

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	82,011	43,586	140,219	99,440
Cost of sales	(54,217)	(33,725)	(91,999)	(71,027)
Gross profit	27,794	9,861	48,220	28,413
Other income	3,299	12,469	6,758	30,235
Distribution costs	(2,470)	(1,959)	(4,263)	(3,943)
Administrative expenses	(18,166)	(18,975)	(36,037)	(40,094)
Other operating expenses	(296)	-	(1,360)	-
Impairment reversal/(loss) on financial assets [Note A4(b)]	(127)	3,449	354	3,165
Finance costs	(10,410)	(8,263)	(20,000)	(17,674)
Share of results of associates and joint venture	556	632	(291)	29
Profit/(loss) before taxation	180	(2,786)	(6,619)	131
Taxation	(2,042)	(1,594)	(3,727)	(2,661)
Loss after taxation	(1,862)	(4,380)	(10,346)	(2,530)
Attributable to:				
Owners of the Company	(5,640)	(6,248)	(18,077)	(11,144)
Non-controlling interests	3,778	1,868	7,731	8,614
	(1,862)	(4,380)	(10,346)	(2,530)
Basic/diluted loss per share attributable to owners of the Company (sen)	(0.19)	(0.21)	(0.62)	(0.38)

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Loss after taxation	(1,862)	(4,380)	(10,346)	(2,530)
Other comprehensive income/(expenses), net of tax:				
<i><u>Items that will not be reclassified subsequently to profit or loss</u></i>				
Fair value gain/(loss) on equity instruments	(263)	-	(335)	598
<i><u>Items that will be reclassified subsequently to profit or loss</u></i>				
Derecognition of a subsidiary	-	-	796	-
Foreign currency translation differences	1,962	(2,954)	2,086	(5,930)
Other comprehensive income/(expenses)	1,699	(2,954)	2,547	(5,332)
Total comprehensive expenses for the financial period	<u>(163)</u>	<u>(7,334)</u>	<u>(7,799)</u>	<u>(7,862)</u>
Attributable to:				
Owners of the Company	(4,496)	(9,813)	(15,814)	(18,042)
Non-controlling interests	4,333	2,479	8,015	10,180
Total comprehensive expenses for the financial period	<u>(163)</u>	<u>(7,334)</u>	<u>(7,799)</u>	<u>(7,862)</u>

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021 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 2021

	31.12.2021 RM'000	30.06.2021 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	630,300	646,717
Investment properties	67,246	67,246
Associates	189,564	189,859
Joint venture	150	150
Other investments	10,490	6,386
Inventories	33,930	33,930
Goodwill on consolidation	18,290	18,290
Deferred tax assets	1,778	2,162
	951,748	964,740
Current Assets		
Inventories	105,780	112,734
Trade and other receivables	122,076	119,954
Contract assets	34,150	24,876
Right to recover returned goods	549	537
Contract costs	2,094	1,710
Other investments	42,641	48,831
Short term investments	11,587	6,464
Current tax assets	4,094	4,251
Deposits, bank balances and cash	147,095	149,361
	470,066	468,718
Assets classified as held for sale	309	309
	470,375	469,027
TOTAL ASSETS	1,422,123	1,433,767
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	3,152,866	3,152,866
Accumulated losses and reserves	(3,072,523)	(3,056,709)
	80,343	96,157
Non-Controlling Interests	237,870	236,160
Total Equity	318,213	332,317
Non-Current Liabilities	798,593	807,040
Current Liabilities		
Trade and other payables	206,954	184,141
Contract liabilities	1,499	1,347
Refund liabilities	981	957
Borrowings	94,844	106,525
Employee benefits	462	482
Current tax liabilities	577	958
	305,317	294,410
Total Liabilities	1,103,910	1,101,450
TOTAL EQUITY AND LIABILITIES	1,422,123	1,433,767
	RM	RM
Net assets per share attributable to owners of the Company	0.03	0.03

