	-	-	-	(570)	22
Segment results	(564)	(3,942)	-	(3)	-	(4,509)
Finance cost	(466)	-	-	-	-	(466)
Finance income	-	72	-	-	-	72
Investing results	(1)	-	-	-	-	(1)
Profit before tax	(1,031)	(3,870)	-	(3)	-	(4,904)
Taxation	(5)	(15)	-	-	-	(20)
Profit after tax	(1,036)	(3,885)	-	(3)	-	(4,924)
Result from discontinued operations, net of tax	-	-	6,554	-	-	6,554
Profit for the financial period	(1,036)	(3,885)	6,554	(3)	-	1,630

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, 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 when there are any material developments.

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

A9. Material Events Subsequent to the End of the Period Reported (continued)

- ii. On 27 November 2019, the Group announced that Menang Development (M) Sdn. Bhd. (“MDSB”) and Menang Industries (M) Sdn. Bhd. (“MISB”) (collectively referred as “the Vendors”), both 100% owned subsidiaries of the Company together with a minority shareholder of Inovatif Mewah Sdn. Bhd. (“IMSB”), Tentu Selesa Sdn Bhd (“TSSB”), had entered into a Heads of Agreement (“HOA”) with Widad Group Berhad (“WGB” or “the Purchaser”) (collectively referred as “the Parties”). MDSB, MISB and TSSB are shareholders of IMSB. The Vendors dispose 49,203,071 ordinary shares which represent 71% equity interest in IMSB and TSSB disposes 20,097,029 ordinary shares which represent 29% equity interest in IMSB, for a total sale consideration of RM122,000,000.00, subject to the terms and conditions of a share sale and purchase agreement to be entered into between the parties.

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 September 2019	Audited 30 June 2019
Financial assets:		
- measured at amortised cost		
• Level 2		
○ Operating financial assets	-	360,010
• Level 3		
○ Deposits, cash and bank balances	13,361	41,323
○ Trade and other receivables, excluding prepayments and GST refundable	22,932	28,484
	36,293	429,817
Financial liabilities:		
- measured at amortised cost		
• Level 3		
○ Loans and borrowings	20,247	254,672
○ Trade and other payables	48,086	50,586
	68,333	305,258

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.

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

A13. Disaggregation of Revenue

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

	Quarter Ended 30 September 2019 RM'000	Financial Period Ended 30 September 2019 RM'000
Continuing operations		
Management fees	22	22
	22	22
	22	22

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.

(f) *Litigation settlements*

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

(g) *Corrections of prior period errors*

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

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

A14. Material Events and Transactions (continued)

- (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.

- (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 Period's Corresponding Quarter's Results

	Current quarter RM'000	Preceding year's corresponding quarter RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	22	28	(6)	(21.43)
Operating loss	(4,509)	(1,405)	(3,104)	220.93
Loss before interest and tax	(4,438)	(1,397)	(3,041)	217.68
Loss before tax	(4,904)	(1,868)	(3,036)	162.53
Loss after tax	(4,924)	(1,873)	(3,051)	162.89
Discontinued Operations				
Result for the quarter, net of tax	6,554	3,957	2,597	65.63
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(4,924)	58	(4,982)	(8,589.66)
Discontinued operations	4,421	912	3,509	384.76

Continuing operations recorded a higher loss in the current quarter as compared to preceding year's corresponding quarter, mainly due to expenses on land clearing, earthworks and provisions for cost of proposed corporate exercises.

The discontinued operations recorded a higher profit in current quarter as compared to preceding year's corresponding quarter due to lower deferred tax provision.

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) Financial Review for Current Period Compared to Preceding Period

	Current period RM'000	Preceding period RM'000	Change RM'000	Change Percentage %
Continuing Operations				
Revenue	22	28	(6)	(21.43)
Operating profit	(4,509)	(1,405)	(3,104)	220.93
Profit before interest and tax	(4,438)	(1,397)	(3,041)	217.68
Profit before tax	(4,904)	(1,868)	(3,036)	162.53
(Loss)/Profit after tax	(4,924)	(1,873)	(3,051)	162.89
Discontinued Operations				
Result for the period, net of tax	6,554	3,957	2,597	65.63
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(4,924)	58	(4,982)	(8,589.66)
Discontinued operations	4,421	912	3,509	384.76

Continuing operations recorded a higher loss in the current period as compared to preceding period, mainly due to expenses on land clearing, earthworks and provisions for cost of proposed corporate exercises.

The discontinued operations recorded a higher profit in current period as compared to preceding period due to lower deferred tax provision.

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	22	21	1	4.76
Operating loss	(4,509)	(5,984)	1,475	(24.65)
Loss before interest and tax	(4,438)	(5,524)	1,086	(19.66)
Loss before tax	(4,904)	(5,985)	1,081	(18.06)
Loss after tax	(4,924)	(5,924)	1,000	(16.88)
Discontinued Operations				
Result for the quarter, net of tax	6,554	12,533	(5,979)	(47.71)
(Loss)/Profit attributable to ordinary equity holders of the parent				
Continuing operations	(4,924)	(5,924)	1,000	(16.88)
Discontinued operations	4,421	8,105	(3,684)	(45.45)

The Group's continuing operations recorded a lower loss in current quarter mainly due to inventory written off in prior quarter.

The Group's discontinued operations recorded a lower profit in current quarter due to reversal of over provision in construction costs and other expenses in the preceding quarter.

B3. Group's Prospects

The property market outlook remains challenging. The Group will continue to assess the market for opportunities and identify strategic partners for development of the Group's properties.

B4. Profit forecast or profit guarantee

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

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 30 September 2019 RM'000	Financial Period Ended 30 September 2019 RM'000
Continuing Operations		
Income tax	(20)	(20)
Deferred tax	-	-
Total	<u>(20)</u>	<u>(20)</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 30 September 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	-	83	-	20,163	-	20,246
- discontinued operations	-	518,907	-	62,931	-	581,838
	-	518,990	-	83,094	-	602,084
Unsecured	-	-	-	-	-	-
	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	-	207,904	-	46,768	-	254,672
- discontinued operations	-	330,477	-	27,296	-	357,773
	-	538,381	-	74,064	-	612,445
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 30 September 2019 compared to the financial year ended 30 June 2019 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 6.86%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 0.03 : 0.97.

(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 2019 was unqualified.

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

	Quarter Ended 30 September 2019 RM'000	Financial Period Ended 30 September 2019 RM'000
Continuing Operations		
Interest Income	72	72
Finance Costs	(466)	(466)
Depreciation	(58)	(58)

By Order of the Board
MENANG CORPORATION (M) BERHAD

WONG YOUN KIM
COMPANY SECRETARY

29 November 2019