



MENANG CORPORATION (M) BERHAD

Registration No. : 196401000240 (5383-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2022

Condensed Consolidated Statements of Financial Position	1
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Cash Flows	5
Part A – Explanatory Notes Pursuant to MFRS 134	7
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)	17

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022

	Unaudited 31 MARCH 2022 RM'000	Audited 30 JUNE 2021 RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,272	336
Investment properties	51,522	51,643
Inventories	163,727	163,727
Operating financial assets	674,713	708,722
Investment in an associate	-	-
Total non-current assets	891,234	924,428
Current assets		
Inventories	29,210	29,210
Operating financial assets	43,175	40,402
Trade and other receivables	15,766	34,675
Tax assets	1,293	417
Deposits, cash and bank balances	53,048	57,236
Total current assets	142,492	161,940
TOTAL ASSETS	1,033,726	1,086,368

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022 (continued)

	Unaudited 31 MARCH 2022 RM'000	Audited 30 JUNE 2021 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	245,069	240,400
Retained earnings	98,824	89,367
	343,893	329,767
Non-controlling interests	97,851	89,930
Total equity	441,744	419,697
LIABILITIES		
Non current liabilities		
Deferred tax liabilities	82,752	79,968
Loan and borrowings	352,349	409,490
Other payables	252	1,006
Total non-current liabilities	435,353	490,464
Current liabilities		
Trade and other payables	43,401	48,073
Contract liability	21,743	20,058
Tax liabilities	-	461
Loan and borrowings	91,485	107,615
Total current liabilities	156,629	176,207
Total liabilities	591,982	666,671
TOTAL EQUITY AND LIABILITIES	1,033,726	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 THIRD QUARTER ENDED 31 MARCH 2022

	Current Quarter Ended 31 MAR 2022 RM'000	Corresponding Quarter Ended 31 MAR 2021 RM'000	Current Year-to-Date 31 MAR 2022 RM'000	Corresponding Year-to-Date 31 MAR 2021 RM'000
Revenue	21,508	21,994	65,107	66,281
Operating expenses	(8,090)	(8,873)	(22,408)	(25,623)
Reversal of impairment losses	44	15	44	74
Other operating income	51	29	76	242
Operating profit	13,513	13,165	42,819	40,974
Finance income	1,700	138	1,969	382
Investing results	-	-	-	(2)
Profit before interest and tax	15,213	13,303	44,788	41,354
Finance costs	(6,776)	(8,075)	(21,668)	(25,596)
Profit before tax	8,437	5,228	23,120	15,758
Taxation	(1,056)	(2,098)	(5,742)	(5,443)
Profit for the quarter / period / Total comprehensive income	7,381	3,130	17,378	10,315
<i>Profit / Total comprehensive income attributable to:</i>				
Owners of the Company	4,540	1,577	9,457	4,347
Non-controlling interests	2,841	1,553	7,921	5,968
	7,381	3,130	17,378	10,315
Basic earnings per share (sen)	0.93	0.33	1.93	0.90

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 THIRD QUARTER ENDED 31 MARCH 2022

	<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		
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	-	9,457	9,457	7,921	17,378
Transaction with owners					
Issuance of ordinary shares pursuant to warrant exercise, representing total transaction with owners	4,669	-	4,669	-	4,669
As at 31 March 2022	245,069	98,824	343,893	97,851	441,744

	<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		
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 THIRD QUARTER ENDED 31 MARCH 2022

	Unaudited	Audited
	31 MARCH 2022	30 JUNE 2021
	RM'000	RM'000
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,119	23,593
Adjustments for:		
Depreciation of investment properties	121	163
Depreciation of plant and equipment	95	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	21,668	33,764
Interest income	(1,969)	(481)
Interest income on operating financial assets	(22,799)	(31,870)
Reversal of impairment losses on trade and other receivables	(44)	(61)
Reversal of inventory written down to NRV	-	(2,380)
Share of results of an associate, net of tax	-	230
	<u> </u>	<u> </u>
Operating profit before working capital changes	20,191	24,876
Changes in working capital:		
Operating financial assets	54,035	72,048
Trade and other receivables	18,953	6,938
Trade and other payables	(5,402)	(20,282)
Contract liability	1,685	2,644
	<u> </u>	<u> </u>
Cash from operations	89,462	86,224
Interest paid	-	(20)
Interest received	-	148
Tax paid	(4,294)	(6,130)
	<u> </u>	<u> </u>
Net cash from operating activities	85,168	80,222

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2021 (continued)

	Unaudited 31 MARCH 2022 RM'000	Audited 30 JUNE 2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from an associate	-	(12)
Interest received	1,969	481
Purchase of plant and equipment	-	(180)
Placement of time deposits	(119)	(3,275)
Net cash from/(used in) investing activities	1,850	(2,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(23,699)	(32,392)
Payment of lease liability:		
- office rental	(18)	(6)
- finance lease	(1,112)	(6)
Proceeds from issuance of shares	4,669	-
(Repayment to)/Advances from directors	(24)	28
Repayment of term loans	(71,141)	(59,360)
Net cash used in financing activities	(91,325)	(91,736)
Net decrease in cash and cash equivalents	(4,307)	(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	40,160	44,467
Add: Deposits pledged	12,888	12,769
Deposits, cash and bank balances at the end of financial period/year as reported in statements of financial position	53,048	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, except for the following:

