MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2020

(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.03.2020 RM'000	**31.03.2019 RM'000**	**31.03.2020 RM'000**	**31.03.2019 RM'000**
Revenue	59,953	88,915	265,282	302,756
Cost of sales	(45,974)	(59,164)	(172,179)	(184,912)
Gross profit	13,979	29,751	93,103	117,844
Other income	2,295	3,738	6,564	10,703
Distribution costs	(2,360)	(2,085)	(6,976)	(5,926)
Administrative expenses	(25,740)	(22,356)	(67,481)	(65,070)
Other operating expenses	(9,473)	(11,501)	(28,772)	(41,419)
(Loss)/Profit from operations	(21,299)	(2,453)	(3,562)	16,132
Exceptional items (refer Note A4)	(106,588)	1,586	(108,787)	18,061
Finance cost	(11,377)	(11,553)	(33,828)	(33,650)
Share of results of associates	38	(4,633)	(4,331)	(5,338)
Share of results of joint venture	-	(251)	(15)	(251)
Loss before taxation	(139,226)	(17,304)	(150,523)	(5,046)
Tax expense	(366)	(1,576)	(5,736)	(7,407)
Loss for the financial period	(139,592)	(18,880)	(156,259)	(12,453)
Loss attributable to:-				
Equity holders of the Company	(138,472)	(19,632)	(162,909)	(20,426)
Non-controlling interests	(1,120)	752	6,650	7,973
Loss for the financial period	(139,592)	(18,880)	(156,259)	(12,453)
Loss per share attributable to equity holders of the Company:-	**Sen**	**Sen**	**Sen**	**Sen**
Basic / Diluted	(4.72)	(0.67)	(5.56)	(0.70)

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 MARCH 2020

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.03.2020 RM'000	**31.03.2019 RM'000**	**31.03.2020 RM'000**	**31.03.2019 RM'000**
Loss for the financial period	(139,592)	(18,880)	(156,259)	(12,453)
Other comprehensive (expenses)/income, net of tax:-				
Items that will not be reclassified subsequently to profit or loss				
Fair value gain/(loss) of equity instruments	270	(2,226)	(1,313)	(2,819)
Items that will be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign subsidiaries	26,180	(3,007)	28,279	8,389
Derecognition of an associate	(10,793)	-	(10,793)	-
Share of other comprehensive expenses of an associate	(372)	-	(372)	-
Other comprehensive income/(expenses) for the financial period	15,285	(5,233)	15,801	5,570
Total comprehensive expenses for the financial period	(124,307)	(24,113)	(140,458)	(6,883)
Total comprehensive expenses attributable to:-				
Equity holders of the Company	(123,527)	(24,978)	(147,431)	(13,505)
Non-controlling interests	(780)	865	6,973	6,622
Total comprehensive expenses for the financial period	(124,307)	(24,113)	(140,458)	(6,883)

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 MARCH 2020

	31.03.2020 RM'000	30.06.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	587,170	608,247
Investment properties	95,487	95,654
Associates	190,205	296,340
Joint venture	443	459
Other investments	5,034	6,729
Inventories	35,263	35,263
Goodwill on consolidation	25,179	25,179
Right-of-use assets	455	-
Deferred tax assets	2,004	1,516
	941,240	1,069,387
Current Assets		
Inventories	139,418	162,814
Trade and other receivables	135,132	126,994
Contract assets	1,915	11,076
Right to recover returned goods	625	615
Contract cost	163	541
Other investments	5,190	55
Current tax assets	4,328	9,932
Deposits, bank balances and cash	239,652	241,529
	526,423	553,556
TOTAL ASSETS	1,467,663	1,622,943
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	3,152,866	3,152,866
Reserves	(2,924,784)	(2,777,353)
	228,082	375,513
Non-Controlling Interests	230,366	228,723
Total Equity	458,448	604,236
Non-Current Liabilities	292,766	292,557
Current Liabilities		
Trade and other payables	168,396	174,400
Contract liabilities	7,557	7,679
Refund liabilities	1,042	1,024
Lease liabilities	465	-
Borrowings	535,571	539,927
Derivative liability	-	1,191
Current tax liabilities	3,418	1,929
	716,449	726,150
Total Liabilities	1,009,215	1,018,707
TOTAL EQUITY AND LIABILITIES	1,467,663	1,622,943
	RM	**RM**
Net assets per share attributable to equity holders of the Company	0.08	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 MARCH 2020