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

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Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Attributable to Owners 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 2021	3,152,866	(13,605)	(3,043,104)	96,157	236,160	332,317
Profit/(loss) after taxation	-	-	(18,077)	(18,077)	7,731	(10,346)
Derecognition of a subsidiary	-	796	-	796	-	796
Fair value loss on equity instruments	-	(219)	-	(219)	(116)	(335)
Foreign currency translations	-	1,686	-	1,686	400	2,086
Total comprehensive income/(expenses)	-	2,263	(18,077)	(15,814)	8,015	(7,799)
Transaction with owners:						
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	(6,305)	(6,305)
At 31 December 2021	3,152,866	(11,342)	(3,061,181)	80,343	237,870	318,213
At 1 July 2020	3,152,866	(20,260)	(2,944,446)	188,160	232,010	420,170
Profit/(loss) after taxation	-	-	(11,144)	(11,144)	8,614	(2,530)
Fair value gain/(loss) on equity instruments	-	(157)	545	388	210	598
Foreign currency translations	-	(7,286)	-	(7,286)	1,356	(5,930)
Total comprehensive income/(expenses)	-	(7,443)	(10,599)	(18,042)	10,180	(7,862)
Transaction with owners:						
Changes in a subsidiary's ownership interests	-	22	520	542	3,664	4,206
Dividend paid to a non-controlling interest of a subsidiary	-	-	-	-	(4,104)	(4,104)
At 31 December 2020	3,152,866	(27,681)	(2,954,525)	170,660	241,750	412,410

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021 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 2021

	CUMULATIVE 6 MONTHS	
	31.12.2021	31.12.2020
	RM'000	RM'000
Operating Activities		
Profit/(loss) before taxation	(6,619)	131
Net adjustments	24,864	(178)
Operating profit/(loss) before working capital changes	18,245	(47)
Net change in working capital	19,198	(7,877)
Cash generated from/(for) operations	37,443	(7,924)
Employee benefits paid	(83)	(241)
Interest expense	(34)	(357)
Interest income	492	525
Net tax paid	(3,593)	(2,086)
Net cash from/(for) operating activities	34,225	(10,083)
Investing Activities		
Dividend received	223	59
Interest received	823	1,251
Proceeds from capital distribution of investments	-	732
Proceeds from disposal of:		
- other investments	-	13,533
- property, plant and equipment	-	33,237
Purchase of:		
- other investments	(4,434)	(1,822)
- property, plant and equipment	(733)	(3,741)
- short term investments	(5,123)	-
Utilisation of restricted fund	10,779	2,465
Withdrawal of term deposits	842	-
Net cash from investing activities	2,377	45,714
Financing Activities		
Dividend paid to non-controlling interests of subsidiaries	(6,305)	(4,104)
Interest paid	(19,966)	(17,317)
Drawdown of bank borrowings	3,071	5,991
Payment of lease liabilities and hire-purchase	(1,816)	(472)
Repayment of bank borrowings	(10,667)	(19,956)
Net cash for financing activities	(35,683)	(35,858)
Net increase/(decrease) in cash and cash equivalents	919	(227)
Cash and cash equivalents at beginning of financial period		
As previously reported	158,770	168,413
Effects of exchange rate changes	2,634	2,532
As restated	161,404	170,945
Cash and cash equivalents at end of financial period	162,323	170,718

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

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Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation and Significant Accounting Policies

The condensed consolidated financial statements ("Condensed Report") has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia. The Condensed Report, other than for financial instruments, has been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with MFRS 9 Financial Instruments.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2021. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2021.

The accounting standards adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 30 June 2021, except for the following:

<u>MFRSs and/or IC Interpretations (including The Consequential Amendments)</u>	<u>Effective Date</u>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

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>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

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 business of Metrojaya have seasonal peaks in tandem with various festive seasons and sales promotions;
- (b) The business of Corus hotels in the United Kingdom (UK) normally experience low seasonality after the festive and holiday seasons of Christmas and New Year. Additionally, winter period will also experience a decline in trading; and
- (c) The Group's chocolate and confectionery business under Network Foods 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 2021.

