



MENANG CORPORATION (M) BERHAD

Registration No. : 196401000240 (5383-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

	Unaudited 31 DECEMBER 2021 RM'000	Audited 30 JUNE 2021 RM'000
ASSETS		
Non-current assets		
Plant and equipment	288	336
Investment properties	51,562	51,643
Inventories	163,727	163,727
Operating financial assets	685,674	708,722
Investment in an associate	-	-
Total non-current assets	901,251	924,428
Current assets		
Inventories	29,210	29,210
Operating financial assets	42,734	40,402
Trade and other receivables	16,356	34,675
Tax assets	192	417
Deposits, cash and bank balances	50,906	57,236
Total current assets	139,398	161,940
TOTAL ASSETS	1,040,649	1,086,368

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021 (continued)

	Unaudited 31 DECEMBER 2021 RM'000	Audited 30 JUNE 2021 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	240,400	240,400
Retained earnings	94,284	89,367
	334,684	329,767
Non-controlling interests	95,010	89,930
Total equity	429,694	419,697
LIABILITIES		
Non current liabilities		
Deferred tax liabilities	80,746	79,968
Loan and borrowings	369,076	409,490
Other payables	503	1,006
Total non-current liabilities	450,325	490,464
Current liabilities		
Trade and other payables	37,556	48,073
Contract liability	21,095	20,058
Tax liabilities	1,324	461
Loan and borrowings	100,655	107,615
Total current liabilities	160,630	176,207
Total liabilities	610,955	666,671
TOTAL EQUITY AND LIABILITIES	1,040,649	1,086,368
Net assets per share (RM)	0.70	0.69

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

	Current Quarter Ended 31 DEC 2021 RM'000	Corresponding Quarter Ended 31 DEC 2020 RM'000	Current Year-to-Date 31 DEC 2021 RM'000	Corresponding Year-to-Date 31 DEC 2020 RM'000
Revenue	21,758	22,106	43,599	44,287
Operating expenses	(7,524)	(8,074)	(14,318)	(16,750)
Reversal of impairment losses	-	9	-	59
Other operating income	25	172	25	213
Operating profit	14,259	14,213	29,306	27,809
Finance income	150	81	269	244
Investing results	-	(1)	-	(2)
Profit before interest and tax	14,409	14,293	29,575	28,051
Finance costs	(7,212)	(8,446)	(14,892)	(17,521)
Profit before tax	7,197	5,847	14,683	10,530
Taxation	(2,580)	(1,585)	(4,686)	(3,345)
Profit for the quarter / period / Total comprehensive income	4,617	4,262	9,997	7,185
<i>Profit / Total comprehensive income attributable to:</i>				
Owners of the Company	1,688	1,747	4,917	2,770
Non-controlling interests	2,929	2,515	5,080	4,415
	4,617	4,262	9,997	7,185
Basic earnings per share (sen)	0.35	0.36	1.02	0.58

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

	<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 2021	240,400	89,367	329,767	89,930	419,697
Total comprehensive income for the financial period					
Profit for the financial period, representing total comprehensive income	-	4,917	4,917	5,080	9,997
As at 31 December 2021	240,400	94,284	334,684	95,010	429,694

	<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 2020	240,400	82,211	322,611	82,184	404,795
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income	-	7,156	7,156	7,746	14,902
As at 30 June 2021	240,400	89,367	329,767	89,930	419,697

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 2021.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

	Unaudited 31 DECEMBER 2021 RM'000	Audited 30 JUNE 2021 RM'000
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,683	23,593
Adjustments for:		
Depreciation of investment properties	81	163
Depreciation of plant and equipment	52	94
Deposits written off	-	53
Impairment losses on trade receivables	-	77
Impairment losses on other receivables	-	34
Impairment losses on investment property	-	1,660
Interest expense	14,892	33,764
Interest income	(269)	(481)
Interest income on operating financial assets	(15,307)	(31,870)
Reversal of impairment losses on trade and other receivables	-	(61)
Reversal of inventory written down to NRV	-	(2,380)
Share of results of an associate, net of tax	-	230
Operating profit before working capital changes	<hr/> 14,132	<hr/> 24,876
Changes in working capital:		
Operating financial assets	36,023	72,048
Trade and other receivables	18,319	6,938
Trade and other payables	(10,940)	(20,282)
Contract liability	1,037	2,644
Cash from operations	<hr/> 58,571	<hr/> 86,224
Interest paid	-	(20)
Interest received	-	148
Tax paid	<hr/> (2,820)	<hr/> (6,130)
Net cash from operating activities	55,751	80,222

