

MALAYAN UNITED INDUSTRIES BERHAD

Registration No: 196001000140 (3809-W)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Continuing operations				
Revenue	98,722	125,899	208,182	244,438
Cost of sales	(50,070)	(68,367)	(109,397)	(129,212)
Gross profit	48,652	57,532	98,785	115,226
Other income	15,130	55,824	12,033	53,278
Selling and distribution expenses	(2,201)	(1,135)	(4,200)	(2,631)
Administrative expenses	(50,068)	(44,282)	(95,478)	(89,116)
Other operating expenses	(1,301)	(29)	(1,814)	(48)
Finance costs	(18,756)	(14,531)	(37,798)	(25,985)
Share of results of associates and joint venture	29,978	2,393	29,582	2,661
Profit before taxation	21,434	55,772	1,110	53,385
Taxation	(628)	(2,655)	419	(4,862)
Profit after taxation from continuing operations	20,806	53,117	1,529	48,523
Discontinued operations				
Profit/(Loss) before taxation	(25)	(1,000)	18,279	(78)
Taxation	-	-	-	-
Profit/(Loss) after taxation from discontinued operations	(25)	(1,000)	18,279	(78)
Profit after taxation for the period	20,781	52,117	19,808	48,445
Attributable to:				
Owners of the Company	23,979	34,810	15,620	25,485
Non-controlling interests	(3,198)	17,307	4,188	22,960
	20,781	52,117	19,808	48,445
Basic/diluted earnings per share attributable to owners of the Company (sen)	0.74	1.08	0.48	0.79

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 2023 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 PERIOD ENDED 31 DECEMBER 2023

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit after taxation for the period	20,781	52,117	19,808	48,445
Other comprehensive income/(expenses), net of tax:				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Fair value gain/(loss) on equity instruments	(255)	517	287	755
<i>Items that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(1,829)	(3,737)	(9,145)	1,887
Other comprehensive income/(expenses)	(2,084)	(3,220)	(8,858)	2,642
Total comprehensive income for the financial period	18,697	48,897	10,950	51,087
Attributable to:				
Owners of the Company	21,765	30,392	6,537	27,341
Non-controlling interests	(3,068)	18,505	4,413	23,746
Total comprehensive income for the financial period	18,697	48,897	10,950	51,087

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	31.12.2023 RM'000	30.06.2023 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,741,170	1,761,624
Investment properties	67,161	67,178
Associates	259,525	229,854
Joint venture	133	135
Other investments	15,787	16,107
Inventories	28,876	28,876
Goodwill on consolidation	27,438	27,438
Intangible assets	6,756	7,076
Deferred tax assets	5,274	5,604
	2,152,120	2,143,892
Current Assets		
Inventories	122,496	137,330
Trade and other receivables	137,758	148,796
Contract assets	17,373	27,231
Right to recover returned goods	-	512
Contract costs	870	807
Other investments	16,397	13,152
Short term investments	5,339	11,090
Current tax assets	6,069	4,472
Deposits, bank balances and cash	163,828	138,774
	470,130	482,164
Assets/Disposal group classified as held for sale	36,718	17,839
	506,848	500,003
TOTAL ASSETS	2,658,968	2,643,895
EQUITY AND LIABILITIES		
Equity Attributable To Owners Of The Company		
Share capital	98,084	98,084
Accumulated losses and reserves	919,097	912,560
	1,017,181	1,010,644
Non-Controlling Interests	278,603	275,582
Total Equity	1,295,784	1,286,226
Non-Current Liabilities	482,613	482,472
Current Liabilities		
Trade and other payables	268,226	277,819
Contract liabilities	1,974	243
Refund liabilities	-	890
Borrowings	596,302	593,241
Provision for restoration cost	1,886	1,886
Employee benefits	706	829
Current tax liabilities	401	289
	869,495	875,197
Disposal group classified as held for sale	11,076	-
Total Liabilities	1,363,184	1,357,669
TOTAL EQUITY AND LIABILITIES	2,658,968	2,643,895
Net assets per share attributable to owners of the Company (RM)	0.32	0.31

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023 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 PERIOD ENDED 31 DECEMBER 2023