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

There were no other 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 2021 other than the following items:

- (a) Coronavirus Disease 2019 (COVID-19)

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

- (b) Impairment Reversal/(Loss) on Financial Assets

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Reversal of impairment/(impairment) on:				
- amount owing by an associate	(127)	3,447	354	3,153
- receivables	-	2	-	12
	<u>(127)</u>	<u>3,449</u>	<u>354</u>	<u>3,165</u>

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 2021.

A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2021 (31 December 2020: Nil).

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

A7 Operating Segments

Six months ended 31 December 2021

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Associates RM'000	Net Revenue RM'000
Retailing	22,458	-	22,458	(12,359)	10,099
Hotel	58,383	-	58,383	-	58,383
Food	25,747	-	25,747	-	25,747
Property	46,026	(36)	45,990	-	45,990
Investment holding	3,267	(3,246)	21	(21)	-
Total	155,881	(3,282)	152,599	(12,380)	140,219

(b) Results

	Segment Results RM'000	Impairment Reversal on Financial Assets RM'000	Finance Costs RM'000	Associates/ Joint Venture RM'000	Profit/(Loss) Before Taxation RM'000
Retailing	(298)	-	(1,169)	1,411	(56)
Hotel	7,225	-	(15,136)	-	(7,911)
Food	(3,101)	-	(34)	(1)	(3,136)
Property	12,760	-	(260)	-	12,500
Investment holding	(3,268)	354	(3,401)	(1,701)	(8,016)
Total	13,318	354	(20,000)	(291)	(6,619)

(c) Assets

	Segment Assets RM'000	Associates/ Joint Venture RM'000	Total RM'000
Retailing	26,227	6,208	32,435
Hotel	558,413	-	558,413
Food	84,482	150	84,632
Property	331,865	-	331,865
Investment holding	225,550	183,356	408,906
	1,226,537	189,714	1,416,251
Unallocated corporate assets			5,872
Total Assets			1,422,123

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

Six months ended 31 December 2020

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Associates RM'000	Net Revenue RM'000
Retailing	16,460	-	16,460	(11,295)	5,165
Hotel	29,316	-	29,316	-	29,316
Food	23,029	-	23,029	-	23,029
Property	33,550	(36)	33,514	-	33,514
Investment holding	12,128	(3,628)	8,500	(84)	8,416
Total	114,483	(3,664)	110,819	(11,379)	99,440

(b) Results

	Segment Results RM'000	Impairment Reversal on Financial Assets RM'000	Finance Costs RM'000	Associates/ Joint Venture RM'000	Profit/(Loss) Before Taxation RM'000
Retailing	2,893	7	(1,339)	1,601	3,162
Hotel	(9,614)	1	(12,089)	-	(21,702)
Food	(2,209)	-	(40)	(3)	(2,252)
Property	9,918	4	(117)	-	9,805
Investment holding	13,623	3,153	(4,089)	(1,569)	11,118
Total	14,611	3,165	(17,674)	29	131

(c) Assets

	Segment Assets RM'000	Associates/ Joint Venture RM'000	Total RM'000
Retailing	40,145	6,241	46,386
Hotel	508,536	-	508,536
Food	143,417	196	143,613
Property	315,246	-	315,246
Investment holding	213,104	181,897	395,001
	1,220,448	188,334	1,408,782
Unallocated corporate assets			4,653
Total Assets			1,413,435

A8 Events Subsequent to the End of the Financial Period

There were no material events subsequent to the end of the financial period ended 31 December 2021 that have not been reflected in the interim financial statements for the said period as at the date of this report except for the corporate proposals disclosed in Note B8.