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021 (continued)

	Unaudited 31 DECEMBER 2021 RM'000	Audited 30 JUNE 2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from an associate	-	(12)
Interest received	269	481
Purchase of plant and equipment	-	(180)
Placement of time deposits	(76)	(3,275)
Net cash from/(used in) investing activities	193	(2,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(16,907)	(32,392)
Payment of lease liability:		
- office rental	(12)	(6)
- finance lease	(85)	(6)
(Repayment to)/Advances from directors	(80)	28
Repayment of term loans	(45,266)	(59,360)
Net cash used in financing activities	(62,350)	(91,736)
Net decrease in cash and cash equivalents	(6,406)	(14,500)
Cash and cash equivalents at beginning of financial period/year	44,467	58,967
Cash and cash equivalents at the end of financial period/year as reported in statements of cash flows	38,061	44,467
Add: Deposits pledged	12,845	12,769
Deposits, cash and bank balances at the end of financial period/year as reported in statements of financial position	50,906	57,236

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 2021.

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 2021. 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 2021.

- (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 2021.

A2. Audit Report for the Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 30 June 2021 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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

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.

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

A7. Dividends

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

A8. Segmental Reporting

Business Segments	As at 31 December 2021					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Total assets	17,125	233,844	789,569	111	-	1,040,649
Total liabilities	34,207	29,180	547,565	3	-	610,955

Business Segments	3 months ended 31 December 2021					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Revenue from external customers	24	-	21,734	-	-	21,758
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	594	-	21,734	-	(570)	21,758
Segment results	405	388	13,469	(3)	-	14,259
Finance cost	(853)	(1,098)	(6,212)	-	951	(7,212)
Finance income	1	(58)	1,158	-	(951)	150
Investing results	-	-	-	-	-	-
(Loss)/Profit before tax	(447)	(768)	8,415	(3)	-	7,197
Taxation	-	(15)	(2,565)	-	-	(2,580)
(Loss)/Profit for the financial period	(447)	(783)	5,850	(3)	-	4,617

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

A8. Segmental Reporting (continued)

Business Segments	6 months ended 31 December 2021					
	Investment Holdings RM'000	Property Development RM'000	Concession Arrangements RM'000	Other Operating Segments RM'000	Eliminations RM'000	Consolidation RM'000
Revenue from external customers	48	-	43,551	-	-	43,599
Inter-segment revenue	1,140	-	-	-	(1,140)	-
Total revenue	1,188	-	43,551	-	(1,140)	43,599
Segment results	(138)	(882)	30,332	(6)	-	29,306
Finance cost	(1,821)	(1,099)	(13,519)	-	1,547	(14,892)
Finance income	1	600	1,215	-	(1,547)	269
Investing results	-	-	-	-	-	-
(Loss)/Profit before tax	(1,958)	(1,381)	18,028	(6)	-	14,683
Taxation	-	(30)	(4,656)	-	-	(4,686)
(Loss)/Profit for the financial year	(1,958)	(1,411)	13,372	(6)	-	9,997

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

There is no material event subsequent to the end of 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.

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

A11. Disclosure on Financial Instruments

a) Category of financial instruments

	Unaudited	Audited
	31 DECEMBER 2021	30 JUNE 2021
	RM'000	RM'000
Financial assets:		
- measured at amortised cost		
• Operating financial assets	728,408	749,124
• Deposits, cash and bank balances	50,906	57,236
• Trade and other receivables, net of prepayments	16,355	34,213
	<u>795,669</u>	<u>840,573</u>
Financial liabilities:		
- measured at amortised cost		
• Loans and borrowings	469,731	517,105
• Trade and other payables, net of GST payable	37,556	47,067
	<u>507,287</u>	<u>564,172</u>

b) Fair value measurements

	Fair Value of financial instruments not carried at fair value	
	Unaudited	Audited
	31 DECEMBER 2021	30 JUNE 2021
Financial assets:		
- Operating financial assets		
Carrying amount	728,408	749,124
Level 2	728,408	749,124
Financial liabilities:		
- Loans and borrowings (fixed rate)		
Carrying amount	32,298	40,329
Level 2	32,298	40,329

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 31 DECEMBER 2021 RM'000	Financial Period Ended 31 DECEMBER 2021 RM'000
Management fees	24	48
Interest income on operating financial assets	7,600	15,307
Maintenance income	6,078	12,132
Fair value of supplementary services	8,056	16,112
	21,758	43,599

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.