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
CUMULATIVE 9 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	-	-	(162,909)	(162,909)	6,650	(156,259)
Fair value (loss)/gain of equity instruments	-	(2,229)	1,346	(883)	(430)	(1,313)
Foreign currency translations, net of tax	-	27,526	-	27,526	753	28,279
Derecognition of an associate	-	(8,236)	(2,557)	(10,793)	-	(10,793)
Share of other comprehensive expenses of an associate	-	(372)	-	(372)	-	(372)
Total comprehensive income/(expenses)	-	16,689	(164,120)	(147,431)	6,973	(140,458)
Transaction with owners:-						
Dividend paid to non-controlling shareholders	-	-	-	-	(5,330)	(5,330)
At 31 March 2020	3,152,866	(17,801)	(2,906,983)	228,082	230,366	458,448

CUMULATIVE 9 MONTHS						
At 1 July 2018	3,152,866	(42,895)	(2,572,070)	537,901	227,065	764,966
(Loss)/Profit for the financial period	-	-	(20,426)	(20,426)	7,973	(12,453)
Fair value loss of equity instruments	-	(2,185)	-	(2,185)	(634)	(2,819)
Foreign currency translations, net of tax	-	9,106	-	9,106	(717)	8,389
Total comprehensive income/(expenses)	-	6,921	(20,426)	(13,505)	6,622	(6,883)
At 31 March 2019	3,152,866	(35,974)	(2,592,496)	524,396	233,687	758,083

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 MARCH 2020

	CUMULATIVE 9 MONTHS	
	31.03.2020 RM'000	31.03.2019 RM'000
Cash Flows From Operating Activities		
Loss before taxation	(150,523)	(5,046)
Net adjustments	122,489	25,490
Operating profit before working capital changes	(28,034)	20,444
Net change in working capital	19,846	10,593
Cash (used)/generated in operations	(8,188)	31,037
Employee benefits paid	(468)	(134)
Interest paid	(530)	(433)
Interest received	2,342	3,107
Net tax refunded/(paid)	818	(4,885)
Net cash (used)/generated in operating activities	(6,026)	28,692
Cash Flows From Investing Activities		
Interest received	4,183	3,433
Proceeds from disposal of property, plant and equipment	39,087	32,835
Proceeds from disposal of other investments	180	-
Investment in an associate	(6,039)	-
Investment in a joint venture	-	(750)
Purchase of other investments	(5,184)	-
Purchase of property, plant and equipment	(8,472)	(9,876)
Placement of fixed deposits pledged with licensed financial institutions	(95)	(20,206)
Net cash generated from investing activities	23,660	5,436
Cash Flows Used In Financing Activities		
Dividend paid to non-controlling interests of a subsidiary	(5,330)	-
Interest paid	(33,298)	(33,217)
Net repayments of bank borrowings	(9,916)	(15,041)
Net cash used in financing activities	(48,544)	(48,258)
Effects of exchange rate changes	27,668	6,460
Net decrease in cash and cash equivalents	(3,242)	(7,670)
Cash and cash equivalents at 1 July		
As previously reported	184,568	197,065
Effects of exchange rate changes on cash and cash equivalents	1,049	792
As restated	185,617	197,857
Cash and cash equivalents at 31 March	182,375	190,187

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 March 2020.

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 March 2020 other than the exceptional items as follows:-

Exceptional items	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Bad debts written off	-	-	(20)	-
Capital distribution from other investments previously written off	4	-	137	-
Capital distribution from a subsidiary placed under winding up	261	261	261	522
Fair value gain on other financial assets	-	18	-	51
(Loss)/Gain arising from derecognition of subsidiaries placed under winding up / dissolved	-	(1)	-	384
Gain on disposal of property, plant and equipment	16,783	182	16,783	19,859
Gain on disposal of other investments (current)	22	-	22	-
Loss on derecognition of an associate	(111,830)	-	(111,830)	-
Net (loss)/gain on foreign exchange	(11,590)	718	(15,786)	(3,148)
Reversal of Impairment/(Impairment) on:-				
- amount owing by an associate	130	(48)	1,932	(149)
- quoted investment	(312)	-	(312)	-
- unquoted investment	(65)	-	(65)	-
- receivables	9	456	91	542
	(106,588)	1,586	(108,787)	18,061

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 March 2020.