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Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

A9 Changes in the Composition of the Group

- (a) MUI Continental Berhad, a dormant 52.21%-owned subsidiary of Novimax (M) Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, was dissolved on 24 May 2021 pursuant to Section 459(5) of the Companies Act 2016, with no material impact on the earnings and net assets of the Group.
- (b) On 6 August 2021, Davson Limited, a dormant wholly-owned subsidiary incorporated in Hong Kong, was deregistered pursuant to Section 751 of the Companies Ordinance, resulting in a loss on derecognition of RM977,000.
- (c) On 28 December 2021, East India Company Clothing (Malaysia) Sdn Bhd, a dormant wholly-owned subsidiary of Metrojaya Berhad, which is in turn an indirect 97.41%-owned subsidiary of the Company, had been dissolved pursuant to Section 459(5) of the Companies Act 2016, with no material impact on the earnings and net assets of the Group.

Other than the above, there were no other changes in the composition of the Group during the financial period ended 31 December 2021.

A10 Contingent Liabilities

	31.12.2021	30.06.2021
	RM'000	RM'000
(a) Bank guarantees issued by a subsidiary to third parties	301	349
(b) On 13 February 2006, Regent Corporation (Regent), an associate of the Group, was selected by the State of South Carolina (State) for a nexus investigation. The State completed its investigation and issued a proposed assessment in the amount of approximately USD16,000,000 for income taxes and license fees due, including interest and penalties. The management of Regent believes that the amounts due are considerably less. In 2007, Regent submitted a formal protest to the State asserting its position that Regent owes less than USD600,000. Regent believes that an adverse settlement could be as high as USD3,427,084 at 30 June 2021 and accordingly, has accrued such amount which is reported as license fees payable in its accompanying consolidated statements of financial position. The indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement is not disclosed as it is not practicable to do so.		
(c) London Vista Hotel Limited and certain of its subsidiaries (LVH Group), which are indirect subsidiaries of the Company in the United Kingdom (UK), received notification from The Pensions Regulator (TPR) in the UK in respect of pension liability of another UK group, on the basis that LVH Group is supposedly connected with or an associate of that other party, for the purposes of pensions legislation. LVH Group has, through its legal advisers, replied that it is not connected with or an associate of that other party. The financial exposure to LVH Group, if any, is currently unknown. The estimate of its financial effect, indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement is not disclosed as it is not practicable to do so.		

A11 Capital Commitments

As at 31 December 2021, 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 (with Ringgit Malaysia equivalent):

	USD'000	RM'000
Capital committed to invest	2,000	8,330
Capital invested	(1,024)	(4,264)
Balance of commitment	976	4,066

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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			
	31.12.2021	31.12.2020	Changes	
	(Q2FY22)	(Q2FY21)	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	8,487	6,070	2,417	39.80
Hotel	29,328	9,714	19,614	201.90
Food	16,459	9,983	6,476	64.90
Property	27,737	17,819	9,918	55.70
	82,011	43,586	38,425	88.20
Profit/(Loss) before taxation ("PBT / (LBT)")				
Retailing	2,912	6,439	(3,527)	(54.80)
Hotel	(4,824)	(13,032)	8,208	63.00
Food	(1,341)	(2,766)	1,425	51.50
Property	7,701	5,067	2,634	52.00
Investment holding	(4,268)	1,506	(5,774)	(383.40)
	180	(2,786)	2,966	106.50

Q2FY22 vs Q2FY21

With the relaxation of restrictions by the government of the UK and Malaysia since May 2021 and August 2021 respectively, the Group's current quarter revenue managed to surpass the revenue reported in Q2FY21 by RM38.4 million, representing an increase of 88.2%. All divisions across the Group reported an increase in revenue in Q2FY22, especially our UK hotels. As a result, the Group reported a PBT of RM180,000 compared to an LBT of RM2.8 million in Q2FY21.

