



MENANG CORPORATION (M) BERHAD

Registration No. : 196401000240 (5383-K)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	Unaudited 31 DECEMBER 2022 RM'000	Audited 30 JUNE 2022 RM'000
	<u>RM'000</u>	<u>RM'000</u>
ASSETS		
Non-current assets		
Plant and equipment	1,143	1,245
Investment properties	51,400	51,481
Inventories	160,368	160,368
Operating financial assets	641,146	663,639
Investment in an associate	-	-
Total non-current assets	854,057	876,733
Current assets		
Inventories	32,154	32,154
Operating financial assets	44,528	43,621
Trade and other receivables	18,909	19,129
Tax assets	2,337	1,798
Deposits, cash and bank balances	50,479	47,339
Total current assets	148,407	144,041
TOTAL ASSETS	1,002,464	1,020,774

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (continued)

	Unaudited 31 DECEMBER 2022 RM'000	Audited 30 JUNE 2022 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	254,127	253,127
Retained earnings	113,579	106,578
	367,706	359,705
Non-controlling interests	100,242	95,306
Total equity	467,948	455,011
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	85,074	83,572
Loan and borrowings	312,294	345,905
Total non-current liabilities	397,368	429,477
Current liabilities		
Trade and other payables	40,116	41,233
Contract liability	23,749	22,479
Loan and borrowings	73,283	72,574
Total current liabilities	137,148	136,286
Total liabilities	534,516	565,763
TOTAL EQUITY AND LIABILITIES	1,002,464	1,020,774
Net assets per share (RM)	0.72	0.71

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 2022.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	Current Quarter Ended 31 DEC 2022 RM'000	Corresponding Quarter Ended 31 DEC 2021 RM'000	Current Year-to-Date 31 DEC 2022 RM'000	Corresponding Year-to-Date 31 DEC 2021 RM'000
Revenue	22,177	21,758	43,783	43,599
Cost of Sales	<u>(6,343)</u>	<u>(5,462)</u>	<u>(12,014)</u>	<u>(10,990)</u>
Gross Profit	15,834	16,296	31,769	32,609
Other income	29	175	122	294
Administrative expenses	(1,515)	(2,062)	(3,307)	(3,328)
Net gain on impairment of financial assets	27	-	78	-
Profit from operations	14,375	14,409	28,662	29,575
Finance costs	<u>(6,289)</u>	<u>(7,212)</u>	<u>(12,508)</u>	<u>(14,892)</u>
Profit before tax	8,086	7,197	16,154	14,683
Taxation	<u>(2,067)</u>	<u>(2,580)</u>	<u>(4,217)</u>	<u>(4,686)</u>
Profit for the quarter / period / Total comprehensive income	<u><u>6,019</u></u>	<u><u>4,617</u></u>	<u><u>11,937</u></u>	<u><u>9,997</u></u>
<i>Profit / Total comprehensive income attributable to:</i>				
Owners of the Company	3,587	1,688	7,001	4,917
Non-controlling interests	<u>2,432</u>	<u>2,929</u>	<u>4,936</u>	<u>5,080</u>
	<u><u>6,019</u></u>	<u><u>4,617</u></u>	<u><u>11,937</u></u>	<u><u>9,997</u></u>
Basic earnings per share (sen)	<u><u>0.71</u></u>	<u><u>0.35</u></u>	<u><u>1.38</u></u>	<u><u>1.02</u></u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	<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 2022	253,127	106,578	359,705	95,306	455,011
Total comprehensive income for the financial period					
Profit for the financial period, representing total comprehensive income	-	7,001	7,001	4,936	11,937
Transaction with owners					
Issuance of ordinary shares pursuant to exercise of warrant	1,000	-	1,000	-	1,000
As at 31 December 2022	<u>254,127</u>	<u>113,579</u>	<u>367,706</u>	<u>100,242</u>	<u>467,948</u>

	<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	94,473	334,873	84,824	419,697
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income for the financial year	-	12,105	12,105	10,482	22,587
Transactions with owners					
Issuance of ordinary shares pursuant to exercise of warrant	12,727	-	12,727	-	12,727
As at 30 June 2022	<u>253,127</u>	<u>106,578</u>	<u>359,705</u>	<u>95,306</u>	<u>455,011</u>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Company for the year ended 30 June 2022.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	Unaudited 31 DECEMBER 2022 RM'000	Audited 30 JUNE 2022 RM'000
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,154	30,484
Adjustments for:		
Depreciation of investment properties	81	162
Depreciation of plant and equipment	152	175
Interest expense	12,508	27,778
Interest income	(114)	(1,953)
Interest income on operating financial assets	(14,437)	(30,183)
Reversal of impairment losses on trade and other receivables	(78)	(46)
Operating profit before working capital changes	14,266	26,417
Changes in working capital:		
Operating financial assets	36,023	72,047
Inventories	-	415
Trade and other receivables	298	15,592
Trade and other payables	(1,117)	(8,175)
Contract liability	1,270	2,421
Cash from operations	50,740	108,717
Interest paid	(24)	(11)
Interest received	18	1,558
Tax paid	(3,254)	(6,186)
Tax refunded	-	51
Net cash from operating activities	47,480	104,129

