MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2019 RM'000	**31.12.2018 RM'000**	**31.12.2019 RM'000**	**31.12.2018 RM'000**
Revenue	107,973	110,614	205,329	213,841
Cost of sales	(66,729)	(65,206)	(126,205)	(125,748)
Gross profit	41,244	45,408	79,124	88,093
Other income	2,302	3,733	4,269	6,965
Distribution costs	(2,256)	(1,802)	(4,616)	(3,841)
Administrative expenses	(21,912)	(21,661)	(41,741)	(43,979)
Other operating expenses	(9,990)	(15,205)	(19,299)	(28,653)
Profit from operations	9,388	10,473	17,737	18,585
Exceptional items (refer Note A4)	(5,165)	4,044	(2,199)	16,475
Finance cost	(11,322)	(11,515)	(22,451)	(22,097)
Share of results of associates	(4,748)	(1,330)	(4,369)	(705)
Share of results of joint venture	(8)	-	(15)	-
(Loss)/Profit before taxation	(11,855)	1,672	(11,297)	12,258
Tax expense	(2,753)	(3,129)	(5,370)	(5,831)
(Loss)/Profit for the financial period	(14,608)	(1,457)	(16,667)	6,427
(Loss)/Profit attributable to:-				
Equity holders of the Company	(17,832)	(3,548)	(24,437)	(794)
Non-controlling interests	3,224	2,091	7,770	7,221
(Loss)/Profit for the financial period	(14,608)	(1,457)	(16,667)	6,427
Loss per share attributable to equity holders of the Company:-	**Sen**	**Sen**	**Sen**	**Sen**
Basic / Diluted	(0.61)	(0.12)	(0.83)	(0.03)

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD
Registration No: 196001000140 (3809-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
(Loss)/Profit for the financial period	(14,608)	(1,457)	(16,667)	6,427
Other comprehensive (expenses)/income, net of tax:-				
Items that will not be reclassified subsequently to profit or loss				
Fair value loss of equity instruments	(479)	(780)	(1,583)	(593)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign subsidiaries	1,305	(7,217)	2,099	11,396
Other comprehensive income/(expenses) for the financial period	826	(7,997)	516	10,803
Total comprehensive (expenses)/income for the financial period	(13,782)	(9,454)	(16,151)	17,230
Total comprehensive (expenses)/income attributable to:-				
Equity holders of the Company	(18,718)	(8,012)	(23,904)	11,473
Non-controlling interests	4,936	(1,442)	7,753	5,757
Total comprehensive (expenses)/income for the financial period	(13,782)	(9,454)	(16,151)	17,230

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	31.12.2019 RM'000	30.06.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	616,162	608,247
Investment properties	95,216	95,654
Associates	290,436	296,340
Joint venture	444	459
Other investments	5,142	6,729
Inventories	35,263	35,263
Goodwill on consolidation	25,179	25,179
Right-of-use assets	641	-
Deferred tax assets	1,570	1,516
	1,070,053	1,069,387
Current Assets		
Inventories	143,368	162,814
Trade and other receivables	151,378	126,994
Contract assets	47	11,076
Right to recover returned goods	626	615
Contract cost	373	541
Other investments	55	55
Current tax assets	4,135	9,932
Deposits, bank balances and cash	244,116	241,529
	544,098	553,556
TOTAL ASSETS	1,614,151	1,622,943
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	3,152,866	3,152,866
Reserves	(2,801,257)	(2,777,353)
	351,609	375,513
Non-Controlling Interests	232,372	228,723
Total Equity	583,981	604,236
Non-Current Liabilities	292,693	292,557
Current Liabilities		
Trade and other payables	153,339	174,400
Contract liabilities	12,956	7,679
Refund liabilities	1,042	1,024
Lease liabilities	650	-
Borrowings	564,318	539,927
Derivative liability	1,219	1,191
Current tax liabilities	3,953	1,929
	737,477	726,150
Total Liabilities	1,030,170	1,018,707
TOTAL EQUITY AND LIABILITIES	1,614,151	1,622,943
	RM	**RM**
Net assets per share attributable to equity holders of the Company	0.12	0.13