Retailing

Due to the higher footfall in shopping malls and the year end festive period, Metrojaya Group reported a higher revenue of RM8.5 million in the current quarter which is RM2.4 million above Q2FY21. The division reported a PBT of RM2.9 million in Q2FY22 compared to RM6.4 million in Q2FY21, which saw a one-off gain of RM7.1 million from the disposal of a property in Kompleks Bukit Jambul, Penang.

Hotel

The Group's hotel business saw a sharp pickup in occupancy rates after the relaxation of restrictions since May 2021 (UK) and August 2021 (Malaysia). The division's revenue was RM29.3 million in Q2FY22, RM19.6 million or 201.9% higher than Q2FY21. As the division is still in its recovery path, an LBT of RM4.8 million was reported in Q2FY22, a 63.0% improvement from the LBT of RM13.0 million in Q2FY21.

Food

With improving demand in the domestic market coupled with the festive seasons, the food division's revenue improved by RM6.5 million from RM10.0 million (Q2FY21) to RM16.5 million (Q2FY22). This mitigated the LBT for Q2FY22 which narrowed by RM1.4 million or 51.5% compared to Q2FY21.

Property

The property segment's revenue of RM27.7 million for Q2FY22 was RM9.9 million higher than Q2FY21 of RM17.8 million. The increase mainly came from the on-going Phase E6 and to a lower extent, Phases E5B and E5C that was launched in December 2020 and January 2021 respectively.

As for PBT, the property segment recorded RM7.7 million for Q2FY22, which was RM2.6 million or 52.0% higher than the Q2FY21 of RM5.1 million, in line with the higher revenue.

MALAYAN UNITED INDUSTRIES BERHAD

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(Incorporated in Malaysia)

	CUMULATIVE 6 MONTHS			
	31.12.2021	31.12.2020	Changes	
	(6MFY22)	(6MFY21)	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue				
Retailing	10,099	13,581	(3,482)	(25.60)
Hotel	58,383	29,316	29,067	99.20
Food	25,747	23,029	2,718	11.80
Property	45,990	33,514	12,476	37.20
	140,219	99,440	40,779	41.00
Profit/(Loss) before taxation ("PBT / (LBT)")				
Retailing	(56)	3,162	(3,218)	(101.80)
Hotel	(7,911)	(21,702)	13,791	63.50
Food	(3,136)	(2,252)	(884)	(39.30)
Property	12,500	9,805	2,695	27.50
Investment holding	(8,016)	11,118	(19,134)	(172.10)
	(6,619)	131	(6,750)	(5,152.70)

6MFY22 vs 6MFY21

The Group's revenue in 6MFY22 was up by 41% or RM40.8 million from the same period last year, mainly driven by the hotel operations in UK and property development project in Bandar Springhill, Negeri Sembilan. The food segment also reported an increase in revenue of 11.8% or RM2.7 million due to better domestic sales. The Group reported an LBT of RM6.6 million from a PBT of RM131,000 in 6MFY21 which included gains of RM18.8 million from various disposal of assets. There was no asset disposal in 6MFY22.

Retailing

Metrojaya Group's revenue was RM10.1 million in 6MFY22 compared to RM13.6 million in 6MFY21. The revenue for the current financial period represented only three and half months' operations up to December 2021 as the retail outlets were mostly closed from 1 June 2021 to 18 August 2021. The division incurred a small loss of RM56,000 in 6MFY22 compared to a PBT of RM3.2 million in 6MFY21 which included a one-off gain of RM7.1 million from the disposal of a property in Kompleks Bukit Jambul, Penang.

Hotel

The nearly 100% increase in revenue was driven by our UK hotels after the relaxation of restrictions by the government there in May 2021. The revenue for the Group's hotels in Malaysia for 6MFY22 still lagged behind the revenue reported in 6MFY21 as both our hotels had to rely solely on domestic travel and tourism which has slowed down. Overall, the Group's hotel division reported a higher revenue of RM58.4 million in 6MFY22 compared to RM29.3 million in 6MFY21. The LBT narrowed substantially by RM13.8 million from RM21.7 million in 6MFY21 to RM7.9 million in 6MFY22.