	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 2023	98,084	958,458	(45,898)	1,010,644	275,582	1,286,226
Profit after taxation	-	-	15,620	15,620	4,188	19,808
Fair value gain on equity instruments	-	168	-	168	119	287
Foreign currency translations	-	(9,251)	-	(9,251)	106	(9,145)
Total comprehensive income/(expenses)	-	(9,083)	15,620	6,537	4,413	10,950
Transaction with owners:						
Acquisition of a subsidiary company	-	-	-	-	2,000	2,000
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	(3,392)	(3,392)
At 31 December 2023	98,084	949,375	(30,278)	1,017,181	278,603	1,295,784
At 1 July 2022	93,866	(10,575)	(23,178)	60,113	253,555	313,668
Profit after taxation	-	-	25,485	25,485	22,960	48,445
Fair value gain on equity instruments	-	489	-	489	266	755
Foreign currency translations	-	1,367	-	1,367	520	1,887
Total comprehensive income	-	1,856	25,485	27,341	23,746	51,087
Transaction with owners:						
Dividend paid to non-controlling interest of subsidiaries	-	-	-	-	(31,502)	(31,502)
Impact from the changes in the stake of subsidiaries	-	439	(3,795)	(3,356)	9,503	6,147
Issued pursuant to private placement	4,218	-	-	4,218	-	4,218
At 31 December 2022	98,084	(8,280)	(1,488)	88,316	255,302	343,618

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

CUMULATIVE 6 MONTHS

	31.12.2023 RM'000	31.12.2022 RM'000
Operating Activities		
Profit/(loss) before taxation - continuing operations	1,110	53,385
- discontinued operations	18,279	(78)
Net adjustments	989	(9,589)
Operating profit before working capital changes	20,378	43,718
Net change in working capital	8,086	2,615
Cash generated from operations	28,464	46,333
Employee benefits paid	(123)	(87)
Interest expense	(364)	(116)
Interest income	941	628
Net tax paid	(4,134)	(4,091)
Net cash from operating activities	24,784	42,667
Investing Activities		
Acquisition of a subsidiary company	(2,000)	-
Dividend received	135	252
Interest received	1,194	892
Proceeds from disposal of:		
- assets held for sale	41,000	-
- investment in subsidiaries	-	6,438
- other investments	-	815
- property, plant and equipment	55	78,738
Purchase of:		
- other investments	-	(630)
- property, plant and equipment	(13,885)	(24,253)
- short term investments	(12)	(104)
Withdrawal of short-term investments	5,000	-
Withdrawal of term deposits with tenure of more than 3 months	948	11,787
Net cash from investing activities	32,435	73,935
Financing Activities		
Dividend paid to non-controlling interests of subsidiaries	(3,392)	(31,502)
Interest paid	(37,434)	(24,278)
Drawdown of bank borrowings and hire-purchase	26,599	475
Payment of lease liabilities and hire-purchase	(6,805)	(6,995)
Proceeds from issuance of shares pursuant to private placement	-	4,218
Repayment of bank borrowings	(12,705)	(21,522)
Net cash for financing activities	(33,737)	(79,604)
Net increase in cash and cash equivalents	23,482	36,998
Cash and cash equivalents at beginning of financial period		
As previously reported	132,461	152,323
Effects of exchange rate changes	5,633	(91)
As restated	138,094	152,232
Cash and cash equivalents at end of financial period	161,576	189,230

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2023 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 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 2023. 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 2023.

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 2023, except for the following:

<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 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

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>
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

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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 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.
- (d) The fast food chain business is affected by major festive seasons and school holidays.

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 2023.

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 2023.

A5 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 2023.

A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2023 (31 December 2022: Nil).

A7 Operating Segments

Six months ended 31 December 2023

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Associates RM'000	Net Revenue RM'000
Continuing operations					
Retailing	24,560	-	24,560	(11,828)	12,732
Hotel	67,093	-	67,093	-	67,093
Food	4,215	-	4,215	-	4,215
Fast food chain	98,619	-	98,619	-	98,619
Property	25,559	(36)	25,523	-	25,523
Investment holding	2,247	(2,247)	-	-	-
	222,293	(2,283)	220,010	(11,828)	208,182
Discontinued operations					
Food	24,687	-	24,687	-	24,687
Total	246,980	(2,283)	244,697	(11,828)	232,869

