



# **Menang Corporation (M) Berhad**

Registration No. : 196401000240 (5383-K)

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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**MENANG CORPORATION (M) BERHAD** Registration No. : 196401000240 (5383-K)  
**QUARTERLY UNAUDITED RESULTS FOR THE GROUP**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

	Unaudited 30 JUNE 2020 RM'000	Audited 30 JUNE 2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	206	124
Investment properties	53,466	53,628
Inventories	76,782	76,654
Operating financial asset	426,414	341,870
Investment in an associate	230	233
<b>Total non-current assets</b>	<b>557,098</b>	<b>472,509</b>
<b>Current assets</b>		
Inventories	113,775	112,597
Operating financial asset	21,016	18,140
Receivables	36,538	29,138
Tax assets	247	193
Cash and cash equivalents	49,092	41,323
	<b>220,668</b>	<b>201,391</b>
Assets of a disposal group classified as held for sale	<b>375,426</b>	<b>504,829</b>
<b>Total current assets</b>	<b>596,094</b>	<b>706,220</b>
<b>TOTAL ASSETS</b>	<b>1,153,192</b>	<b>1,178,729</b>

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020 (continued)**

	Unaudited 30 JUNE 2020 RM'000	Audited 30 JUNE 2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	240,400	240,398
Retained earnings	82,195	79,425
	<b>322,595</b>	319,823
<b>Non-controlling interests</b>	<b>82,184</b>	76,134
<b>Total equity</b>	<b>404,779</b>	395,957
<b>Non current liabilities</b>		
Deferred tax liabilities	30,937	46,063
Borrowings	339,315	207,904
<b>Total non-current liabilities</b>	<b>370,252</b>	253,967
<b>Current liabilities</b>		
Payables	67,643	50,586
Tax payables	-	940
Contract liability	-	14,716
Borrowings	40,860	46,768
	<b>108,503</b>	113,010
Liabilities of a disposal group classified as held for sale	<b>269,658</b>	415,795
<b>Total current liabilities</b>	<b>378,161</b>	528,805
<b>Total liabilities</b>	<b>748,413</b>	782,772
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,153,192</b>	1,178,729
<b>Net assets per share (RM)</b>	<b>0.67</b>	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 FOURTH QUARTER ENDED 30 JUNE 2020**

	Current Quarter Ended 30 JUN 2020 RM'000	Corresponding Quarter Ended 30 JUN 2019 RM'000	Current Year-to-Date 30 JUN 2020 RM'000	Corresponding Year-to-Date 30 JUN 2019 RM'000
<b>Continuing operations (Note A4)</b>				
Revenue	12,007	12,218	48,397	49,155
Operating expenses	(8,482)	(5,823)	(25,254)	(24,487)
Impairment losses on financial instruments	(138)	(416)	(138)	(416)
Other operating income	(5)	2,153	32	2,169
Operating profit	3,382	8,132	23,037	26,421
Finance income	202	171	607	783
Investing results	(1)	(1)	(3)	(3)
Profit before interest and tax	3,583	8,302	23,641	27,201
Finance costs	(6,350)	(7,209)	(27,305)	(29,448)
(Loss)/Profit before tax	(2,767)	1,093	(3,664)	(2,247)
Taxation	1,588	2,639	(1,604)	382
(Loss)/Profit from continuing operations	(1,179)	3,732	(5,268)	(1,865)
<b>Discontinued operations</b>				
Results from discontinued operations, net of tax (Note A4)	3,800	2,842	14,088	12,761
<b>Profit for the year / Total comprehensive income</b>	<b>2,621</b>	<b>6,574</b>	<b>8,820</b>	<b>10,896</b>
<b>(Loss)/Profit / Total comprehensive (loss)/income attributable to:</b>				
Owners of the Company				
- continuing operations	(1,761)	105	(7,754)	(7,263)
- discontinued operations	2,828	2,043	10,524	9,582
	1,067	2,148	2,770	2,319
Non-controlling interests	1,554	4,426	6,050	8,577
	2,621	6,574	8,820	10,896
<b>Basic (loses)/earnings per share (sen)</b>				
- continuing operations	(0.37)	0.02	(1.61)	(1.51)
- discontinued operations	0.59	0.42	2.19	1.99
	0.22	0.44	0.58	0.48