Food

The revenue for 6MFY22 increased by 11.8% to RM25.7 million compared to 6MFY21 mainly due to increase in domestic sales, led by our Crispy and Tango brands of chocolate related products. However, export sales have not picked up sufficiently and together with higher raw materials costs, the food segment suffered an LBT of RM3.1 million for 6MFY22.

Property

For 6MFY22, the property segment recorded revenue of RM46.0 million, up by RM12.5 million compared to RM33.5 million in 6MFY21. The segment continued to benefit from the strong demand for its affordably-priced landed homes. The segment's PBT of RM12.5 million in 6MFY22 was higher by RM2.7 million compared to RM9.8 million in 6MFY21 in tandem with the higher revenue.

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

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

	Quarter Ended			
	31.12.2021	30.09.2021	Changes	
	(Q2FY22)	(Q1FY22)	RM'000	%
	RM'000	RM'000		
Revenue				
Retailing	8,487	1,612	6,875	426.5
Hotel	29,328	29,055	273	0.9
Food	16,459	9,288	7,171	77.2
Property	27,737	18,253	9,484	52.0
	82,011	58,208	23,803	40.9
Profit/(Loss) before taxation ("PBT / (LBT)")				
Retailing	2,912	(2,968)	5,880	198.1
Hotel	(4,824)	(3,087)	(1,737)	(56.3)
Food	(1,341)	(1,795)	454	25.3
Property	7,701	4,799	2,902	60.5
Investment holding	(4,268)	(3,748)	(520)	(13.9)
	180	(6,799)	6,979	102.6

With the gradual reopening of the local economy by the government since August 2021 and higher consumer spending during the festive holidays, the Group's revenue jumped from RM58.2 million in Q1FY22 to RM82.0 million in Q2FY22, an increase of 40.9%. This enabled the Group to swing from an LBT of RM6.8 million in the preceding quarter to a PBT of RM180,000 in the current quarter.

B3 Prospects for the Financial Year Ending 30 June 2022

Retailing

Metrojaya will open a new experiential retail store in Mitsui Shopping Park, LaLaport Bukit Bintang City Centre in the second quarter of 2022.

The management will continue collaborating with vendors and brand partners to launch new and more exciting product categories, revamping and realigning Metrojaya's on-line and off-line stores to strengthen its various brands and reach.

Hotel

The positive momentum in the hospitality industry has unfortunately been recently disrupted by the increasing number of COVID-19 cases due to the Omicron variant. This has resulted in some cancellation or postponement of bookings in our Corus hotels in Kuala Lumpur and Port Dickson. Still, the outlook of the hospitality industry is positive especially if the international borders of Malaysia gradually reopen from March 2022 as proposed by the government. As such, our hotels are expected to report a better performance for the financial year ending 30 June 2022.

For the hotel operations in the UK, the third quarter of the financial year is forecasted to be slow but the fourth quarter is expected to be strong especially when more international travellers start returning to London.

Food

Demand from the domestic market is expected to continue improving while the export market has started to recover. However, one of the biggest challenges is the significant rise in the price of commodities. To mitigate this, the selling price of our products will be increased progressively.

The food segment will continue to improve its operational efficiency and product quality as well as innovating its products portfolio to remain competitive. It will also expand its distribution and retail channels to have a wider reach of its products.

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

Property

The property segment will continue to focus on enhancing its township development in Bandar Springhill, Negeri Sembilan, including improvements to amenities and facilities.

