

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 JUNE 2020**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	QUARTER ENDED		CUMULATIVE 12 MONTHS	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000 (Audited)
Revenue	32,256	90,144	297,538	392,900
Cost of sales	(26,475)	(45,502)	(198,654)	(230,414)
Gross profit	5,781	44,642	98,884	162,486
Other income	2,958	5,075	9,522	15,778
Distribution costs	(1,466)	(2,355)	(8,442)	(8,281)
Administrative expenses	(18,952)	(25,447)	(86,433)	(90,517)
Other operating expenses	(4,896)	(12,833)	(33,668)	(54,252)
(Loss)/Profit from operations	(16,575)	9,082	(20,137)	25,214
Exceptional items (refer Note A4)	(226)	(59,859)	(109,013)	(41,798)
Finance cost	(10,173)	(11,653)	(44,001)	(45,303)
Share of results of associates	(5,925)	(15,456)	(10,256)	(20,794)
Share of results of joint venture	5	(40)	(10)	(291)
Loss before taxation	(32,894)	(77,926)	(183,417)	(82,972)
Taxation	3,420	(2,606)	(2,316)	(10,013)
Loss for the financial year	(29,474)	(80,532)	(185,733)	(92,985)
Loss attributable to:-				
Equity holders of the Company	(32,019)	(82,185)	(194,928)	(102,611)
Non-controlling interests	2,545	1,653	9,195	9,626
Loss for the financial year	(29,474)	(80,532)	(185,733)	(92,985)
Loss per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic / Diluted	(1.09)	(2.80)	(6.65)	(3.50)

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.

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	QUARTER ENDED		CUMULATIVE 12 MONTHS	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000 (Audited)
Loss for the financial year	(29,474)	(80,532)	(185,733)	(92,985)
Other comprehensive income, net of tax:-				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Fair value (loss)/gain of equity instruments	(1,990)	407	(3,303)	(2,412)
Share of other comprehensive expenses of an associate	-	(5,258)	-	(5,258)
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(794)	6,148	27,485	14,537
Derecognition of an associate	-	-	(10,793)	-
Share of other comprehensive income/(expenses) of an associate	-	1,127	(372)	1,127
Other comprehensive (expenses)/income	(2,784)	2,424	13,017	7,994
Total comprehensive expenses for the financial year/period	(32,258)	(78,108)	(172,716)	(84,991)
Total comprehensive expenses attributable to:-				
Equity holders of the Company	(34,270)	(80,701)	(181,701)	(94,206)
Non-controlling interests	2,012	2,593	8,985	9,215
Total comprehensive expenses for the financial year/period	(32,258)	(78,108)	(172,716)	(84,991)