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 FOURTH QUARTER ENDED 30 JUNE 2020**

	<Attributable to Owners of the Company>			Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Retained earnings RM'000	Sub total RM'000		
<b>As at 1 July 2019</b>	240,398	79,425	319,823	76,134	395,957
<b>Total comprehensive income for the financial year</b>					
Profit for the financial year / total comprehensive income for the financial year	-	2,770	2,770	6,050	8,820
<b>Transactions with owner</b>					
Issuance of ordinary shares pursuant to warrant exercised	2	-	2	-	2
<b>As at 30 June 2020</b>	<b>240,400</b>	<b>82,195</b>	<b>322,595</b>	<b>82,184</b>	<b>404,779</b>

**For the financial year ended 30 June 2019**

	<Attributable to Owners of the Company>			Non - controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Fair value reserve of financial assets at FVOCI RM'000	Retained earnings RM'000		
<b>As at 1 July 2018</b>	240,396	3	77,103	67,557	385,059
<b>Total comprehensive income for the financial year</b>					
Profit for the financial year/ total comprehensive income for the financial year	-	-	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	-	-
<b>Transactions with owners</b>					
Issuance of ordinary shares pursuant to warrant exercised	2	-	-	-	2
<b>As at 30 June 2019</b>	<b>240,398</b>	<b>-</b>	<b>79,425</b>	<b>76,134</b>	<b>395,957</b>

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 FOURTH QUARTER ENDED 30 JUNE 2020**

	<b>Unaudited</b> <b>30 JUNE 2020</b> <b>RM'000</b>	<b>Audited</b> <b>30 JUNE 2019</b> <b>RM'000</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax		
- continuing operations	(3,664)	(2,247)
- discontinued operations	18,857	17,101
	<u>15,193</u>	<u>14,854</u>
Adjustments for:		
Depreciation of investment properties	162	160
Depreciation of plant and equipment	57	67
Gain on disposal of plant and equipment	(8)	(14)
Impairment losses on trade receivables	128	408
Impairment losses on other receivables	10	8
Interest expense	40,016	44,355
Interest income	(607)	(784)
Interest income on operating financial assets	(33,488)	(35,040)
Share of results of an associate, net of tax	3	3
	<u>21,466</u>	<u>24,017</u>
<b>Operating profit before working capital changes</b>	<b>21,466</b>	<b>24,017</b>
Changes in working capital:		
Inventories	(1,306)	(3,594)
Operating financial assets	72,045	72,051
Trade and other receivables	101	1,512
Trade and other payables	(9,985)	1,950
Contract liability	2,698	2,698
	<u>85,019</u>	<u>98,634</u>
Cash from operations	85,019	98,634
Income tax paid	(5,119)	(319)
	<u>79,900</u>	<u>98,315</u>
Net cash from operating activities	79,900	98,315

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020 (continued)**

	<b>Unaudited</b> <b>30 JUNE 2020</b> <b>RM'000</b>	<b>Audited</b> <b>30 JUNE 2019</b> <b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayment made to an associate	-	(6)
Interest received	593	784
Proceed from disposal of plant and equipment	8	14
Proceed from disposal of other investments	-	5
Purchase of plant and equipment	(139)	(44)
Placement of time deposits	(283)	(322)
Net cash from investing activities	179	431
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loans	40,000	-
Drawdown of bank overdraft	9,000	-
Finance from lease facility	94	-
Interest paid	(39,962)	(44,355)
Proceed from issuance of shares	2	2
Repayment to consortium parties	-	(291)
(Repayment to)/Advances from directors	(231)	44
Repayment of term loans	(77,296)	(48,931)
Net cash used in financing activities	(68,393)	(93,531)
Net increase in cash and cash equivalents	11,686	5,215
Cash and cash equivalents at beginning of financial year	56,297	51,082
<b>Cash and cash equivalents at the end of financial year as reported in statements of cash flows</b>	<b>67,983</b>	<b>56,297</b>
Add: Deposits pledged	9,478	9,195
Less: Cash and cash equivalents of disposal group classified as held for sale (Note A4)	(28,369)	(24,169)
<b>Cash and cash equivalents at the end of financial year as reported in statements of financial position</b>	<b>49,092</b>	<b>41,323</b>