A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 31 March 2020 (31 March 2019: Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 31 March 2020 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	152,745	-	152,745	(111,253)	41,492
Hotel	119,051	-	119,051	-	119,051
Food	46,646	-	46,646	-	46,646
Property	58,147	(54)	58,093	-	58,093
Others	16,121	(5,697)	10,424	(10,424)	-
Total	392,710	(5,751)	386,959	(121,677)	265,282

(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	(9,464)	(111,850)	-	(7,233)	(128,547)
Hotel	4,354	16,093	(1,966)	-	18,481
Food	(728)	501	-	(15)	(242)
Property	17,543	60	(75)	-	17,528
Others	(15,267)	(13,591)	(31,787)	2,902	(57,743)
Total	(3,562)	(108,787)	(33,828)	(4,346)	(150,523)

(c) Assets

	Segment Assets RM'000	Associates / Joint Venture RM'000	Total RM'000
Retailing	222,770	6,165	228,935
Hotel	533,614	-	533,614
Food	156,740	443	157,183
Property	317,335	-	317,335
Others	40,224	184,040	224,264
	1,270,683	190,648	1,461,331
Unallocated Corporate Assets			6,332
Total Assets			1,467,663

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 March 2020 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 dormant 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

(b) On 6 January 2020, the following dormant 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

(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.

(d) On 8 February 2020, the following inactive wholly-owned subsidiaries of Pan Malaysia Corporation Berhad, which is in turn a partly-owned subsidiary of the Company, have been dissolved pursuant to Section 459(5) of the Companies Act, 2016:-

Company name
(i) Jaguh Padu Sdn Bhd
(ii) Panorama Scope Sdn Bhd
(iii) United Pace Sdn Bhd
(iv) Uniwell Nominees (Tempatan) Sdn Bhd

(e) The following inactive wholly-owned subsidiaries of MUI Properties Berhad, which is in turn a partly-owned subsidiary of the Company, have been dissolved pursuant to Section 459(5) of the Companies Act, 2016:-

	Company name	Date of Dissolution
(i)	Intercontinental Properties Sdn Bhd	13 February 2020
(ii)	Lembaran Makmur Sdn Bhd	8 February 2020

(f) On 27 May 2020, the following dormant wholly-owned subsidiaries of Metrojaya Berhad, which is in turn a 98.21%-owned dormant subsidiary of the Company, obtained approval from the sole shareholder at their Extraordinary General Meeting to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016:-

Company name
(i) East India Company Clothing (Malaysia) Sdn Bhd
(ii) Metrojaya Department Stores Sdn Bhd

(g) On 23 March 2020, an associate of the Group, Laura Ashley Holdings plc ("LAH") appointed Rob Lewis and Zelf Hussain of PwC as Administrators of LAH and its named subsidiaries. The ordinary shares of LAH have been cancelled from listing and trading on the main market of the London Stock Exchange following the appointment of the Administrators.

The Group has discontinued the use of equity method to account for its investment in LAH effective 23 March 2020. A loss on derecognition amounting to RM111.8 million has been taken up in the financial statements of the Group for the current quarter.

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 has been refunded to MUI Asia in May 2020.

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 March 2020, the Group has material commitments in respect of capital expenditure as follows:-

	RM'000
Authorised but not contracted for	115

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			
	31.03.2020	31.03.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	9,850	21,661	(11,811)	(54.50)
Hotel	26,966	36,118	(9,152)	(25.30)
Food	10,997	15,477	(4,480)	(28.90)
Property	12,140	15,659	(3,519)	(22.50)
Others	-	-	-	-
	59,953	88,915	(28,962)	(32.60)
(Loss)/Profit before taxation ("(LBT) / PBT")				
Retailing	(116,437)	(7,635)	(108,802)	(1,425.00)
Hotel	5,742	(1,180)	6,922	586.60
Food	(1,286)	(119)	(1,167)	(980.70)
Property	2,541	3,791	(1,250)	(33.00)
Financial Services ^	-	-	-	-
Others	(29,786)	(12,161)	(17,625)	(144.90)
	(139,226)	(17,304)	(121,922)	(704.60)