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD
Registration No: 196001000140 (3809-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
CUMULATIVE 6 MONTHS	**Share Capital RM'000**	**Non-Distributable Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**RM'000**	**RM'000**
At 1 July 2019	3,152,866	(34,490)	(2,742,863)	375,513	228,723	604,236
(Loss)/Profit for the financial period	-	-	(24,437)	(24,437)	7,770	(16,667)
Fair value (loss)/gain of equity instruments	-	(2,390)	1,346	(1,044)	(539)	(1,583)
Foreign currency translations, net of tax	-	1,577	-	1,577	522	2,099
Total comprehensive (expenses)/income	-	(813)	(23,091)	(23,904)	7,753	(16,151)
Transaction with owners:-						
Dividend paid to non-controlling shareholders	-	-	-	-	(4,104)	(4,104)
At 31 December 2019	3,152,866	(35,303)	(2,765,954)	351,609	232,372	583,981

CUMULATIVE 6 MONTHS	**Share Capital RM'000**	**Non-Distributable Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Non-Controlling Interests RM'000**	**Total Equity RM'000**
At 1 July 2018	3,152,866	(42,895)	(2,572,070)	537,901	227,065	764,966
(Loss)/Profit for the financial period	-	-	(794)	(794)	7,221	6,427
Fair value loss of equity instruments	-	(520)	-	(520)	(73)	(593)
Foreign currency translations, net of tax	-	12,787	-	12,787	(1,391)	11,396
Total comprehensive income/(expenses)	-	12,267	(794)	11,473	5,757	17,230
At 31 December 2018	3,152,866	(30,628)	(2,572,864)	549,374	232,822	782,196

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD
Registration No: 196001000140 (3809-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	CUMULATIVE 6 MONTHS	
	31.12.2019	**31.12.2018**
	RM'000	**RM'000**
Cash Flows From/(Use In) Operating Activities		
(Loss)/Profit before taxation	(11,297)	12,258
Net adjustments	31,906	12,194
Operating profit before working capital changes	20,609	24,452
Net change in working capital	(6,621)	(25,900)
Cash generated/(used) in operations	13,988	(1,448)
Employee benefits paid	(462)	(12)
Interest paid	(340)	(505)
Interest received	1,480	2,246
Net tax refunded/(paid)	2,350	(3,961)
Net cash generated/(used) in operating activities	17,016	(3,680)
Cash Flows (Used In)/From Investing Activities		
Interest received	2,788	2,226
Proceeds from disposal of properties	-	32,650
Purchase of investments	-	(750)
Purchase of property, plant and equipment	(5,053)	(5,355)
Placement of fixed deposits pledged with licensed financial institutions	11	(21,026)
Net cash (used)/generated from investing activities	(2,254)	7,745
Cash Flows Used In Financing Activities		
Dividend paid to non-controlling interests of a subsidiary	(4,104)	-
Interest paid	(22,111)	(21,592)
Net drawdown/(repayments) of bank borrowings	13,547	(12,716)
Net cash used in financing activities	(12,668)	(34,308)
Effects of exchange rate changes	1,049	645
Net increase/(decrease) in cash and cash equivalents	3,143	(29,598)
Cash and cash equivalents at 1 July		
As previously reported	184,568	197,065
Effects of exchange rate changes on cash and cash equivalents	(986)	817
As restated	183,582	197,882
Cash and cash equivalents at 31 December	186,725	168,284

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2019 except for the adoption of the following new Malaysian Financial Reporting Standards ("MFRSs"), IC Interpretation, Amendments to MFRSs and Annual improvements to MFRSs which are applicable for the Group's financial year beginning on or after 1 July 2019:-

MFRS 16	*Leases*
IC Interpretation 23	*Uncertainty over Income Tax Treatments*
Amendment to MFRS 9	*Prepayment Features with Negative Compensation*
Amendments to MFRS 119	*Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128	*Long-term Interests in Associates and Joint Ventures*

Annual Improvements to MFRSs 2015-2017 Cycle:

* Amendment to MFRS 3 and MFRS 11: Previously Held Interest in a Joint Operations
* Amendment to MFRS 112: Income Tax Consequences of Payments on Financial Instruments Classified as Equity
* Amendment to MFRS 123: Borrowing Costs Eligible for Capitalisation

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (including The Consequential Amendments)		Effective Date
Revised Conceptual Framework for Financial Reporting		1 January 2020
Amendments to MFRS 3	*Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108:	*Definition of Material*	1 January 2020
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures	*Interest Rate Benchmark Reform*	1 January 2020
MFRS 17	*Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred until further notice

A2 Seasonal or Cyclical Factors

The Group's businesses where seasonal or cyclical factors, other than economic factors, would have some effects on operations are as follows:-

(a) The retailing operations in Malaysia have seasonal peaks in tandem with various festive seasons and sales promotions approved by the government;

(b) The hotel operations and hospitality business in the United Kingdom normally experience low seasonality due to after effects of the festivities and holiday seasons of Christmas and New Year. Additionally, winter period will also experience a decline in trading; and

(c) The food operations of the Group is affected by seasonal factors.

A3 Changes in estimates

There were no significant changes in estimates of the amounts reported in prior financial years which have a material effect in the financial period ended 31 December 2019.

A4 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the financial period ended 31 December 2019 other than the exceptional items as follows:-

Exceptional items	**QUARTER ENDED**		**CUMULATIVE 6 MONTHS**	
	31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Bad debts written off	(20)	-	(20)	-
Capital distribution from other investments	133		133	-
Capital distribution from a subsidiary placed under winding up	-	-	-	261
Reversal of fair value gain on investment in preference shares of an associate	-	(5,043)	-	-
Fair value gain on other financial assets	-	24	-	33
Fair value loss on other investment (current)	-	51	-	-
Gain arising from derecognition of subsidiaries placed under winding up / dissolved	-	4	-	385
Gain on disposal of properties	-	3,298	-	19,677
Net (loss)/gain on foreign exchange	(5,729)	5,693	(4,196)	(3,866)
Reversal of Impairment/(Impairment) on:-				
- amount owing by an associate	429	(47)	1,802	(101)
- receivables	22	64	82	86
	(5,165)	4,044	(2,199)	16,475

A5 Issuances, Repurchases and Repayments of Debts and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 31 December 2019.

A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2019 (31 December 2018: Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 31 December 2019 is as follows:-

(a) Revenue

	External Customers RM'000	Inter-segment RM'000	Total Revenue RM'000	Share of Associates' Revenue RM'000	Net Revenue RM'000
Retailing	142,077	-	142,077	(110,435)	31,642
Hotel	92,085	-	92,085	-	92,085
Food	35,649	-	35,649	-	35,649
Property	45,989	(36)	45,953	-	45,953
Others	12,341	(3,798)	8,543	(8,543)	-
Total	328,141	(3,834)	324,307	(118,978)	205,329

(b) Results

	(Loss)/ Profit from Operations RM'000	Exceptional Items RM'000	Finance Costs RM'000	Share of Associates/ Joint venture's Results RM'000	(Loss)/Profit Before Taxation RM'000
Retailing	(4,725)	(26)	-	(7,359)	(12,110)
Hotel	14,005	58	(1,324)	-	12,739
Food	1,127	(68)	-	(15)	1,044
Property	15,025	12	(50)	-	14,987
Others	(7,695)	(2,175)	(21,077)	2,990	(27,957)
Total	17,737	(2,199)	(22,451)	(4,384)	(11,297)

(c) Assets

	Segment Assets RM'000	Associates / Joint Venture RM'000	Total RM'000
Retailing	231,765	106,311	338,076
Hotel	571,043	-	571,043
Food	156,297	444	156,741
Property	321,205	-	321,205
Others	37,256	184,125	221,381
	1,317,566	290,880	1,608,446
Unallocated Corporate Assets			5,705
Total Assets			1,614,151

A8 Events Subsequent to the End of the Financial Period

There are no material events subsequent to the end of the financial period ended 31 December 2019 that have not been reflected in the financial statements for the said period as at the date of this report.