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"), which lapsed on 19 July 2019 due to the non-fulfillment of the conditions precedent in connection with the required approvals from UKAS and lenders. The Group still intended to dispose its interests in both companies till July 2020. The requirement of MFRS 5 *Non-current Assets Held for Sale and Discounted Operations* ("MFRS 5") was no longer met. Hence, for the financial year ended 30 June 2020, the assets and liabilities of RPSB and PESB were no longer classified 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 no longer classified 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 (“IMSB”). On 24 June 2020, the Group entered into a conditional Share Sale Agreement (“SSA”) with Innovative City Holdings Sdn Bhd (“ICHSB”) for a consideration of RM86.62 million (71%) as set out the Company’s announcement dated 25 June 2020. The proposed disposal is within the scope of MFRS 5. For the financial year ended 30 June 2020, the assets and liabilities of IMSB were classified as held for sale in the CSOFP; while the income, expenses and profit after tax of IMSB were classified and presented as results from discontinued operations in the CSOCI, as follows:

*Impact on unaudited CSOFP as at 30 June 2020*

	<b>Before MFRS 5 Adjustments RM'000</b>	<b>Reclass- ification RM'000</b>	<b>After MFRS 5 Adjustments RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipments	206	-	206
Investment properties	53,466	-	53,466
Inventories	76,782	-	76,782
Operating financial asset	749,340	(322,926)	426,414
Investment in an associate	230	-	230
	880,024	(322,926)	557,098
<b>Current assets</b>			
Inventories	113,775	-	113,775
Operating financial asset	39,962	(18,946)	21,016
Receivables	41,723	(5,185)	36,538
Tax assets	247	-	247
Cash and cash equivalents	77,461	(28,369)	49,092
	273,168	(52,500)	220,668
<b>Assets classified as held for sale</b>	-	375,426	375,426
<b>TOTAL ASSETS</b>	<u>1,153,192</u>	<u>-</u>	<u>1,153,192</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 June 2020 (continued)*

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	240,400	-	240,400
Retained earnings	82,195	-	82,195
	322,595	-	322,595
<b>Non-controlling interests</b>	82,184	-	82,184
<b>Total equity</b>	404,779	-	404,779
<b>Non current liabilities</b>			
Deferred tax liabilities	76,954	(46,017)	30,937
Borrowings	513,262	(173,947)	339,315
	590,216	(219,964)	370,252
<b>Current liabilities</b>			
Payables	69,350	(1,707)	67,643
Contract liability	17,414	(17,414)	-
Tax payables	596	(596)	-
Borrowings	70,837	(29,977)	40,860
	158,197	(49,694)	108,503
<b>Liabilities classified as held for sale</b>	-	269,658	269,658
<b>Total liabilities</b>	748,413	-	748,413
<b>TOTAL EQUITY AND LIABILITIES</b>	1,153,192	-	1,153,192

**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 2020*

	Before MFRS 5 Adjustments RM'000	Reclass- ification RM'000	After MFRS 5 Adjustments RM'000
<b>Continuing operations</b>			
Revenue	89,781	(41,384)	48,397
Operating expenses	(35,074)	9,820	(25,254)
Impairment of financial assets	(138)	-	(138)
Other operating income	36	(4)	32
Operating profit	54,605	(31,568)	23,037
Finance income	607	-	607
Investing results	(3)	-	(3)
Profit before interest and tax	55,209	(31,568)	23,641
Finance costs	(40,016)	12,711	(27,305)
Profit before tax	15,193	(18,857)	(3,664)
Taxation	(6,373)	4,769	(1,604)
Profit from continuing operations	8,820	(14,088)	(5,268)
<b>Discontinued operations</b>			
Result from discontinued operations, net of tax	-	14,088	14,088
<b>Profit for the period / Total comprehensive income</b>	<b>8,820</b>	<b>-</b>	<b>8,820</b>
<b>Profit/(Loss) / Total comprehensive income/(loss) attributable to :</b>			
<b>Owners of the Company</b>			
- continuing operations	2,770	(10,524)	(7,754)
- discontinued operations	-	10,524	10,524
	2,770	-	2,770
<b>Non-controlling interests</b>	<b>6,050</b>	<b>-</b>	<b>6,050</b>
	8,820	-	8,820