^ *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 March 2020</u>

The Group reported a decrease of 32.6% in total revenue for the current quarter. With the Movement Control Order (MCO) implemented on 18 March 2020 by the Malaysian Government due to the COVID-19 pandemic, it has further affected the Group's performance. The performance of the respective divisions as follows:-

<u>Retailing</u>

For the current quarter, Metrojaya recorded a decrease in revenue of RM11.8 million. This was mainly attributed to lower sales and closure of stores. The significant increase in the division's LBT was mainly due to a loss of RM111.8 million from the derecognition of an associate in the UK, Laura Ashley Holdings plc, as a result of its appointment of Administrators.

<u>Hotel</u>

The Group's hotel division in Malaysia and the UK registered a lower room occupancy. As a result, the revenue decreased by 25.3%. Despite this, the hotel division recorded a PBT of RM5.7 million in the current quarter mainly due to a one-off RM16.0 million gain on disposal of a land in the UK. Excluding the one-off gain, the hotel division recorded an LBT of RM10.3 million.

<u>Food</u>

The COVID-19 pandemic has placed markets globally in lock down mode, including the suspension of domestic retail business and export activities. Together with the prevailing economic uncertainties prior to the COVID-19 pandemic, the drop in demand has affected the division's third quarter revenue.

Property

The decrease in revenue and PBT was mainly due to lower revenue recognition from Phases E7-1 and E7-2 in the Bandar Springhill project in Lukut, Negeri Sembilan.

Others

The increase in LBT was mainly attributed to the increase in administrative expenses and the loss on foreign exchange translations on intragroup balances recorded in the current quarter.

	CUMULATIVE 9 MONTHS			
	31.03.2020	31.03.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	41,492	66,377	(24,885)	(37.50)
Hotel	119,051	132,228	(13,177)	(10.00)
Food	46,646	60,780	(14,134)	(23.30)
Property	58,093	43,371	14,722	33.90
Others	-	-	-	-
	265,282	302,756	(37,474)	(12.40)
(Loss)/Profit before tax ("(LBT) / PBT")				
Retailing	(128,547)	1,555	(130,102)	(8,366.70)
Hotel	18,481	11,110	7,371	66.30
Food	(242)	4,915	(5,157)	(104.90)
Property	17,528	16,419	1,109	6.80
Financial Services ^	-	-	-	-
Others	(57,743)	(39,045)	(18,698)	(47.90)
	(150,523)	(5,046)	(145,477)	(2,883.00)

^ *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.*

Financial period ended 31 March 2020

The Group recorded lower revenue of RM265.3 million and a higher LBT of RM150.5 million in the current financial period compared with a revenue of RM302.8 million and a lower LBT of RM5.0 million in the financial period ended 31 March 2019. The performance of the respective divisions are analysed as follows:-

Retailing

For the cumulative nine-month period, the decrease in revenue was mainly attributed to lower sales and closure of two department stores. The significant increase in LBT was mainly due to a loss of RM111.8 million from the derecognition of an associate in the UK, Laura Ashley Holdings plc, as a result of its appointment of Administrators. In the previous corresponding period, there was also a one-off RM16.4 million gain on disposal of properties.

Hotel

The PBT increased by RM7.4 million despite a decrease in revenue. This was mainly due to a one-off RM16.0 million gain on disposal of a land in the UK. Excluding the one-off gain, the hotel division recorded a PBT of RM2.5 million.

Food

The confectionery market amid a global economic slowdown, remains a competitive landscape with the emergence of new players in an already crowded market place. Despite the challenges, the division continues to take initiatives in ensuring its products remain competitive. For the cumulative nine-month period, the LBT was due to a decrease in revenue and higher distribution expenses.

Property

In the current year-to-date, the property division recorded a growth of 33.9% in revenue due to higher percentage of completion of Phases E7-1 and E7-2 in the Bandar Springhill project in Lukut, Negeri Sembilan. As a result, a higher PBT was recorded. In the previous corresponding period, there was also a one-off RM3.3 million gain on disposal of investment properties.

Others

The increase in LBT was mainly attributed to the increase in administrative expenses and the higher loss on foreign exchange translations on intragroup balances recorded in the current quarter.