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022 (continued)

	Unaudited 31 DECEMBER 2022 RM'000	Audited 30 JUNE 2022 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	96	395
Purchase of plant and equipment	(50)	(1,084)
Placement of time deposits	(23)	(247)
Net cash from/(used in) investing activities	23	(936)
CASH FLOWS FOR FINANCING ACTIVITIES		
Drawdown of term loans	-	13,000
Interest paid	(12,073)	(27,767)
Payment of lease liability:		
- office rental	(12)	(22)
- finance lease	-	(80)
Proceeds from issuance of share capital from exercise of warrants	1,000	12,727
Repayment of term loans	(33,317)	(112,975)
Net cash used in financing activities	(44,402)	(115,117)
Net increase/(decrease) in cash and cash equivalents	3,101	(11,924)
Cash and cash equivalents at beginning of financial period/year	32,543	44,467
Cash and cash equivalents at the end of financial period/ year as reported in consolidated statement of cash flows	35,644	32,543
Add: Deposits pledged	13,039	13,016
Add: Bank overdraft	1,796	1,780
Deposits, cash and bank balances at the end of financial period/ year as reported in consolidated statement of financial position	50,479	47,339

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 2022.

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 2022. 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 2022.

- (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 2022.

A2. Audit Report for the Preceding Annual Financial Statements

The auditors’ report on the audited financial statements for the financial year ended 30 June 2022 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 DECEMBER 2022		Financial Period Ended 31 DECEMBER 2022	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issuance of ordinary shares pursuant to exercise of warrants	2,000	1,000	2,000	1,000

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 2022					
	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	305,821	335,879	769,233	882	(409,351)	1,002,464
Total liabilities	77,169	92,973	501,436	4,237	(141,299)	534,516

Business Segments	3 months ended 31 December 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	24	-	22,153	-	-	22,177
Inter-segment revenue	570	-	-	-	(570)	-
Total revenue	594	-	22,153	-	(570)	22,177
Segment results	(292)	(1,085)	15,810	(6)	(52)	14,375
Finance cost	-	(214)	(6,127)	-	52	(6,289)
(Loss)/Profit before tax	(292)	(1,299)	9,683	(6)	-	8,086
Taxation	-	-	(2,067)	-	-	(2,067)
(Loss)/Profit for the financial period	(292)	(1,299)	7,616	(6)	-	6,019

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

A8. Segmental Reporting (Continued)

Business Segments	6 months ended 31 December 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	48	-	43,735	-	-	43,783
Inter-segment revenue	1,140	-	-	-	(1,140)	-
Total revenue	1,188	-	43,735	-	(1,140)	43,783
Segment results	(759)	(2,284)	31,828	(11)	(112)	28,662
Finance cost	-	(407)	(12,213)	-	112	(12,508)
(Loss)/Profit before tax	(759)	(2,691)	19,615	(11)	-	16,154
Taxation	-	-	(4,217)	-	-	(4,217)
(Loss)/Profit for the financial period	(759)	(2,691)	15,398	(11)	-	11,937

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

Category of financial instruments

	Unaudited	Audited
	31 DECEMBER 2022	30 JUNE 2022
	RM'000	RM'000
Financial assets:		
- measured at amortised cost		
• Operating financial assets	685,674	707,260
• Deposits, cash and bank balances	50,479	47,339
• Trade and other receivables, net of prepayments	18,866	18,827
	<u>755,019</u>	<u>773,426</u>
Financial liabilities:		
- measured at amortised cost		
• Loans and borrowings	385,577	418,479
• Trade and other payables, net of GST payable	39,373	40,227
	<u>424,950</u>	<u>458,706</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.