A9 Changes in the Composition of the Group

(a) On 25 October 2019, the following wholly-owned subsidiaries of Metrojaya Berhad, which is in turn a partly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "the Company"), was dissolved by way of deregistration pursuant to Section 751 of the Companies Ordinance of Hong Kong:-

	Company name	Date of dissolution
(i)	Dixon Enterprise Limited	25 October 2019
(ii)	East India Company (Hong Kong) Pte Limited	25 October 2019

The dissolution of the above subsidiaries did not have any material impact on the earnings and net assets of the Group for the financial period ended 31 December 2019.

(b) On 6 January 2020, the following wholly-owned subsidiaries of Metrojaya Berhad, which is in turn a partly-owned subsidiary of the Company, have been struck off from the Register following an earlier application by both companies to the Companies Registry in Singapore to strike off the name from the Register:-

	Company name
(i)	East India Company (Singapore) Pte Ltd
(ii)	Metrojaya Reject Shop Pte Ltd

The strike off the above subsidiaries did not have any material impact on the earnings and net assets of the Group for the financial period ended 31 December 2019.

(c) On 24 January 2020, MUI Singapore Private Limited, a wholly-owned subsidiary of the Company, had entered into a shares sale agreement with Yap Zhenglin Nelson, Damien Tan Soo Chen and Ark Global Capital Pte Ltd to acquire 40,000 ordinary shares representing 20% of the entire issued and paid up share capital of The Benjamin Barker Group Pte. Ltd. ("BB") for a purchase consideration of S$2,000,000 (equivalent to RM6.1 million). The transaction has been completed and BB has become an indirect associate of the Company.

Other than the above, there were no other changes in the composition of the Group as at the date of this report.

A10 Contingent Liabilities

On 19 February 2020, MUI Asia Limited ("MUI Asia"), a wholly-owned subsidiary of MUI, has approved the provision of financial assistance of £1.5 million (equivalent to RM8.1 million) via the execution of a Cash Collateral Deed with Wells Fargo Capital Finance (UK) Limited ("Wells Fargo Capital") as part security for the banking facility granted to Laura Ashley Holdings plc and its subsidiaries ("LAH Group").

The cash collateral may be called upon or claimed by Wells Fargo Capital in the event of default by LAH Group in respect of the banking facility. In such an event, MUI Asia's total exposure is limited to this collateral of £1.5 million (equivalent to RM8.1 million).

Other than the above, there were no any other material contingent liabilities as at the date of this report.

A11 Capital Commitments

As at 31 December 2019, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Authorised but not contracted for	115
Contracted but not provided for	5

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1 Review of Performance of the Company and its Principal Subsidiaries

	QUARTER ENDED			
	31.12.2019	**31.12.2018**	**Changes**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
Retailing	17,459	24,659	(7,200)	(29.20)
Hotel	44,813	45,164	(351)	(0.80)
Food	20,057	25,357	(5,300)	(20.90)
Property	25,644	15,434	10,210	66.20
Others	-	-	-	-
	107,973	110,614	(2,641)	(2.40)
(Loss)/Profit before taxation ("(LBT) / PBT")				
Retailing	(8,813)	(4,405)	(4,408)	(100.10)
Hotel	4,685	4,360	325	7.50
Food	1,418	3,892	(2,474)	(63.60)
Property	8,064	8,774	(710)	(8.10)
Financial Services ^	-	-	-	-
Others	(17,209)	(10,949)	(6,260)	(57.20)
	(11,855)	1,672	(13,527)	(809.00)

^ *The Group has discontinued recognising share of further results from an associate in the financial services division as the total share of the associate's losses exceeds the Group's interest in the associate.*

<u>Current Quarter Ended 31 December 2019</u>

Despite robust revenue growth shown by the Property Division, the Group's total revenue for the quarter fell 2.4% to RM108.0 million from RM110.6 million recorded in the same quarter last year. The decrease in the Group's revenue was mainly due to significant decline in sales of the Retailing and the Food Divisions.