	Quarter Ended 31 MARCH 2022		Financial Period Ended 31 MARCH 2022	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issuance of ordinary shares pursuant to warrant exercise	9,338	4,669	9,338	4,669

A7. Dividends

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

A8. Segmental Reporting

As at 31 March 2022						
Business Segments	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	23,514	233,123	776,978	111	-	1,033,726
Total liabilities	26,042	33,016	532,919	5	-	591,982

3 months ended 31 March 2022						
Business Segments	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	-	21,484	-	-	21,508
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	594	-	21,484	-	(570)	21,508
Segment results	(95)	(1,404)	15,016	(4)	-	13,513
Finance cost	(777)	2	(6,200)	-	199	(6,776)
Finance income	2	1,751	146	-	(199)	1,700
Investing results	-	-	-	-	-	-
(Loss)/Profit before tax	(870)	349	8,962	(4)	-	8,437
Taxation	-	34	(1,090)	-	-	(1,056)
(Loss)/Profit for the financial period	(870)	383	7,872	(4)	-	7,381

MENANG CORPORATION (M) BERHAD Registration No. : 196401000240 (5383-K)
QUARTERLY UNAUDITED RESULTS FOR THE GROUP
FOR THE THIRD QUARTER ENDED 31 MARCH 2022
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134 (continued)

Page 9

A8. Segmental Reporting (continued)

Business Segments	9 months ended 31 March 2022					
	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	72	-	65,035	-	-	65,107
Inter-segment revenue	1,710	-	-	-	(1,710)	-
Total revenue	1,782	-	65,035	-	(1,710)	65,107
Segment results	(233)	(2,286)	45,348	(10)	-	42,819
Finance cost	(2,598)	(1,097)	(19,719)	-	1,746	(21,668)
Finance income	3	2,351	1,361	-	(1,746)	1,969
Investing results	-	-	-	-	-	-
(Loss)/Profit before tax	(2,828)	(1,032)	26,990	(10)	-	23,120
Taxation	-	4	(5,746)	-	-	(5,742)
(Loss)/Profit for the financial year	(2,828)	(1,028)	21,244	(10)	-	17,378

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 MARCH 2022	30 JUNE 2021
	RM'000	RM'000
Financial assets:		
- measured at amortised cost		
• Operating financial assets	717,888	749,124
• Deposits, cash and bank balances	53,048	57,236
• Trade and other receivables, net of prepayments	15,474	34,213
	<u>786,410</u>	<u>840,573</u>
Financial liabilities:		
- measured at amortised cost		
• Loans and borrowings	443,834	517,105
• Trade and other payables, net of GST payable	43,401	47,067
	<u>487,235</u>	<u>564,172</u>

b) Fair value measurements

	Fair Value of financial instruments not carried at fair value	
	Unaudited	Audited
	31 MARCH 2022	30 JUNE 2021
Financial assets:		
- Operating financial assets		
Carrying amount	717,888	749,124
Level 2	717,888	749,124
Financial liabilities:		
- Loans and borrowings (fixed rate)		
Carrying amount	22,273	40,329
Level 2	22,273	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 MARCH 2022 RM'000	Financial Period Ended 31 MARCH 2022 RM'000
Management fees	24	72
Interest income on operating financial assets	7,492	22,799
Maintenance income	5,936	18,068
Fair value of supplementary services	8,056	24,168
	21,508	65,107

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.

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

A15. Material Litigation

- 1. 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 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 to appeal against the decision made by the High Court.

On 23 February 2022, the Court of Appeal fixed the hearing date to be on 26 September 2022.

The material facts of the suit as disclosed in the previous Group's Quarterly Results are set out below:

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;

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

A15. Material Litigation (continued)

1. 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") (continued)

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.

The suit is not expected to have any material impact on the earnings, net assets or gearing of the Group for the financial year ending 30 June 2022.

2. 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 COUNTER CLAIM)

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"), 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 the 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.

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

A15. Material Litigation (continued)

2. 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 COUNTER CLAIM) (continued)

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;
- 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;

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

A15. Material Litigation (continued)

2. 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 COUNTER CLAIM) (continued)

- 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.

On 23 May 2022, MATC filed for Summary Judgement application against MDSB in the Writ and MATC, Chong and Shun filed for Striking Out application against MDSB's Counter Claim. Hearing has been fixed by the High Court to be on 5 September 2022.

The Writ and the Counter Claim are not expected to have any material impact on the earnings, net assets or gearing of the Group 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	21,508	21,994	(486)	(2.21)
Operating profit	13,513	13,165	348	2.64
Profit before interest and tax	15,213	13,303	1,910	14.36
Profit before tax	8,437	5,228	3,209	61.38
Profit after tax	7,381	3,130	4,251	135.81
Profit attributable to ordinary equity holders of the parent	4,540	1,577	2,963	187.89

Despite the decline in revenue by RM0.49 million, the Group recorded higher operating profit in the current quarter compared to the preceding year's corresponding quarter by RM0.34 million mainly due to the proactive measures undertaken by management to reduce the overall operating costs by RM0.78 million.