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.

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 A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

A15. Material Litigation

KUALA LUMPUR HIGH COURT WRIT OF SUMMONS NO. WA-22NCC-155-04/2021 DATED 3 APRIL 2021 -DATO' SHUN LEONG KWONG ("THE PLAINTIFF") V TOH MAY FOOK ("1ST DEFENDANT"), LIEW SOOK PIN ("2ND DEFENDANT"), DATO LEE CHIN HWA ("3RD DEFENDANT"), LEE MIN HUAT ("4TH DEFENDANT"), NICHOLAS PUN CHEE CHEANG ("5TH DEFENDANT"), SIOW PEI TEE ("6TH DEFENDANT"), SOON BAN HIN ORIENTAL (M) SDN. BHD. ("7TH DEFENDANT") AND MENANG ("8TH DEFENDANT")

On 8 April 2021, the Board of Directors of the Group served with a Writ of Summons by the Plaintiff, through its solicitors, Messrs. Bahari & Bahari, to seek for the following orders:

- a) that the 1st Defendant to 7th Defendant to make an application to the Securities Commission to seek direction to undertake a mandatory general offer ("MGO") at the higher of the price paid by 1st Defendant to 7th Defendant being persons acting in concert ("PAC") and any other PAC with 1st Defendant to 7th Defendant in the six months prior to the triggering of the MGO; or the pre-determined acquisition price for certain members of the PAC to be paid by the PAC leader upon obtaining Board Control of the Company;
- b) that 1st Defendant to 7th Defendant jointly and severally pay to the Plaintiff special damages as pleaded and damages to be assessed including exemplary or aggravated damages in respect of the matters as stated in a Statement of Claim;
- c) until further orders, 1st Defendant to 7th Defendant or any one or more of them and the PAC be restrained from taking any steps including exercising their voting rights or however; or if steps have been taken to restrain from proceeding with such steps the effect of which is to dilute the shareholding position of the Plaintiff in the Company;
- d) until further orders, Menang (the 8th Defendant) whether by itself or its agents or servants and/or directors or howsoever be restrained from in any way affecting any application to Bursa Malaysia and/or the Securities Commission for the issuance and/or listing of new shares in the Company howsoever arising including but not limited to the placement of shares, employee share issuance schemes and any related or non-related party transactions;
- e) that 1st Defendant to 7th Defendant comply with all provisions of the Capital Markets and Services Act 2007, the Malaysian Code on Take-Overs and Mergers 2016, Companies Act 2016 and Bursa Malaysia Main Market Listing Requirements;
- f) costs; and
- g) any further and/or reliefs or order as the Honourable Court deems just and proper.

On 14 October 2021, the High Court struck out the Plaintiff's order against the Company with a cost of RM18,000.

On 21 October 2021, the Company received a copy of the sealed notice of appeal dated 18 October 2021 from the Plaintiff's solicitors in respect of the appeal filed by the Plaintiff against the decision made by the High Court.

On 26 January 2022, the Plaintiff paid the cost of RM18,000.

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

A15. Material Litigation (continued)

KUALA LUMPUR SESSIONS COURT WRIT OF SUMMONS NO. WA-B52NCvC-439-11/2021: MOORE ADVENT TAX CONSULTANTS SDN BHD V MENANG DEVELOPMENT (M) SDN BHD (IN THE ORIGINAL ACTION); MENANG DEVELOPMENT (M) SDN BHD V SHUN LEONG KWONG, ONG CHONG CHEE AND MOORE ADVENT TAX CONSULTANTS SDN BHD (IN THE COUNTERCLAIM)

On 5 November 2021, Menang Development Sdn. Bhd. (“MDSB”), a wholly owned subsidiary of the Company, had been served with a Writ of Summons No. WA-B52NCvC-439-11/2021 (“Writ”) filed by Moore Advent Tax Consultants Sdn. Bhd. (“MATC”), who seeks for the following orders:

- a) the outstanding sum of RM533,600;
- b) general damages for breach of contract;
- c) pre-judgement interest pursuant to the Civil Law Act 1956 at the rate of 5% per annum from 6 August 2018, or such other date as the Court deems fit and proper, until the date of judgement;
- d) post-judgement interest pursuant to the Civil Law Act 1956 at the rate of 5% per annum from the date of judgement until the date of full payment of the judgement sum;
- e) costs; and
- f) such further and/or other relief that the Court deems fit and appropriate.