A13. Disaggregation of Revenue

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

	Quarter Ended	Financial Period Ended
	31 DECEMBER 2022	31 DECEMBER 2022
	RM'000	RM'000
Management fees	24	48
Interest income on operating financial assets	7,163	14,437
Maintenance income	6,934	13,186
Fair value of supplementary services	8,056	16,112
	<u>22,177</u>	<u>43,783</u>

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

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

APPEAL COURT OF PUTRAJAYA APPEAL NO. W-02(IM)(NCC)-147-01/2023, APPEAL NO. W-02(IM)(NCC)-148-01/2023 AND APPEAL NO. W-02(IM)(NCC)-149-01/2023 APPELLANT: MENANG DEVELOPMENT (M) SDN BHD RESPONDENTS: SHUN LEONG KWONG; MOORE ADVENT TAX CONSULTANTS SDN BHD; MOORE ADVENT TAX CONSULTANTS SDN BHD AND ONG CHONG CHEE

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. 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;
- 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;

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

A15. Material Litigation (continued)

APPEAL COURT OF PUTRAJAYA APPEAL NO. W-02(IM)(NCC)-147-01/2023, APPEAL NO. W-02(IM)(NCC)-148-01/2023 AND APPEAL NO. W-02(IM)(NCC)-149-01/2023 APPELLANT: MENANG DEVELOPMENT (M) SDN BHD RESPONDENTS: SHUN LEONG KWONG; MOORE ADVENT TAX CONSULTANTS SDN BHD; MOORE ADVENT TAX CONSULTANTS SDN BHD AND ONG CHONG CHEE (continued)

- 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 MATC and Ong 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 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, MATC and Ong have conspired to injure MDSB;
- n) judgement against Shun, MATC and Ong 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, Shun, MATC and Ong entered their respective appearance in the Counter Claim.

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

A15. Material Litigation (continued)

APPEAL COURT OF PUTRAJAYA APPEAL NO. W-02(IM)(NCC)-147-01/2023, APPEAL NO. W-02(IM)(NCC)-148-01/2023 AND APPEAL NO. W-02(IM)(NCC)-149-01/2023 APPELLANT: MENANG DEVELOPMENT (M) SDN BHD RESPONDENTS: SHUN LEONG KWONG; MOORE ADVENT TAX CONSULTANTS SDN BHD; MOORE ADVENT TAX CONSULTANTS SDN BHD AND ONG CHONG CHEE (continued)

On 10 January 2022, MDSB's solicitors filed an originating summons to transfer all proceedings filed by MATC at the Kuala Lumpur Sessions Court to the Kuala Lumpur High Court ("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 Shun, MATC and Ong filed for Striking Out application against MDSB's Counter Claim.

On 18 January 2023, the High Court had delivered its decision as follows:

- (a) The Summary Judgment application by MATC in the Original Action was allowed with cost of RM8,000 to be paid by MDSB to MATC;
- (b) The Striking Out application by Shun of MDSB's Counter Claim is allowed with cost of RM8,000 to be paid by MDSB to Shun; and
- (c) The Striking Out application by MATC and Ong of MDSB's Counter Claim is allowed with cost of RM8,000 to be paid by MDSB to MATC and Ong.

Subsequently, MDSB had filed a notice of appeal to the Court of Appeal against the High Court's decision in the Court of Appeal with the following registered Appellate Numbers:

- (a) Appeal No. W-02(IM)(NCC)-148-01/2023, which is an appeal against the decision of the High Court in allowing application by MATC to enter a Summary Judgement against MDSB;
- (b) Appeal No. W-02(IM)(NCC)-147-01/2023, which is an appeal against the decision of the High Court in allowing application by Shun to strike out MDSB's counter claim; and
- (c) Appeal No. W-02(IM)(NCC)-149-01/2023, which is an appeal against the decision of the High Court in allowing application by MATC and Ong to strike out MDSB's counter claim.

The Case Management ("CM") for Appeal No. W-02(IM)(NCC)-148-01/2023 is fixed on 20 April 2023, while the CM for Appeal No. W-02(IM)(NCC)-147-01/2023 and Appeal No. W-02(IM)(NCC)-149-01/2023 is fixed on 2 May 2023.

On 10 February 2023, MDSB has filed an application in the High Court action for a Stay of Execution of the judgement dated 18 January 2023 granted by the High Court in allowing MATC's application to enter a Summary Judgement against MDSB and allowing Shun, MATC and Ong's applications to strike out MDSB's counter claim, pending the full and final disposal of MDSB's Appeals filed in the Court of Appeal. CM for Stay Application is fixed on 24 February 2023 at 9.00 a.m. before the Deputy Registrar of the Kuala Lumpur High Court.

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 2023.