**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.

**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 2020					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
<b>Continuing operations</b>						
Revenue from external customers	4	-	12,003	-	-	12,007
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	574	-	12,003	-	(570)	12,007
Segment results	(1,899)	(746)	6,040	(13)	-	3,382
Finance cost	(591)	(1)	(5,758)	-	-	(6,350)
Finance income	-	133	69	-	-	202
Investing results	(1)	-	-	-	-	(1)
(Loss)/Profit before tax	(2,491)	(614)	351	(13)	-	(2,767)
Taxation	9	51	1,528	-	-	1,588
(Loss)/Profit after tax	(2,482)	(563)	1,879	(13)	-	(1,179)
<b>Result from discontinued operations, net of tax</b>	-	-	3,800	-	-	3,800
(Loss)/Profit for the financial year	(2,482)	(563)	5,679	(13)	-	2,621

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

**A8. Segmental Reporting (continued)**

Business Segments	12 months ended 30 June 2020					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
<b>Continuing operations</b>						
Revenue from external customers	96	-	48,301	-	-	48,397
Inter-segment revenue	2,280	-	-	-	(2,280)	-
Total revenue	2,376	-	48,301	-	(2,280)	48,397
Segment results	(4,060)	(7,538)	34,677	(42)	-	23,037
Finance cost	(1,985)	(2)	(25,318)	-	-	(27,305)
Finance income	14	277	316	-	-	607
Investing results	(3)	-	-	-	-	(3)
(Loss)/Profit before tax	(6,034)	(7,263)	9,675	(42)	-	(3,664)
Taxation	2	-	(1,606)	-	-	(1,604)
(Loss)/Profit after tax	(6,032)	(7,263)	8,069	(42)	-	(5,268)
<b>Result from discontinued operations, net of tax</b>						
	-	-	14,088	-	-	14,088
(Loss)/Profit for the financial year	(6,032)	(7,263)	22,157	(42)	-	8,820

Business Segments	As at 30 June 2020					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
<b>Continuing operations</b>						
Total assets	19,128	278,408	480,118	112	-	777,766
Total liabilities	44,470	43,783	390,494	8	-	478,755
<b>Discontinued operations</b>						
Total assets	-	-	375,426	-	-	375,426
Total liabilities	-	-	269,658	-	-	269,658

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

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

There is no material event subsequent to the end of the period reported.

**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**

	<b>Unaudited 30 June 2020</b>	<b>Audited 30 June 2019</b>
Financial assets:		
- measured at amortised cost		
• Level 2		
○ Operating financial assets	447,430	360,010
• Level 3		
○ Deposits, cash and bank balances	49,092	41,323
○ Trade and other receivables, excluding prepayments and GST refundable	35,280	28,484
	<u>531,802</u>	<u>429,817</u>
Financial liabilities:		
- measured at amortised cost		
• Level 3		
○ Loans and borrowings	380,175	254,672
○ Trade and other payables	67,643	50,586
	<u>447,818</u>	<u>305,258</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.

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

**A13. Disaggregation of Revenue**

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

	<b>Quarter Ended 30 June 2020 RM'000</b>	<b>Financial Year Ended 30 June 2020 RM'000</b>
<b>Continuing operations</b>		
Management fees	14	96
Interest income on operating financial assets	4,441	18,061
Maintenance income	3,286	13,181
Fair value of supplementary services	4,266	17,059
	12,007	48,397

**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.

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

**A14. Material Events and Transactions (continued)**

(g) *Corrections of prior period errors*

There were no material corrections 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 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 Year's Corresponding Quarter's Results**

	Current quarter RM'000	Preceding year's corresponding quarter RM'000	Change Amount RM'000	Change Percentage %
<b>Continuing Operations</b>				
Revenue	12,007	12,218	(211)	(1.73)
Operating profit	3,382	8,132	(4,750)	(58.41)
Profit before interest and tax	3,583	8,302	(4,719)	(56.84)
(Loss)/Profit before tax	(2,767)	1,093	(3,860)	(353.16)
(Loss)/Profit after tax	(1,179)	3,732	(4,911)	(131.59)
<b>Discontinued Operations</b>				
Results for the quarter, net of tax	3,800	2,842	958	33.71
<b>(Loss)/Profit attributable to ordinary equity holders of the parent</b>				
Continuing operations	(1,761)	105	(1,866)	(1,777.14)
Discontinued operations	2,828	2,043	785	38.42

The Group's continuing operations' operating profit, profit before interest and tax, (loss)/profit before tax and (loss)/profit after tax decreased from preceding year's corresponding quarter mainly due to provisions made for goods and services tax. The Group's loss in the current quarter continuing operations is mainly due to additional deferred tax.