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.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	30.06.2020 RM'000	30.06.2019 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	575,303	608,247
Investment properties	67,281	95,654
Associates	190,203	296,340
Joint venture	449	459
Other investments	6,335	6,729
Inventories	35,263	35,263
Goodwill on consolidation	24,974	25,179
Right-of-use assets	269	-
Deferred tax assets	1,923	1,516
	902,000	1,069,387
Current Assets		
Inventories	136,624	162,814
Trade and other receivables	136,243	126,994
Contract assets	3,622	11,076
Right to recover returned goods	537	615
Contract cost	275	541
Other investments	5,426	55
Current tax assets	3,356	9,932
Deposits, bank balances and cash	222,052	241,529
	508,135	553,556
Non-current assets held for sale	21,964	-
	530,099	553,556
TOTAL ASSETS	1,432,099	1,622,943
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	3,152,866	3,152,866
Reserves	(2,959,054)	(2,777,353)
	193,812	375,513
Non-Controlling Interests	231,863	228,723
Total Equity	425,675	604,236
Non-Current Liabilities	291,872	292,557
Current Liabilities		
Trade and other payables	182,586	174,400
Contract liabilities	1,453	7,679
Refund liabilities	959	1,024
Lease liabilities	277	-
Borrowings	528,380	539,927
Derivative liability	-	1,191
Current tax liabilities	897	1,929
	714,552	726,150
Total Liabilities	1,006,424	1,018,707
TOTAL EQUITY AND LIABILITIES	1,432,099	1,622,943
	RM	RM
Net assets per share attributable to equity holders of the Company	0.07	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.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to Equity Holders of the Company				Non-Controlling Interests	Total Equity
	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 year	-	-	(194,928)	(194,928)	9,195	(185,733)
Fair value loss of equity instruments	-	(2,434)	(312)	(2,746)	(557)	(3,303)
Foreign currency translations	-	27,138	-	27,138	347	27,485
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)	-	16,096	(197,797)	(181,701)	8,985	(172,716)
Transaction with owners:-						
Dividend paid to non-controlling shareholders	-	-	-	-	(5,845)	(5,845)
At 30 June 2020	3,152,866	(18,394)	(2,940,660)	193,812	231,863	425,675
At 1 July 2018	3,152,866	(42,895)	(2,640,252)	469,719	220,338	690,057
(Loss)/Profit for the financial year	-	-	(102,611)	(102,611)	9,626	(92,985)
Fair value loss of equity instruments	-	(1,801)	-	(1,801)	(611)	(2,412)
Foreign currency translations	-	14,337	-	14,337	200	14,537
Share of other comprehensive expenses of an associate	-	(4,131)	-	(4,131)	-	(4,131)
Total comprehensive income/(expenses)	-	8,405	(102,611)	(94,206)	9,215	(84,991)
Transaction with owners:-						
Dividend paid to non-controlling shareholders	-	-	-	-	(830)	(830)
At 30 June 2019	3,152,866	(34,490)	(2,742,863)	375,513	228,723	604,236

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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	30.06.2020	30.06.2019
	RM'000	RM'000
		(Audited)
Cash Flows From Operating Activities		
Loss before taxation	(183,417)	(82,972)
Net adjustments	180,717	114,040
Operating (loss)/profit before working capital changes	<u>(2,700)</u>	<u>31,068</u>
Net change in working capital	21,799	6,583
Cash generated from operations	19,099	37,651
Employee benefits paid	(523)	(177)
Interest paid	(542)	(675)
Interest received	4,058	3,850
Restoration costs paid	(10)	-
Net tax paid	(1,057)	(8,159)
Net cash from operating activities	<u>21,025</u>	<u>32,490</u>
Cash Flows From Investing Activities		
Capital distribution from a subsidiary	261	522
Capital distribution from investment previously written off	137	-
Dividend received	-	1
Interest received	5,421	5,424
Investment in a joint venture	-	(750)
Investment in an associate	(6,144)	-
Placement of fixed deposits pledged with licensed financial institutions	(85)	(3,094)
Proceeds from disposal of other investments	-	1,188
Proceeds from disposal of property, plant and equipment	39,127	32,220
Purchase of other investments	(7,004)	-
Purchase of property, plant and equipment	(10,695)	(16,858)
Net cash from investing activities	<u>21,018</u>	<u>18,653</u>
Cash Flows Used In Financing Activities		
Dividend paid to non-controlling interests of subsidiaries	(5,845)	(830)
Interest paid	(43,459)	(44,628)
Net repayments of bank borrowings	(10,711)	(22,249)
Net cash used in financing activities	<u>(60,015)</u>	<u>(67,707)</u>
Net decrease in cash and cash equivalents	<u>(17,972)</u>	<u>(16,564)</u>
Cash and cash equivalents at 1 July		
As previously reported	184,568	197,065
Effects of exchange rate changes	1,615	4,067
As restated	<u>186,183</u>	<u>201,132</u>
Cash and cash equivalents at 30 June	<u>168,211</u>	<u>184,568</u>

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.