<u>Retailing</u>

The decrease in revenue was mainly attributed to lower sales and closure of two department stores in Malaysia. For the current quarter, a higher LBT was recorded compared with the quarter ended 31 December 2018. This was mainly due to share of higher loss recorded by an associate in UK.

<u>Hotel</u>

The Group's hotel division recorded a marginal decrease in revenue and slight improvement in PBT.

<u>Food</u>

The 20.9% decline in year-on-year quarterly sales reflects the effects of growing market competitiveness in the light of the continuing global trade tensions and economic disruptions. While the domestic market held in this quarter, revenue from overseas market fell by nearly 31%. The decrease in PBT was in tandem with the lower revenue.

<u>Property</u>

The strong growth of 66.2% in turnover was recorded due to more revenue recognition from higher percentage of completion of the houses in Bandar Springhill this quarter. Despite higher revenue, PBT was lower compared to the same quarter last year. This was due to a RM3.3 million disposal gain last year.

<u>Others</u>

The increase in LBT was mainly attributed to the loss on foreign exchange translations on intragroup balances.

	CUMULATIVE 6 MONTHS			
	31.12.2019	**31.12.2018**	**Changes**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
Retailing	31,642	44,716	(13,074)	(29.20)
Hotel	92,085	96,110	(4,025)	(4.20)
Food	35,649	45,303	(9,654)	(21.30)
Property	45,953	27,712	18,241	65.80
Others	-	-	-	-
	205,329	213,841	(8,512)	(4.00)
(Loss)/Profit before tax ("(LBT) / PBT")				
Retailing	(12,110)	9,190	(21,300)	(231.80)
Hotel	12,739	12,290	449	3.70
Food	1,044	5,034	(3,990)	(79.30)
Property	14,987	12,628	2,359	18.70
Financial Services ^	-	-	-	-
Others	(27,957)	(26,884)	(1,073)	(4.00)
	(11,297)	12,258	(23,555)	(192.20)

^ *The Group has discontinued recognising share of further results from an associate in the financial services division as the total share of the associate's losses exceeds the Group's interest in the associate.*

Financial period ended 31 December 2019

The Group recorded a lower revenue of RM205.3 million and an LBT of RM11.3 million in the current financial period compared with a revenue of RM213.8 million and a PBT of RM12.3 million in the financial period ended 31 December 2018. The performance of the respective divisions are as follows:-

Retailing

The decrease in revenue was mainly attributed to lower sales and closure of two department stores in Malaysia. For the current financial period, an LBT was recorded compared to the PBT in the previous financial period, which was mainly due to a gain of RM16.4 million on disposal of properties.

Hotel

The Group’s PBT increased by 3.7% resulting from a slightly improved performance on an overall basis.

Food

The highly competitive climate in terms of pricing and product innovation have created more options in the market, making it a challenge to maintain customers' loyalty. The decrease in profit was mainly caused by lower revenue.

Property

The division recorded similar level of revenue growth of 66%. PBT also showed an improvement of 18.7% compared to the PBT of RM12.6 million which has been recorded in the previous financial period.

Others

The increase in LBT was mainly attributed to the higher expenses and lower interest income.

B2 Material Changes in the Quarterly Results Compared with the Results of the Preceding Quarter

	Quarter Ended			
	31.12.2019	30.09.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	17,459	14,183	3,276	23.1
Hotel	44,813	47,272	(2,459)	(5.2)
Food	20,057	15,592	4,465	28.6
Property	25,644	20,309	5,335	26.3
Others	-	-	-	-
	107,973	97,356	10,617	10.9
(Loss)/Profit before taxation ("(LBT) / PBT")				
Retailing	(8,813)	(3,297)*	(5,516)	(167.3)
Hotel	4,685	8,054	(3,369)	(41.8)
Food	1,418	(374)	1,792	479.1
Property	8,064	6,923	1,141	16.5
Financial Services ^	-	-	-	-
Others	(17,209)	(10,748)	(6,461)	(60.1)
	(11,855)	558	(12,413)	(2,224.6)