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	22,177	21,758	419	1.93
Gross Profit	15,834	16,296	(462)	(2.84)
Profit from operations	14,375	14,409	(34)	(0.24)
Profit before tax	8,086	7,197	889	12.35
Profit after tax	6,019	4,617	1,402	30.37
Profit attributable to ordinary equity holders of the parent	3,587	1,688	1,899	112.50

Despite the increase in revenue by RM0.42 million, the Group recorded lower gross profit by RM0.46 million mainly due to the higher cost of sales (RM0.88 million) recognised in current quarter as compared to preceding year's corresponding quarter.

The lower gross profit of RM0.46 million was reduced by the lower administrative expenses (RM0.55 million) incurred in current quarter resulted by the proactive measures undertook by management to improve the operational costs efficiency and resulting the profit from operations decreased slightly by RM0.03 million.

Together with the lower interest expenses (RM0.92 million) due to scheduled loan repayments made and lower tax expenses (RM0.51 million) resulted from lower chargeable income in the current quarter, the Group achieved a higher profit before tax and profit after tax by RM0.90 million and RM1.40 million respectively

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

	Current period RM'000	Preceding period RM'000	Change Amount RM'000	Change Percentage %
Revenue	43,783	43,599	184	0.42
Gross Profit	31,769	32,609	(840)	(2.58)
Profit from operations	28,662	29,575	(913)	(3.09)
Profit before tax	16,154	14,683	1,471	10.02
Profit after tax	11,937	9,997	1,940	19.41
Profit attributable to ordinary equity holders of the parent	7,001	4,917	2,084	42.38

Despite the increase in revenue by RM0.18 million, the Group recorded lower gross profit and lower profit from operations by RM0.84 million and RM0.91 million respectively mainly due to the higher cost of sales (RM1.02 million) recognised in current period as compared to preceding period.

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 achieved higher profit before tax and profit after tax in current period as compared to preceding period by RM1.47 million and RM1.94 million respectively. This was mainly attributed by the lower interest expenses (RM2.38 million) due to scheduled loan repayments and lower tax expenses (RM0.47 million) resulted by lower chargeable income in the current period.

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	22,177	21,606	571	2.64
Gross Profit	15,834	15,935	(101)	(0.63)
Profit from operations	14,375	14,287	88	0.62
Profit before tax	8,086	8,068	18	0.22
Profit after tax	6,019	5,918	101	1.71
Profit attributable to ordinary equity holders of the parent	3,587	3,414	173	5.07

Despite the decrease in gross profit by RM0.10 million, the Group recorded higher profit from operations, profit before tax and profit after tax by RM0.08 million, RM0.02 million and RM0.10 million respectively as compared to the preceding quarter. This was mainly due to the proactive measures undertaken by the management to reduce the overall operating costs in the current quarter.

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 the financial performance and financial position by exploring viable opportunities to develop the existing landbank, alongside further improving the operational costs efficiency and productivity.

B4. Profit forecast or profit guarantee

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

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

B5. Taxation

	Quarter Ended 31 DECEMBER 2022 RM'000	Financial Period Ended 31 DECEMBER 2022 RM'000
Income tax	(1,340)	(2,715)
Deferred tax	(727)	(1,502)
Total	<u>(2,067)</u>	<u>(4,217)</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 December 2022 are as below:

	RM'000
Proceeds Received	
Alloted	13,727
Pending Allotment	600
	14,327
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)	(10,428)
(2)(b) Staff related costs	(1,193)
(2)(c) General administrative/ operating expenses	(2,099)
Total Utilisation	(13,720)
Balance Unutilised	607

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 December 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	-	312,294	-	73,283	-	385,577
	As at 30 June 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	-	345,905	-	72,574	-	418,479

- (a) **Detailed explanation on the material changes in borrowings**
There were no new material borrowings obtained 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 2022 compared to the financial year ended 30 June 2022 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 6.27%. The Group's borrowings are subjected to floating interest rates.
- (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.

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)

B10. Audit Report from the Group’s Annual Report 2022

The audit report from the Group’s Annual Report 2022 was unqualified.

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

	Quarter Ended 31 DECEMBER 2022 RM’000	Financial Period Ended 31 DECEMBER 2022 RM’000
Auditors' remuneration	32	65
Depreciation of investment properties	40	81
Depreciation of plant and equipment	77	152
Employee benefits expense	878	1,926
Fair value of supplementary services	(8,056)	(16,112)
Finance costs	6,289	12,508
Interest income	(24)	(114)
Interest income on operating financial assets	(7,163)	(14,437)
Reversal of impairment losses on trade and other receivables	(27)	(78)

By Order of the Board

MENANG CORPORATION (M) BERHAD

Chin Wai Yi
COMPANY SECRETARY
13 February 2023