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

	Quarter Ended			
	31.03.2020	31.12.2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	9,850	17,459	(7,609)	(43.6)
Hotel	26,966	44,813	(17,847)	(39.8)
Food	10,997	20,057	(9,060)	(45.2)
Property	12,140	25,644	(13,504)	(52.7)
Others	-	-	-	-
	59,953	107,973	(48,020)	(44.5)
(Loss)/Profit before taxation ("(LBT) / PBT")				
Retailing	(116,437)	(8,813)	(107,624)	(1,221.2)
Hotel	5,742	4,685	1,057	22.6
Food	(1,286)	1,418	(2,704)	(190.7)
Property	2,541	8,064	(5,523)	(68.5)
Financial Services ^	-	-	-	-
Others	(29,786)	(17,209)	(12,577)	(73.1)
	(139,226)	(11,855)	(127,371)	(1,074.4)

^ *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 lower revenue of RM60.0 million and a higher LBT of RM139.2 million in the current quarter compared with a revenue of RM108.0 million and a lower LBT of RM11.9 million in the preceding quarter. The performance of the respective divisions are analysed as follows:-

Retailing

The revenue for the current quarter fell 43.6% to RM9.9 million from RM17.5 million recorded in the preceding quarter. This was mainly attributed to the lower festive sales and loss of sales in the MCO period. The significant increase in LBT was mainly due to a loss of RM111.8 million from the derecognition of an associate in the UK, Laura Ashley Holdings plc, as a result of its appointment of Administrators.

Hotel

The division reported a decrease in revenue of 39.8% compared with the preceding quarter. This was mainly due to lower room occupancy and lower average room rate. Despite lower revenue, the division registered an improvement in PBT of 22.6% in the current quarter. This was mainly due to a one-off RM16.0 million gain on disposal of a land in the UK. Excluding the one-off gain, the hotel division recorded an LBT of RM10.3 million.

Food

The 45.2% drop in revenue was caused largely by economic uncertainties globally and the COVID-19 outbreak which caused a slump in demand from both the local and export markets.

Property

Compared with the preceding quarter, the property segment reported a 52.7% decline in revenue due to lower revenue recognition of Phases E7-1 and E7-2 in the Bandar Springhill project in Lukut, Negeri Sembilan. The lower PBT is in tandem with the decrease in revenue.

Others

The increase in LBT was mainly due to the increase in administrative expenses and the higher loss on foreign exchange translations on intragroup balances recorded in the current quarter.

B3 Prospects for the Financial Year Ending 30 June 2020

The COVID-19 pandemic has directly impacted the Group’s businesses, as lockdowns and restrictions, both globally and locally, kept operations in almost all sectors closed. The focus of the Group now would be on recovery through various strategies and plans.

Retailing

Businesses involved in non-essential products were hard hit following the COVID-19 outbreak. The Group’s retailing business in Malaysia, Metrojaya, was forced to temporarily close during the Movement Control Order (“MCO”) period, which resulted in a significant loss in revenue. It anticipates buying interest to remain weak post-MCO as shoppers remain cautious and market demands focus on essential goods.

In the United Kingdom, the COVID-19 outbreak had an immediate and significant impact on the Group’s associated company Laura Ashley Holdings plc which regrettably went into Administration on 23 March 2020. Consequently, the listing of the shares of Laura Ashley Holdings plc on the London Stock Exchange was also cancelled.

The Group will be taking necessary actions including reconfiguring its business models, moving into e-commerce platforms and seeking new collaborations for revenue and earnings growth to improve the performance of its retailing business.

Hotel

The hotel division has been badly affected by the COVID-19 pandemic since February 2020. With travel bans imposed and meetings, events, conventions and exhibitions prohibited, the hospitality industry has been among the most hard hit. Depending on how restrictions are eased, the Group expects a slow but gradual recovery for its hotel businesses both in Malaysia and United Kingdom.

In the meantime, the Management is mapping out its recovery and marketing strategies for the post-crisis period alongside cost reduction initiatives to ensure the hotel business remains viable.

Food

The Group's food business under Network Foods had started to strengthen its commercial strategy by expanding product offerings and intensifying marketing activities to widen its export and domestic customer base. However, revenue took a hit in March with the imposition of MCO, thus affecting the third quarter results ending 31 March 2020.