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

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

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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 year ended 30 June 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 year ended 30 June 2020 other than the exceptional items as follows:-

Exceptional items	QUARTER ENDED		CUMULATIVE 12 MONTHS	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Bad debts written off	-	(128)	(20)	(128)
Capital distribution from a subsidiary	-	-	261	522
Capital distribution from investment previously written off	-	-	137	-
Fair value gain/(loss) on investment in unquoted preference shares	5,819	(4,256)	5,819	(4,256)
Gain on derecognition of subsidiaries	930	-	930	384
Gain on disposal of:-				
- investment properties	-	137	-	3,435
- property, plant and equipment	-	930	16,783	17,491
Loss on derecognition of an associate	-	-	(111,830)	-
Net gain/(loss) on foreign exchange	3,710	4,654	(12,054)	1,506
Reversal of impairment/(impairment) on:-				
- amount owing by an associate	115	(127)	2,047	(276)
- deposits, bank balances and cash	-	145	-	196
- goodwill	(205)	-	(205)	-
- investment in an associate	-	(58,751)	-	(58,751)
- quoted investment	1,658	-	1,346	-
- unquoted investment	-	-	(65)	-
- receivables	123	(818)	214	(276)
- property, plant and equipment	(12,376)	(1,645)	(12,376)	(1,645)
	(226)	(59,859)	(109,013)	(41,798)

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 year ended 30 June 2020.

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A6 Dividends Paid

No dividend was paid by the Company during the financial year ended 30 June 2020 (30 June 2019: Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial year ended 30 June 2020 is as follows:-

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Associates RM'000	Net Revenue RM'000
Retailing	157,137	-	157,137	(111,561)	45,576
Hotel	120,045	-	120,045	-	120,045
Food	55,271	-	55,271	-	55,271
Property	76,718	(72)	76,646	-	76,646
Others	22,353	(7,572)	14,781	(14,781)	-
Total	431,524	(7,644)	423,880	(126,342)	297,538

(b) Results

	(Loss)/ Profit from Operations RM'000	Exceptional Items RM'000	Finance Costs RM'000	Associates/ Joint Venture RM'000	(Loss)/Profit Before Taxation RM'000
Retailing	(12,032)	(112,389)	-	(7,455)	(131,876)
Hotel	(13,481)	3,865	(2,536)	-	(12,152)
Food	(2,939)	2,454	-	(10)	(495)
Property	23,775	60	(93)	-	23,742
Others	(15,460)	(3,003)	(41,372)	(2,801)	(62,636)
Total	(20,137)	(109,013)	(44,001)	(10,266)	(183,417)

(c) Assets

	Segment Assets RM'000	Associates/ Joint Venture RM'000	Total RM'000
Retailing	218,387	6,048	224,435
Hotel	503,234	-	503,234
Food	151,490	449	151,939
Property	350,643	-	350,643
Others	12,414	184,155	196,569
	1,236,168	190,652	1,426,820
Unallocated Corporate Assets			5,279
Total Assets			1,432,099

A8 Events Subsequent to the End of the Financial Year

There are no material events subsequent to the end of the financial year ended 30 June 2020 that have not been reflected in the financial statements for the said period as at the date of this report.

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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:-
- (i) Dixon Enterprise Limited
 - (ii) East India Company (Hong Kong) Pte Limited
- (b) On 6 January 2020, the following dormant wholly-owned subsidiaries of Metrojaya Berhad 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:-
- (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:-
- (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:-
- | | <u>Date of Dissolution</u> |
|---|----------------------------|
| (i) Intercontinental Properties Sdn Bhd | 13 February 2020 |
| (ii) Lembaran Makmur Sdn Bhd | 8 February 2020 |
- (f) 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 financial year ended 30 June 2020.

- (g) On 18 April 2020, Mecomas Pty Limited, a company incorporated in Australia and a dormant indirect wholly-owned subsidiary of MUI Properties Berhad, has been deregistered from the Australian Securities and Investments Commission pursuant to Section 601AA(4) of the Corporations Act 2001.
- (h) On 27 May 2020, the following dormant wholly-owned subsidiaries of Metrojaya Berhad obtained approval from the sole shareholder at their Extraordinary General Meetings to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016:-
- (i) East India Company Clothing (Malaysia) Sdn Bhd
 - (ii) Metrojaya Department Stores Sdn Bhd

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

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A10 Contingent Liabilities

On 19 February 2020, MUI Asia Limited ("MUI Asia"), a wholly-owned subsidiary of MUI, 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 as part security for the banking facility granted to Laura Ashley Holdings plc and its subsidiaries. The cash collateral has been refunded to MUI Asia in May 2020.

There are no material contingent liabilities as at the date of this report.