The Board of Directors of Group has deemed the Writ to be immaterial as the proceedings are not expected to have any material impact on the earnings, net assets or gearing of the Company for the financial year ending 30 June 2022. Hence, no announcement was made to the Bursa Malaysia Securities Berhad at that point of time.

Subsequently, MDSB had on 17 December 2021 filed a Counter Claim against MATC, Shun Leong Kwong (“Shun”) and Ong Chong Chee (“Ong”) (“Counter Claim”), seeking for the following orders:

- a) a declaration that the engagement letter dated 26 January 2016 is invalid, null and void and of no effect;
- b) further or in the alternative to the above a declaration that the engagement letter dated 26 January 2016 is not binding on MDSB;
- c) a declaration that the alleged revised professional engagement between MDSB and MATC dated 21 September 2016 is invalid, null and void and of no effect;
- d) further or in the alternative to the above, a declaration that the alleged revised professional engagement is not binding on MDSB;

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

A15. Material Litigation (continued)

- e) a declaration that MDSB's invoice no. INV06950 dated 5 October 2016 issued to MATC in the sum of RM849,272 is invalid, null and void and of no effect;
- f) a declaration that MDSB's invoice no. INV07636 dated 3 July 2017 issued to MATC in the sum of RM255,566 is invalid, null and void and of no effect;
- g) a declaration that the invoices no. INV09120 dated 6 August 2018 issued by MATC to MDSB in the in the sum of RM593,600 is invalid, null and void and of no effect;
- h) a declaration that MDSB does not owe any sums to MATC;
- i) a declaration that Shun has acted in breach of his fiduciary duties owed towards MDSB;
- j) a declaration that Ong and MATC have dishonestly assisted Shun in breach of his fiduciary duties owed to MDSB;
- k) a declaration that MATC knowingly received the sum of RM1,164,838.00 which was paid out of MDSB or on behalf of MDSB when such sum was paid out in breach of Shun's fiduciary duties owed to MDSB;
- l) a declaration that MATC is holding the sum of RM1,164,838 as a constructive trustee for MDSB;
- m) a declaration that Shun, Ong and MATC have conspired to injure MDSB;
- n) judgement against Shun, Ong and MATC in the sum of RM1,164,838 on a joint and several basis;
- o) interest on the sum of RM1,164,838 at the rate of 5% p.a. from the date of judgement until full and final settlement;
- p) general damages to be assessed;
- q) aggravated and/or punitive damages to be assessed;
- r) costs; and
- s) any other order and/or relief which the Court deems first and necessary.

On 4 January 2022, both Ong and Shun entered their respective appearance in the Counter Claim.

On 10 January 2022, our solicitors filed an originating summons to transfer all proceedings filed by MATC at the Kuala Lumpur Sessions Court to the Kuala Lumpur High Court. On 9 February 2022, an order was granted for the transfer application.

The Writ and the Counter Claim are not expected to have any material impact on the earnings, net assets or gearing of the Company for the financial year ending 30 June 2022.

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 %
Revenue	21,758	22,106	(348)	(1.57)
Operating profit	14,259	14,213	46	0.32
Profit before interest and tax	14,409	14,293	116	0.81
Profit before tax	7,197	5,847	1,350	23.09
Profit after tax	4,617	4,262	355	8.33
Profit attributable to ordinary equity holders of the parent	1,688	1,747	(59)	(3.38)

Despite the decline in revenue by RM0.35 million, the Group recorded higher operating profit and profit before interest and tax in the current quarter compared to the preceding year's corresponding quarter by RM0.05 million and RM0.12 million respectively mainly due to the proactive measures undertaken by management to reduce the overall operating costs by RM0.55 million.

Together with lower interest expenses (RM1.23 million) due to scheduled repayments made, this resulted in the profit before tax increased by RM1.35 million.

The higher profit before tax of RM1.35 million was reduced by a higher tax expense of RM1.00 million and resulting in the higher profit after tax of RM0.36 million.