Together with the receipt of late payment interest (RM1.54 million) from Lembaga Lebuhraya Malaysia in respect to the compulsory acquisition of Klang Land by government, lower interest expenses (RM1.30 million) due to loan repayments made and reversal of over provision of prior years' income tax (RM0.95 million), resulted in the profit before interest and tax, profit before tax and profit after tax increased by RM1.91 million, RM3.21 million and RM4.25 million respectively.

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

	Current period RM'000	Preceding year's corresponding period RM'000	Change Amount RM'000	Change Percentage %
Revenue	65,107	66,281	(1,174)	(1.77)
Operating profit	42,819	40,974	1,845	4.50
Profit before interest and tax	44,788	41,354	3,434	8.30
Profit before tax	23,120	15,758	7,362	46.72
Profit after tax	17,378	10,315	7,063	68.47
Profit attributable to ordinary equity holders of the parent	9,457	4,347	5,110	117.55

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 higher operating profit in the current quarter compared to the preceding year's corresponding quarter by RM1.85 million mainly due to the proactive measures undertaken by management to reduce the overall operating costs.

Together with the receipt of late payment interest (RM1.54 million) from Lembaga Lebuhraya Malaysia in respect to the compulsory acquisition of Klang Land by government and lower interest expenses (RM3.93 million) due to loan repayments made, resulted in the profit before interest and tax and profit before tax increased by RM3.43 million and RM7.36 million respectively.

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	21,508	21,758	(250)	(1.15)
Operating profit	13,513	14,259	(746)	(5.23)
Profit before interest and tax	15,213	14,409	804	5.58
Profit before tax	8,437	7,197	1,240	17.23
Profit after tax	7,381	4,617	2,764	59.87
Profit attributable to ordinary equity holders of the parent	4,540	1,688	2,852	168.96

The Group recorded lower operating profit comparing current quarter and preceding quarter amounting to RM0.75 million mainly attributed by the higher staff costs (RM0.66 million) due to bonus paid in current quarter.

Despite the reduction in operating profit, the profit before interest and tax, profit before tax and profit after tax increased by RM0.80 million, RM1.24 million and RM2.76 million respectively.

This was mainly attributed by the receipt of late payment interest (RM1.54 million) from Lembaga Lebuhraya Malaysia in respect to the compulsory acquisition of Klang Land by government, lower interest expenses (RM0.44 million) due to loan repayments made and income tax adjustment.

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 Group remains steadfast in the management of its PFI concession businesses and continues its resilient results. The Board and management are committed to its strategic priorities to improve its financial position, identify new development projects for its landbanks and M&A opportunities and at the same time build new capabilities and revenue streams.

B4. Profit forecast or profit guarantee

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

B5. Taxation

	Quarter Ended 31 MARCH 2022 RM’000	Financial Period Ended 31 MARCH 2022 RM’000
Income tax	951	(2,957)
Deferred tax	<u>(2,007)</u>	<u>(2,785)</u>
Total	<u>(1,056)</u>	<u>(5,742)</u>

B6. Status of Corporate Proposals and Utilisation of Proceeds

Proposed Bonus Issue of Warrants on the basis of one (1) warrant for every two (2) ordinary shares in the Company has been completed following the listing and quotation for 240,399,627 Warrants on the Main Market of Bursa Securities on 23 December 2021.

Status of the utilisation of proceeds as at 31 March 2022 are as below:

	RM’000
Proceeds Received	
Alloted	4,669
Pending Allotment	2,043
	6,712
Amount Utilised	
(1) Property development business	-
(2) Working capital	
(2)(a) Payment to trade and other payables (including scheduled repayment of interest and/or principal amount to financial institutions)	(8)
(2)(b) Staff related costs	(194)
(2)(c) General administrative/ operating expenses	(99)
Total Utilisation	(301)
Balance Unutilised	6,411

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

	As at 31 March 2022					
	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	-	352,349	-	91,485	-	443,834
Unsecured	-	-	-	-	-	-
Total	-	352,349	-	91,485	-	443,834
	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

(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 March 2022 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 5.84%. The Group's borrowings are subjected to fixed and floating interest rates at ratio of 5 : 95.

(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.

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

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

	Quarter Ended 31 MARCH 2022 RM'000	Financial Period Ended 31 MARCH 2022 RM'000
Auditors' remuneration	5	122
Depreciation of investment properties	40	122
Depreciation of plant and equipment	43	95
Employee benefits expense	1,680	3,833
Fair value of supplementary services	(7,492)	(22,799)
Finance costs	6,776	21,668
Interest income	(1,700)	(1,969)
Interest income on operating financial assets	(8,056)	(24,168)
Reversal of impairment losses	(44)	(44)

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

24 May 2022