A11 Capital Commitments

As at 30 June 2020, the Group has capital commitment in respect of a subscription of interest as a limited partner of Genesis Alternative Ventures I L.P. as follows:-

	RM'000	USD'000
Capital committed to invest	4,280	1,000
Capital invested	997	233
Balance of commitment	<u>3,283</u>	<u>767</u>

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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			
	30.06.2020 RM'000	30.06.2019 RM'000	Changes RM'000	%
Revenue				
Retailing	4,084	17,913	(13,829)	(77.20)
Hotel	994	47,176	(46,182)	(97.90)
Food	8,625	10,953	(2,328)	(21.30)
Property	18,553	14,102	4,451	31.60
	32,256	90,144	(57,888)	(64.20)
(Loss)/Profit before taxation ("LBT) / PBT")				
Retailing	(3,329)	(77,315)	73,986	95.70
Hotel	(30,633)	5,156	(35,789)	(694.10)
Food	(253)	(979)	726	74.20
Property	6,214	4,176	2,038	48.80
Financial Services ^	-	-	-	-
Others	(4,893)	(8,964)	4,071	45.40
	(32,894)	(77,926)	45,032	57.80

^ 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.

Current Quarter Ended 30 June 2020

The Group's revenue slumped 64.2% compared to the previous year corresponding quarter due mainly to the forced lockdown of businesses following the outbreak of the COVID-19 pandemic globally. The performance of the respective divisions are as follows:-

Retailing

Metrojaya Group reported a sharp decline in revenue and a loss of RM3.3 million primarily due to loss of sales throughout the Movement Control Order ("MCO") period. The LBT of RM77.3 million for the retailing division in the same period last year was mainly attributed to an impairment of RM58.8 million and share of the loss in Laura Ashley Holdings plc.

Hotel

Revenue was insignificant as the Group's hotels in Malaysia and the UK were essentially closed due to the COVID-19 lockdown. Additionally, an impairment of RM12.3 million was made on the UK hotel properties. As a result, the division suffered a loss of RM30.6 million in the current quarter.

Food

The prolonged impact of the COVID-19 pandemic coupled with the series of MCOs have caused further deterioration in consumer demand, both domestically and regionally. While domestic sales started to recover towards the end of the quarter, export sales remained weak due largely to the escalation of the pandemic globally. As a result, the division's revenue dropped by 21.3% compared to the same quarter last year. The LBT of RM0.3 million was mainly due to lower revenue.

Property

The property division reported a 31.6% jump in revenue compared with the same quarter last year, largely due to higher revenue recognition from Phases E7-1 and E7221 in its Bandar Springhill project in Lukut, Negeri Sembilan. The division recorded a 48.8% surge in PBT in tandem with the higher revenue.

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	CUMULATIVE 12 MONTHS			
	30.06.2020 RM'000	30.06.2019 RM'000	Changes RM'000 %	
Revenue				
Retailing	45,576	84,290	(38,714)	(45.90)
Hotel	120,045	179,404	(59,359)	(33.10)
Food	55,271	71,733	(16,462)	(22.90)
Property	76,646	57,473	19,173	33.40
	297,538	392,900	(95,362)	(24.30)
(Loss)/Profit before tax ("LBT) / PBT")				
Retailing	(131,876)	(75,760)	(56,116)	(74.10)
Hotel	(12,152)	16,266	(28,418)	(174.70)
Food	(495)	3,936	(4,431)	(112.60)
Property	23,742	20,595	3,147	15.30
Financial Services ^	-	-	-	-
Others	(62,636)	(48,009)	(14,627)	(30.50)
	(183,417)	(82,972)	(100,445)	(121.10)

^ 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 year ended 30 June 2020

The Group recorded a revenue of RM297.5 million and an LBT of RM183.4 million in the current financial year compared to a revenue of RM392.9 million and LBT of RM83.0 million in the financial year ended 30 June 2019. The overall decline in performance was mainly due to the global outbreak of the COVID-19 pandemic.

Retailing

Metrojaya Group reported a lower revenue mainly due to total closure of all its stores during the MCO and also closure of non-performing stores. The higher LBT for the retailing division was mainly due to a loss of RM111.8 million from the derecognition of Laura Ashley Holdings plc as an associate, following its appointment of Administrators.