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

	Current period RM'000	Preceding year's corresponding period RM'000	Change Amount RM'000	Change Percentage %
Revenue	43,599	44,287	(688)	(1.55)
Operating profit	29,306	27,809	1,497	5.38
Profit before interest and tax	29,575	28,051	1,524	5.43
Profit before tax	14,683	10,530	4,153	39.44
Profit after tax	9,997	7,185	2,812	39.14
Profit attributable to ordinary equity holders of the parent	4,917	2,770	2,147	77.51

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

B1. Review of Performance (continued)

(b) Current Period Compared to Preceding Year's Corresponding Period's Results (continued)

The Group recorded a higher profit before tax for the period of RM14.68 million. The RM4.15 million improvement over the preceding year's corresponding period was mainly due to lower group operating expenses and interest expenses by RM2.43 million and RM2.63 million respectively to offset the slightly lower revenue of RM0.69 million.

The higher profit before tax by RM4.15 million was reduced by a higher tax expense of RM1.34 million and resulting in the higher profit after tax of RM2.81 million.

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 %
Revenue	21,758	21,841	(83)	(0.38)
Operating profit	14,259	15,047	(788)	(5.24)
Profit before interest and tax	14,409	15,166	(757)	(4.99)
Profit before tax	7,197	7,486	(289)	(3.86)
Profit after tax	4,617	5,380	(763)	(14.18)
Profit attributable to ordinary equity holders of the parent	1,688	3,229	(1,541)	(47.72)

The Group recorded lower profit before tax comparing current quarter and preceding quarter of RM0.29 million.

This was mainly due to the current quarter operating costs increased by RM0.73 million due to higher quit rent and assessment (RM0.52 million) and professional fees for bonus issue of warrants (RM0.15 million) and offsetted with savings from lower interest expenses (RM0.47 million) due to scheduled repayments made.

The lower profit attributable to ordinary equity holders of parents was mainly due to the higher operating costs incurred by the Group wholly-owned subsidiaries instead of partially-owned subsidiaries.

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)

B3. Group's Prospects

The PFI businesses continues to be the source of consistent profits and cashflows to the Group. The Board remains focus to continue to identify viable business and at the same time improve its operational costs efficiency and productivity.

B4. Profit forecast or profit guarantee

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

B5. Taxation

	Quarter Ended 31 DECEMBER 2021 RM'000	Financial Period Ended 31 DECEMBER 2021 RM'000
Income tax	(2,136)	(3,908)
Deferred tax	(444)	(778)
Total	<u>(2,580)</u>	<u>(4,686)</u>

B6. Status of Corporate Proposals

There were no new corporate proposals during the quarter under review, other than that disclosed in note A9.

B7. Borrowings and debt securities

	As at 31 December 2021					
	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	-	369,076	-	100,655	-	469,731
Unsecured	-	-	-	-	-	-
Total	-	369,076	-	100,655	-	469,731
	As at 30 June 2021					
	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	-	409,490	-	107,615	-	517,105
Unsecured	-	-	-	-	-	-
Total	-	409,490	-	107,615	-	517,105

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)

(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 period ended 31 December 2021 compared to the financial year ended 30 June 2021 was due to scheduled repayments made to banks.

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

The weighted average interest rate of borrowings is 5.92%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 7 : 93.

(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, except those disclosed in Note A15.

B9. Dividends

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

B10. Audit Report from the Group's Annual Report 2021

The audit report from the Group's Annual Report 2021 was unqualified.

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

	Quarter Ended 31 DECEMBER 2021 RM'000	Financial Period Ended 31 DECEMBER 2021 RM'000
Auditors' remuneration	68	117
Depreciation of investment properties	40	82
Depreciation of plant and equipment	26	52
Employee benefits expense	1,023	2,153
Fair value of supplementary services	(7,251)	(15,307)
Finance costs	7,212	14,892
Interest income	(150)	(269)
Interest income on operating financial assets	(8,405)	(16,112)

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)

B12. Disclosure of COVID-19 related impacts

COVID-19 has no material impact toward the Group's operations. Hence, there is no major impact on the Group's cash flows, liquidity, financial position and financial performance. The pandemic, however, do impact the way Group deal with various authorities and third party stakeholders, it also affect safety and health of the Group's staff. The management of the Group has taken steps to mitigate such risks, mainly by work-from-home policy, office sanitisation, and full utilisation of IT.

B13. Disclosure of COVID-19 related investments

Past material investments entered are not materially impacted by COVID-19. Depends on the latest status of COVID-19, the Group will revise all future agreements entered whether to include terms related to COVID-19. The Group also invested, in immaterial amount, on hand sanitisers, face masks, COVID-19 test, office sanitation, thermometer, etc. since the beginning of the pandemic.

By Order of the Board

MENANG CORPORATION (M) BERHAD

Chin Wai Yi
COMPANY SECRETARY

21 February 2022