* *Included results of an associate in the United Kingdom based on estimation as its quarterly results ended 30 September 2019 was not publicly available.*

^ *The Group has discontinued recognising share of further results from an associate in the financial services division as the total share of the associate's losses exceeds the Group's interest in the associate.*

The Group recorded a higher revenue of RM108.0 million and an LBT of RM11.9 million in the current quarter compared with a revenue of RM97.4 million and a PBT of RM0.6 million in the preceding quarter. The performance of the respective divisions are analysed as follows:-

Retailing

The increase in revenue was mainly attributed to the festive seasons sales in Malaysia. However, due to share of higher loss recorded by an associate in the UK, a higher LBT in the current financial period was reported.

Hotel

The division recorded a decrease in revenue and PBT as compared with the preceding quarter. This was mainly due to lower room occupancy and average room rate from the hotel division in the UK.

Food

The increase in revenue was mainly due to strong demand during the festive seasons. Tango, Tudor Gold and contract manufacturing achieved strong growth, which saw an increase in PBT due to higher revenue.

Property

The division reported a 26.3% growth in revenue and a 16.5% improvement in PBT.

Others

The increase in LBT was mainly attributed to the offsetting effect of an unrealised foreign exchange gain recorded in the preceding quarter against a loss in the current quarter.

B3 Prospects for the Financial Year Ending 30 June 2020

The adverse effects of the Covid-19 outbreak were severe across all sectors and are likely to influence the results in the next quarter.

Retailing

The retail industry continues to face the challenges of difficult trading conditions. On top of this, supply-chain disruptions in China has also impacted the retail business. To counteract these effects, Metrojaya will improve its merchandising, step up its promotional strategies and diversify its supply chain.

Hotel

This being Visit Malaysia Year, the Hotel Division is working closely with various tourism bodies to maximise room occupancy. It will continue to seek out other market segments for both its properties in Kuala Lumpur and Port Dickson.

Food

Sales improved in the second quarter over the first quarter, showing a 29% growth due to seasonal factors. The revenue improvement came from encouraging recovery in both the Group's overseas and domestic markets. Global trade tensions and the ongoing Covid-19 outbreak will challenge business growth globally. The management of Network Foods has taken various marketing measures in response to these challenges.

Property

A new phase for Bandar Springhill will be launched in the third quarter, consisting of 272 units double-storey terrace houses. Combined with the sales from the earlier launches, the management is confident of maintaining a satisfactory performance for the balance of the financial year.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 (Loss)/Profit before taxation

Included in the (loss)/profit before taxation were the followings items:-

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %
Depreciation	(3,784)	(4,418)	14.4	(7,816)	(9,113)	14.2
Interest income	1,452	2,389	(39.2)	2,789	4,472	(37.6)
Inventories (written down) / write back	(941)	1,215	(177.4)	(2,694)	(174)	(1,448.3)
Property, plant and equipment written off	(4)	(35)	88.6	(26)	(70)	62.9

B6 Trade Receivables

(a) The credit term of trade receivables range from 7 to 120 days.

(b) The ageing of trade receivables of the Group was as follows:-

	31.12.2019 RM'000	30.06.2019 RM'000	Changes %
Current (Not past due)	39,211	14,397	172.4
1 to 30 days past due	7,738	6,513	18.8
31 to 60 days past due	5,463	4,365	25.2
61 to 90 days past due	1,625	1,761	(7.7)
91 to 120 days past due	172	543	(68.3)
More than 120 days past due	1,513	1,215	24.5
	55,722	28,794	93.5

B7 Tax Expense

Tax expense comprises of:-

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2019 RM'000	31.12.2018 RM'000	Changes %	31.12.2019 RM'000	31.12.2018 RM'000	Changes %
Current tax expense						
- Malaysia	2,593	2,809	(7.7)	4,940	5,078	(2.7)
- Foreign	39	(331)	111.8	494	1,494	(66.9)
Deferred tax	124	634	(80.4)	(61)	(758)	92.0
	2,756	3,112	(11.4)	5,373	5,814	(7.6)
(Overprovision)/Underprovision in respect of prior years	(3)	17	(117.6)	(3)	17	(117.6)
	2,753	3,129	(12.0)	5,370	5,831	(7.9)

The tax provision of the Group for the financial period ended 31 December 2019 was higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses were available.