While the Group is aware of the unprecedented challenges resulting in a change in consumer behaviour, a revamped strategy has been mapped out. This include expanding product penetration and brand communications for both online and offline retail channels, introduction to new exciting product categories, and continuous cost improvement activities to navigate the business through this new journey.

<u>Property</u>

The ongoing COVID-19 global pandemic has affected almost all sectors of the economy and property development is no exception. Against this backdrop, the Group has been fortunate that its Bandar Springhill project in Lukut, Negeri Sembilan continues to receive bookings due to its good location, affordable pricing and quality of the houses.

The Group is cognisant of the financial difficulties currently faced by house buyers and will position itself with product offerings that meet the market demand. To enhance the value of the township, new product launches will focus on quality and affordable landed residential properties whilst continuing to inject lifestyle elements.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Loss before taxation

Included in the loss before taxation were the followings items:-

	QUARTER ENDED			CUMULATIVE 9 MONTHS		
	31.03.2020 RM'000	31.03.2019 RM'000	Changes %	31.03.2020 RM'000	31.03.2019 RM'000	Changes %
Depreciation	(4,617)	(4,570)	(1.0)	(12,433)	(13,683)	9.1
Reversal on interest rate swap	1,199	-	100.0	1,199	-	100.0
Interest income	1,394	2,068	(32.6)	4,183	6,540	(36.0)
Inventories written down	(1,014)	(1,466)	30.8	(3,708)	(1,640)	(126.1)
Property, plant and equipment written off	-	-	-	(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:-

	31.03.2020 RM'000	30.06.2019 RM'000	Changes %
Current (Not past due)	16,906	14,397	17.4
1 to 30 days past due	4,542	6,513	(30.3)
31 to 60 days past due	4,592	4,365	5.2
61 to 90 days past due	5,023	1,761	185.2
91 to 120 days past due	658	543	21.2
More than 120 days past due	1,407	1,215	15.8
	33,128	28,794	15.1

B7 Tax Expense

Tax expense comprises of:-

	QUARTER ENDED			CUMULATIVE 9 MONTHS		
	31.03.2020	31.03.2019	Changes	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Current tax expense						
- Malaysia	(1,534)	(1,581)	3.0	(6,474)	(6,659)	2.8
- Foreign	12	1	1,100.0	(482)	(1,493)	67.7
Deferred tax	465	9	5,066.7	526	767	(31.4)
	(1,057)	(1,571)	32.7	(6,430)	(7,385)	12.9
Overprovision/(Underprovision) in respect of prior years	691	(5)	13,920.0	694	(22)	3,254.5
	(366)	(1,576)	76.8	(5,736)	(7,407)	22.6

The tax provision of the Group for the financial period ended 31 March 2020 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 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 March 2020 were as follows:-

	31.03.2020		
	Long Term RM'000	**Short Term RM'000**	**Total Borrowings RM'000**
Secured			
- Term loan	204,746	452,946	657,692
- Revolving credit	43,295	27,300	70,595
- Bank overdraft	-	18,958	18,958
- Hire purchase	-	102	102
	248,041	499,306	747,347
Unsecured			
- Revolving credit	34,209	36,265	70,474
	34,209	36,265	70,474
Total borrowings	282,250	535,571	817,821

	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 March 2020 included in the above was as follows:-

	31.03.2020		30.06.2019	
	£'000	**RM'000**	**£'000**	**RM'000**
Total foreign borrowing	86,012	456,775	89,106	468,527

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

B10 Derivative Financial Instruments

There were no derivative financial instruments as at the date of this report.

B11 Fair Value Changes of Financial Liabilities

As at 31 March 2020, the Group did not have any financial liabilities measured at fair value through profit or loss.

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 March 2020 (31 March 2019: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED			CUMULATIVE 9 MONTHS		
	31.03.2020	**31.03.2019**	**Changes %**	**31.03.2020**	**31.03.2019**	**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)	(138,472)	(19,632)	(605.3)	(162,909)	(20,426)	(697.6)
Basic loss per share (sen)	(4.72)	(0.67)	(605.3)	(5.56)	(0.70)	(697.6)
Diluted loss per share (sen)	(4.72)	(0.67)	(605.3)	(5.56)	(0.70)	(697.6)

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
Alicia Tan Leng
Joint Company Secretaries

Date: 18 June 2020