The next new property launch in Bandar Springhill will be the industrial component of light and medium industrial lots in the first half of 2022. In addition, further residential launches are also being planned for 2022. With unbilled sales of RM114.4 million as at 31 December 2021 and on the back of good demand for its properties, this division remains optimistic of its results for the financial year ending 30 June 2022.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 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:

	31.12.2021	30.06.2021	Changes
	RM'000	RM'000	%
Current (Not past due)	21,687	14,015	54.7
Past due:			
1 to 30 days	4,241	4,384	(3.3)
31 to 60 days	1,763	9,359	(81.2)
61 to 90 days	1,668	2,387	(30.1)
91 to 120 days	182	1,964	(90.7)
More than 120 days	3,635	1,174	209.6
	<u>33,176</u>	<u>33,283</u>	(0.3)

B6 Profit/(Loss) Before Taxation

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

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2021	31.12.2020	Changes	31.12.2021	31.12.2020	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Capital distribution received from a subsidiary	-	169	(100.0)	-	482	(100.0)
Depreciation	(3,908)	(4,153)	5.9	(8,266)	(8,386)	1.4
Gain on disposal of:						
- assets held for sale	-	7,081	(100.0)	-	11,240	(100.0)
- other investments	-	(78)	100.0	-	7,596	(100.0)
- property, plant and equipment	-	2	(100.0)	-	5	(100.0)
Gain/(loss) on short term investments:						
- realised	273	84	225.0	392	84	366.7
- unrealised	(295)	809	(136.5)	(382)	814	(146.9)
Interest expense	(10,410)	(8,263)	(26.0)	(20,000)	(17,674)	(13.2)
Interest income	726	801	(9.4)	1,315	1,776	(26.0)
Loss on derecognition of a subsidiary	-	-	-	(977)	-	(100.0)
Net gain on foreign exchange	133	2,554	(94.8)	1,022	5,853	(82.5)
Net inventories write back / (written down)	2,251	209	977.0	1,289	(1,135)	213.6
Property, plant and equipment written off	(54)	(56)	3.6	(54)	(105)	48.6

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

B7 Taxation

Taxation comprises:

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2021 RM'000	31.12.2020 RM'000	Changes %	31.12.2021 RM'000	31.12.2020 RM'000	Changes %
Current taxation						
- Malaysia	(1,852)	(1,977)	6.3	(3,302)	(3,205)	(3.0)
- Foreign	(8)	(14)	42.9	(8)	(18)	55.6
Deferred tax	(137)	211	(164.9)	(375)	291	(228.9)
	(1,997)	(1,780)	(12.2)	(3,685)	(2,932)	(25.7)
Overprovision/(Underprovision) in respect of prior years	(45)	186	(124.2)	(42)	271	(115.5)
	(2,042)	(1,594)	(28.1)	(3,727)	(2,661)	(40.1)

The Group's effective tax rate for the current quarter and previous year corresponding period were higher than the statutory tax rate of the respective periods mainly due to losses incurred by certain subsidiaries where no group relief on losses were available.