B8 Status of Corporate Proposals

(a) On 12 November 2019, MUI Properties Berhad ("MUIP") announced that Cesuco Trading Limited, a wholly-owned subsidiary of the MUIP, which is in turn a partly-owned subsidiary of the Company, decided to convert the AUD$1.5 million Secured Convertible Note of Nex Metals Explorations Ltd (“Nex Metals”) together with the outstanding sum of AUD$272,506.85 being accrued interest thereon as at 1 November 2019, into 132,474,353 ordinary shares. This represents 40.73% of the enlarged share capital of Nex Metals at an issue price of AUD$0.01338 per ordinary share (“Proposed Conversion”).

Nex Metals is a public limited liabilities company incorporated in Australia on 4 February 2007 with a registered office address at 45 Guthrie St, Osborne Park, WA, Australia, 6017, and listed on the Australian Securities Exchange. The principal activity of Nex Metals is primarily in gold exploration.

The Proposed Conversion is subject to the approval of Nex Metals’ shareholders. Upon the completion of the Proposed Conversion, Nex Metals will become an associate company of the Group.

The Proposed Conversion is not expected to have any material effect on the net assets per share, gearing, share capital and substantial shareholders’ direct and/or indirect shareholding of MUIP for the financial year ending 30 June 2020; however, it is expected to have a positive effect on the earnings per share of MUIP for the financial year ending 30 June 2020 due to a gain from remeasurement to fair value arising from the Proposed Conversion.

(b) On 20 December 2019, Corus Hotels Limited, a indirect wholly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "the Company"), had entered into a sale and purchase agreement with AR Land Investments Ltd as a divestment of a development site at Ferrymuirgait, South Queensferry, Edinburgh EH30 9SF, extending to approximately 4.1 ha (10.1 acres) as registered in the Land Register Scotland with Title Number WLN12445 for a total disposal consideration of £7,200,000 (equivalent to RM38.8 million). The Proposed Disposal has been completed on 18 February 2020 in accordance with the terms of the SPA.

(c) On 24 January 2020, MUI Singapore Private Limited, a wholly-owned subsidiary of MUI, had entered into a shares sale agreement with Yap Zhenglin Nelson, Damien Tan Soo Chen and Ark Global Capital Pte Ltd to acquire 40,000 ordinary shares representing 20% of the entire issued and paid up share capital of The Benjamin Barker Group Pte. Ltd. ("BB") for a purchase consideration of S$2,000,000 (equivalent to RM6.1 million). The transaction has been completed and BB has become an indirect associate of the Company.

Other than the above, the Group has no any other corporate proposals as at the date of this report.

B9 Group Borrowings

Total Group borrowings as at 31 December 2019 were as follows:-

	31.12.2019		
	Long Term RM'000	**Short Term RM'000**	**Total Borrowings RM'000**
Secured			
- Term loan	204,950	476,170	681,120
- Revolving credit	43,295	29,600	72,895
- Bank overdraft	-	19,178	19,178
- Hire purchase	-	255	255
	248,245	525,203	773,448
Unsecured			
- Revolving credit	34,209	39,115	73,324
	34,209	39,115	73,324
Total borrowings	282,454	564,318	846,772

	30.06.2019		
	Long Term RM'000	**Short Term RM'000**	**Total Borrowings RM'000**
Secured			
- Term loan	204,542	441,702	646,244
- Revolving credit	43,295	34,200	77,495
- Bank overdraft	-	18,738	18,738
- Hire purchase	261	557	818
	248,098	495,197	743,295
Unsecured			
- Revolving credit	34,209	44,730	78,939
	34,209	44,730	78,939
	282,307	539,927	822,234

Foreign borrowing in Ringgit Malaysia equivalent as at 31 December 2019 included in the above was as follows:-

	31.12.2019		30.06.2019	
	£'000	**RM'000**	**£'000**	**RM'000**
Total foreign borrowing	89,013	478,195	89,106	468,527

The foreign borrowing above was taken by a foreign subsidiary of the Group.