Hotel

As a result of the COVID-19 pandemic, the division suffered a 33.1% drop in revenue and swung into a loss of RM12.2 million for the current financial year, from a profit of RM16.3 million in the previous year.

Food

The chocolate and confectionery market remains very competitive amidst a global economic slowdown. Despite the challenges, the division continues to take initiatives to adjust its strategies and tactics to weather the socio-economic uncertainties. For this financial year, the LBT of RM0.5 million was mainly due to a slump in revenue.

Property

In contrast with the other divisions, the property division achieved 33.4% growth in revenue, contributed mainly by a higher percentage of completion of Phases E7-1 and E7221 in its Bandar Springhill project in Lukut, Negeri Sembilan. Correspondingly, PBT improved from RM20.6 million to RM23.7 million for the current financial year. In the previous financial year, there was also a one-off RM3.4 million gain on disposal of investment properties.

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

	Quarter Ended			
	30.06.2020 RM'000	31.03.2020 RM'000	Changes RM'000 %	
Revenue				
Retailing	4,084	9,850	(5,766)	(58.5)
Hotel	994	26,966	(25,972)	(96.3)
Food	8,625	10,997	(2,372)	(21.6)
Property	18,553	12,140	6,413	52.8
	32,256	59,953	(27,697)	(46.2)
(Loss)/Profit before taxation ("LBT) / PBT")				
Retailing	(3,329)	(116,437)	113,108	97.1
Hotel	(30,633)	5,742	(36,375)	(633.5)
Food	(253)	(1,286)	1,033	80.3
Property	6,214	2,541	3,673	144.5
Financial Services ^	-	-	-	-
Others	(4,893)	(29,786)	24,893	83.6
	(32,894)	(139,226)	106,332	76.4

^ 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.

For the current quarter, the Group recorded a lower revenue of RM32.3 million while LBT narrowed to RM32.9 million compared to a revenue of RM60.0 million and LBT of RM139.2 million in the preceding quarter. As mentioned in Note B1, the results of the Group for the current quarter have been affected by the COVID-19 pandemic.

Retailing

The division reported a 58.5% decrease of revenue in the current quarter, mainly attributed to loss in sales during the MCO period. The significant LBT in the preceding quarter was mainly due to a loss of RM111.8 million from the derecognition of an associate in the UK, Laura Ashley Holdings plc, following its appointment of Administrators.

Hotel

As a result of COVID-19 lockdown, the division had insignificant revenue and incurred an LBT of RM30.6 million in the current quarter compared to a PBT of RM5.7 million in the preceding quarter. The LBT in the current quarter was also due to an impairment of RM12.3 million on the UK hotel properties.

Food

The drop in revenue was largely due to disruptions in export sales and weak demand as a result of the COVID-19 pandemic.

Property

Compared to the preceding quarter, the property segment reported a 52.8% increase in revenue due to higher revenue recognition of Phases E4, E7-1 and E7-2 in its Bandar Springhill project in Lukut, Negeri Sembilan. The higher PBT is in tandem with the higher revenue.

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B3 Prospects for the Financial Year Ending 30 June 2021

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. With restrictions being eased gradually, the Group will focus on recovery through various strategies and plans.

Retailing

The global pandemic has placed great strain on the retailing sector, in particular, retailers regarded as non-essential. While some malls have seen increasing footfall due to the gradual lifting of restrictions, consumer confidence and sales will take some time to recover. Metrojaya, the Group's retailing business, have put in place marketing and promotion strategies and improvements in operational efficiency to mitigate these unprecedented challenges.

Hotel

The hotel division has been hard hit by the coronavirus pandemic. The Group's hotels in Malaysia and the UK had to grapple with travel bans and lockdown restrictions as the virus spread across the globe. However, with the gradual lifting of restrictions, the division is expected to recover, initially through domestic markets and eventually through overseas markets as well.

Food

The Group's food business under Network Foods, in anticipation of a prolonged socio-economic impact and soft consumer sentiment caused by the COVID-19 pandemic, will focus on expanding its product offerings including the snacking category to penetrate new markets and widen its consumer base.