The discontinued operations recorded better results comparing current quarter with preceding year's corresponding quarter due to lower interest costs.

**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 Year Compared to Preceding Year**

	Current year RM'000	Preceding year RM'000	Change Amount RM'000	Change Percentage %
<b>Continuing Operations</b>				
Revenue	48,397	49,155	(758)	(1.54)
Operating profit	23,037	26,421	(3,384)	(12.81)
Profit before interest and tax	23,641	27,201	(3,560)	(13.09)
Loss before tax	(3,664)	(2,247)	(1,417)	63.06
Loss after tax	(5,268)	(1,865)	(3,403)	182.47
<b>Discontinued Operations</b>				
Results for the year, net of tax	14,088	12,761	1,327	10.40
<b>(Loss)/Profit attributable to ordinary equity holders of the parent</b>				
Continuing operations	(7,754)	(7,263)	(491)	6.76
Discontinued operations	10,524	9,582	942	9.83

The Group's continuing operations' operating profit, profit before interest and tax and loss after tax decreased from preceding year to current year due to provisions made for goods and services tax. The higher Group continuing operations loss after tax for the current year compared to the preceding year was mainly due to additional deferred tax.

The discontinued operations recorded better results compared to the preceding year due to lower interest costs.

**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 Amount RM'000	Change Percentage %
<b>Continuing Operations</b>				
Revenue	12,007	12,065	(58)	(0.48)
Operating profit	3,382	8,452	(5,070)	(59.99)
Profit before interest and tax	3,583	8,606	(5,023)	(58.37)
(Loss)/Profit before tax	(2,767)	1,806	(4,573)	(253.21)
Loss after tax	(1,179)	(3,160)	1,981	(62.69)
<b>Discontinued Operations</b>				
Results for the period, net of tax	3,800	3,551	249	7.01
<b>(Loss)/Profit attributable to ordinary equity holders of the parent</b>				
Continuing operations	(1,761)	(2,116)	355	(16.78)
Discontinued operations	2,828	2,651	177	6.68

The Group's continuing operations' operating profit, profit before interest and tax and (loss)/profit before tax decreased due to provisions made for goods and services tax. The Group's lower loss after tax was due mainly to reversal of deferred tax.

**B3. Group's Prospects**

The pandemic caused by the COVID-19 and the Movement Control Order ("MCO") have posed various challenges to the Group. The Group will continue to assess the market for viable and prudent business opportunities.

**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 2020 RM'000	Financial Year Ended 30 June 2020 RM'000
<b>Continuing Operations</b>		
Income tax	48	(74)
Deferred tax	1,540	(1,530)
Total	<u>1,588</u>	<u>(1,604)</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 disposal of subsidiary 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 2020					
	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	-	339,315	-	40,860	-	380,175
- discontinued operations	-	173,947	-	29,978	-	203,925
	-	513,262	-	70,838	-	584,100
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.

**(b) Details of significant increase or reduction in borrowings**

The decrease in total borrowings for financial year ended 30 June 2020 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 6.42%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 7 : 93.

**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 were no other 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 2019**

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 June 2020 RM’000	Financial Year Ended 30 June 2020 RM’000
<b>Continuing Operations</b>		
Auditors' remuneration	(51)	(179)
Interest income	202	607
Interest income on operating financial assets	4,441	18,061
Fair value of supplementary services	4,266	17,059
Gain on disposal of plant and equipment	-	19
Investment results	(1)	(3)
Finance costs	(6,350)	(27,305)
Depreciation of investment properties	(40)	(162)
Depreciation of plant and equipment	(19)	(57)
Staff costs	(1,296)	(4,808)
Rental of premises	(100)	(400)

By Order of the Board  
**MENANG CORPORATION (M) BERHAD**

**WONG YOUN KIM**  
 COMPANY SECRETARY

28 August 2020