B8 Status of Corporate Proposals

- On 23 September 2021, Pan Malaysia Corporation Berhad (PMC), a 66.51%-owned subsidiary of the Company, entered into a sale and purchase agreement with Inter Mark Resources Sdn Bhd to acquire 31,620,000 ordinary shares representing 51% of the total issued share capital of A&W (Malaysia) Sdn Bhd for a purchase consideration of RM21,037,500, to be satisfied via a combination of cash amounting to RM11,570,625 and transfer of 63,112,500 of PMC's treasury shares at RM0.15 per share amounting to RM9,466,875. The transaction is pending completion.
- Metrojaya Berhad ("MJB"), a 97.41%-owned subsidiary of the Company will subject to the requisite approvals being obtained from all relevant authorities, undertake a selective capital reduction pursuant to Section 116 of the Companies Act 2016 via the reduction of its issued and paid-up share capital from RM128,802,792.00 comprising 124,921,000 ordinary shares of MJB ("MJB Shares") to RM128,479,705.30 comprising 121,690,133 MJB Shares by way of cancellation of 3,230,867 MJB Shares held by the shareholders of MJB ("Entitled Shareholders"), other than Libertyray (M) Sdn Bhd, Ample Line Sdn Bhd and Regal Classic Sdn Bhd, whose names appear in the record of depository as at the close of business on an entitlement date to be determined by the Board of Directors of MJB. This will be effected via a capital repayment of RM0.10 in cash for each existing MJB Share held by the Entitled Shareholders amounting to RM323,086.70. Upon completion, MJB will be a wholly-owned subsidiary of the Company. The proposal has been approved by MJB's shareholders at its AGM held on 9 December 2021, and is currently pending submission for Court's approval.
- On 31 December 2021, The Regency Hotel Hospitality Limited, an indirect wholly-owned subsidiary of the Company, had entered into a conditional asset purchase agreement with Westbourne Leisure Limited for the disposal of its freehold land together with a 111-room hotel (The Regency Hotel) in Shirley, Solihull, West Midlands, England, United Kingdom for a cash consideration of GBP6,500,000 (equivalent to RM36,219,950). The disposal is pending completion.
- On 27 January 2022, the Company announced a Proposed Private Placement of not more than 10% of the Company's total number of issued shares. The new shares will be placed to independent third-party investor(s).

Bursa Securities vide its letter dated 9 February 2022, had approved the listing of and quotation for up to 293,256,000 number of shares to be issued pursuant to the Proposed Private Placement subject to the conditions set out by Bursa Securities. The Company has not placed out any new shares yet.

MALAYAN UNITED INDUSTRIES BERHAD

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

B9 Group Borrowings and Lease Liabilities

	31.12.2021			30.06.2021		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
Secured						
- Term loan	671,861	30,560	702,421	678,727	36,090	714,817
- Revolving credit	26,149	29,600	55,749	26,149	34,200	60,349
- Bank overdraft	-	-	-	-	389	389
	698,010	60,160	758,170	704,876	70,679	775,555
Unsecured						
- Revolving credit	26,069	33,850	59,919	26,069	34,525	60,594
Hire-purchase	886	160	1,046	886	287	1,173
Total borrowings	724,965	94,170	819,135	731,831	105,491	837,322
Lease liabilities	64,221	674	64,895	65,514	1,034	66,548
Total	789,186	94,844	884,030	797,345	106,525	903,870

Foreign borrowing and lease liabilities in Ringgit Malaysia equivalent as at 31 December 2021 included in the above are as follows:

	31.12.2021		30.06.2021	
	£'000	RM'000	£'000	RM'000
Foreign borrowing	88,998	501,139	88,584	508,853
Lease liabilities	11,422	64,315	11,439	65,707

The foreign borrowing and lease liabilities were taken by a foreign subsidiary of the Group.

B10 Derivative Financial Instruments

There were no derivative financial instruments as at 31 December 2021.

B11 Fair Value Changes of Financial Liabilities

There were no financial liabilities measured at fair value through profit or loss as at 31 December 2021.

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 97.41%-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.

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

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 initially fixed for hearing at the Court of Appeal on 11 January 2022 is now postponed to 12 April 2022. The Court had also fixed a final Case Management on 29 March 2022 for housekeeping of the appeal for both parties to attend before the hearing.

B13 Dividend

No dividend has been declared by the Board for the financial period ended 31 December 2021 (31 December 2020: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Weighted average number of ordinary shares in issue ('000)	2,932,561	2,932,561	2,932,561	2,932,561
Loss after taxation attributable to owners of the Company (RM'000)	(5,640)	(6,248)	(18,077)	(11,144)
Basic/diluted loss per share attributable to owners of the Company (sen)	(0.19)	(0.21)	(0.62)	(0.38)

The Company has not issued any potentially dilutive ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

B15 Auditors' Report

The auditors' report on the financial statements for the financial year ended 30 June 2021 was unmodified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Lee Chik Siong
Wong Shuk Fuen
Joint Company Secretaries

Date: 28 February 2022