Well aware of the unprecedented challenges ahead, the management remains confident that the Group will be able to weather the tough business environment through its revamped business strategies, stronger brand communications and cost improvement activities.

Property

Against the backdrop of a coronavirus-hit economy, the outlook remains challenging for all industries, including the property sector. Despite the poor market sentiment, the management expects the property division to remain resilient given that its Bandar Springhill project in Lukut, Negeri Sembilan focuses on providing attractive product offerings in line with market demand.

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 12 MONTHS		
	30.06.2020	30.06.2019	Changes	30.06.2020	30.06.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Depreciation	(7,397)	(5,557)	(33.1)	(19,830)	(19,240)	(3.1)
Fair value gain on						
interest rate swap	-	1,080	(100.0)	-	1,080	(100.0)
Reversal on interest rate swap	-	-	-	1,199	-	100.0
Interest income	1,238	2,734	(54.7)	5,421	9,274	(41.5)
Net inventories written down	(312)	1,246	(125.0)	(4,020)	(394)	(920.3)
Property, plant and equipment						
written off	(174)	(1,347)	87.1	(200)	(1,417)	85.9

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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:-

	30.06.2020 RM'000	30.06.2019 RM'000	Changes %
Current (Not past due)	24,854	14,397	72.6
1 to 30 days past due	4,295	6,513	(34.1)
31 to 60 days past due	1,775	4,365	(59.3)
61 to 90 days past due	3,970	1,761	125.4
91 to 120 days past due	1,487	543	173.8
More than 120 days past due	1,349	1,215	11.0
	<u>37,730</u>	<u>28,794</u>	31.0

B7 Taxation

Taxation comprises:-

	QUARTER ENDED			CUMULATIVE 12 MONTHS		
	30.06.2020 RM'000	30.06.2019 RM'000	Changes %	30.06.2020 RM'000	30.06.2019 RM'000	Changes %
Current taxation						
- Malaysia	(1,562)	(2,213)	29.4	(8,036)	(8,872)	9.4
- Foreign	476	(154)	409.1	(6)	(1,647)	99.6
Deferred tax	119	59	101.7	645	826	(21.9)
	<u>(967)</u>	<u>(2,308)</u>	58.1	<u>(7,397)</u>	<u>(9,693)</u>	23.7
Overprovision/(Underprovision) in respect of prior years	4,387	(298)	1,572.1	5,081	(320)	1,687.8
	<u>3,420</u>	<u>(2,606)</u>	231.2	<u>(2,316)</u>	<u>(10,013)</u>	76.9

The tax provision of the Group for the financial year ended 30 June 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.

Subject to any adjustments from remeasurement to fair value, 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 2021.

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(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 of 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 30 June 2020 were as follows:-

	30.06.2020		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<i>Secured</i>			
- Term loan	203,947	451,283	655,230
- Revolving credit	43,295	25,300	68,595
- Bank overdraft	-	15,532	15,532
	247,242	492,115	739,357
<i>Unsecured</i>			
- Revolving credit	34,209	36,265	70,474
Total borrowings	281,451	528,380	809,831
	30.06.2019		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<i>Secured</i>			
- 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
<i>Unsecured</i>			
- Revolving credit	34,209	44,730	78,939
	282,307	539,927	822,234

Foreign borrowing in Ringgit Malaysia equivalent as at 30 June 2020 included in the above was as follows:-

	30.06.2020		30.06.2019	
	£'000	RM'000	£'000	RM'000
Total foreign borrowing	85,981	452,732	89,106	468,527

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

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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 30 June 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 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 30 January 2020, the High Court 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. The matter is now fixed for Case Management on 12 October 2020.

B13 Dividend

No dividend has been declared by the Board for the financial year ended 30 June 2020 (30 June 2019: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED		Changes %	CUMULATIVE 12 MONTHS		Changes %
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
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)	(32,019)	(82,185)	61.0	(194,928)	(102,611)	(90.0)
Basic and diluted loss per share (sen)	(1.09)	(2.80)	61.0	(6.65)	(3.50)	(90.0)

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

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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: 28 August 2020