B10 Derivative Financial Instruments

Interest rate swap contract

The Group has entered into interest rate swap contract to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuation in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amount was exchanged at periodic intervals. All changes in fair value during the financial year are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

The outstanding interest rate swap contract as at 31 December 2019 is as follows:-

Effective Period	**Notional Amount**
	£'000
28 July 2015 to 19 May 2020	26,276

The changes in fair value of the above interest rate swap were recognised in profit or loss.

As at 31 December 2019, the notional amount, fair value and maturity tenor of the interest rate swap contract were as follows:-

Current liabilities	**Notional Amount**	**Fair Value Liabilities**
	RM'000	**RM'000**
Less than 1 year	141,160	1,219

B11 Fair Value Changes of Financial Liabilities

As at 31 December 2019, the Group did not have any financial liabilities measured at fair value through profit or loss except for derivative financial instrument mentioned in B10.

B12 Material Litigation

On 28 February 2019, MJ Department Stores Sdn Bhd (hereinafter referred to as the Plaintiff), a wholly-owned subsidiary of Metrojaya Berhad which is in turn an indirect 98.21%-owned subsidiary of the Company, had taken legal proceedings against UDA Holdings Berhad (hereinafter referred to as the Defendant) vide a Writ of Summons filed at the High Court of Kuala Lumpur (“the High Court”).

The Plaintiff was the anchor and largest tenant in BB Plaza for some 33 years. Since 1981 until January 2015, the Plaintiff has operated a Metrojaya Department Store at BB Plaza. The last formal Tenancy Agreement entered into by the Plaintiff with the Defendant for the premises at BB Plaza was on 6 May 2010.

Pursuant to the Tenancy Agreement, the Plaintiff had the option to renew for 5 terms of 3 years each. However, the Defendant had prematurely terminated the Plaintiff’s tenancy at BB Plaza with effect from 19 January 2015. The Plaintiff’s total claim amounts to RM24,221,098, of which RM16,159,204 is for loss of profit. The rate of interest on the total claim by the Plaintiff shall be at such rate and for such period as the High Court may award as it deems fit.

On 28 March 2019, the Plaintiff received a Statement of Defence dated 26 March 2019 that was filed by the Defendant in the High Court.

On 30 May 2019, the High Court has instructed both parties to exchange and file in their respective Bundle of Documents on or before 28 June 2019. The Court has further fixed a three (3) day trial from 17 September 2019 to 19 September 2019.

On 30 January 2020, the High Court has dismissed the Plaintiff's claim with costs of RM30,000.00 subject to allocator's fees.

The Plaintiff has on 5 February 2020 filed a Notice of Appeal to the Court of Appeal against the High Court's decision to dismiss the Plaintiff's claim.

B13 Dividend

No dividend has been declared by the Board for the financial period ended 31 December 2019 (31 December 2018: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2019	**31.12.2018**	**Changes %**	**31.12.2019**	**31.12.2018**	**Changes %**
Weighted average number of ordinary shares in issue ('000)	2,932,561	2,932,561	-	2,932,561	2,932,561	-
Loss for the financial period attributable to equity holders of the Company (RM'000)	(17,832)	(3,548)	(402.6)	(24,437)	(794)	(2,977.7)
Basic loss per share (sen)	(0.61)	(0.12)	(402.6)	(0.83)	(0.03)	(2,977.7)
Diluted loss per share (sen)	(0.61)	(0.12)	(402.6)	(0.83)	(0.03)	(2,977.7)

Diluted loss per ordinary share is the same as basic loss per ordinary share as there were no dilutive potential ordinary shares.

B15 Auditors' Report

The auditors' report on the financial statements for the financial year ended 30 June 2019 was unmodified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Lee Chik Siong
Norlyn Binti Kamal Basha
Joint Company Secretaries

Date: 27 February 2020