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(b) Results

	Segment Results RM'000	Finance Costs RM'000	Associates/ Joint Venture RM'000	Profit/(Loss) Before Taxation RM'000
Continuing operations				
Retailing	28	(1,169)	570	(571)
Hotel	9,654	(27,223)	-	(17,569)
Food	(334)	(8)	(2)	(344)
Fast food chain	(1,935)	(2,620)	-	(4,555)
Property	1,549	-	-	1,549
Investment holding	364	(6,778)	29,014	22,600
	9,326	(37,798)	29,582	1,110
Discontinued Operations				
Food	18,310	(31)	-	18,279
Total	27,636	(37,829)	29,582	19,389

(c) Assets

	Segment Assets RM'000	Investment Associates/ Joint Venture RM'000	Total RM'000
Continuing operations			
Retailing	90,327	10,045	100,372
Hotel	1,214,850	-	1,214,850
Food	36,894	133	37,027
Fast food chain	149,996	-	149,996
Property	465,698	-	465,698
Investment holding	393,769	249,480	643,249
	2,351,534	259,658	2,611,192
Discontinued Operations			
Food	35,632	-	35,632
	2,387,166	259,658	2,646,824
Unallocated corporate assets			12,144
Total Assets			2,658,968

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Six months ended 31 December 2022

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Associates RM'000	Net Revenue RM'000
Continuing operations					
Retailing	34,536	-	34,536	(16,690)	17,846
Hotel	70,969	-	70,969	-	70,969
Food	2,600	-	2,600	-	2,600
Fast food chain	99,474	-	99,474	-	99,474
Property	53,585	(36)	53,549	-	53,549
Investment holding	2,408	(2,394)	14	(14)	-
	263,572	(2,430)	261,142	(16,704)	244,438
Discontinued operations					
Food	30,928	-	30,928	-	30,928
Total	294,500	(2,430)	292,070	(16,704)	275,366

(b) Results

	Segment Results RM'000	Finance Costs RM'000	Associates/ Joint Venture RM'000	Profit/(Loss) Before Taxation RM'000
Continuing operations				
Retailing	935	(1,142)	4,508	4,301
Hotel	55,507	(17,855)	-	37,652
Food	(526)	-	(5)	(531)
Fast food chain	9,726	(2,252)	-	7,474
Property	13,204	(115)	-	13,089
Investment holding	(2,137)	(4,621)	(1,842)	(8,600)
	76,709	(25,985)	2,661	53,385
Discontinued Operations				
Food	94	(172)	-	(78)
Total	76,803	(26,157)	2,661	53,307

(c) Assets

	Segment Assets RM'000	Associates/ Joint Venture RM'000	Total RM'000
Continuing operations			
Retailing	28,538	7,987	36,525
Hotel	478,273	-	478,273
Food	20,194	135	20,329
Fast food chain	100,479	-	100,479
Property	344,509	-	344,509
Investment holding	228,975	180,396	409,371
	1,200,968	188,518	1,389,486
Discontinued Operations			
Food	79,602	-	79,602
	1,280,570	188,518	1,469,088
Unallocated corporate assets			8,499
Total Assets			1,477,587

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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 2023 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.

A9 Changes in the Composition of the Group

- (a) Tiffany Enterprise Sdn Bhd, a dormant subsidiary of Pan Malaysia Corporation Berhad ("PMC"), was dissolved on 7 October 2023 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 1 November 2023, Ming Court Hotels International Sdn Bhd, a dormant wholly-owned subsidiary of MUIB, has at its Extraordinary General Meeting obtained approval from the sole shareholder to commence members' voluntary winding-up pursuant to Section 439(1) (b) of Companies Act, 2016. The winding-up will not have any material financial or operational effect on the MUIB Group for the financial year ending 30 June 2024.
- (c) On 20 November 2023, London Vista Hotel Limited, a wholly-owned subsidiary of the Company, incorporated a new direct wholly-owned subsidiary namely Plaza Senior Holdco Limited in United Kingdom. The total issued share capital is £1,000 divided into 1,000 ordinary share. Its principal activity is an investment holding company.
- (d) On 21 November 2023, London Vista Hotel Limited, incorporated a new direct wholly-owned subsidiary namely Plaza Mezzanine Limited in United Kingdom. The total issued share capital is £1,000 divided into 1,000 ordinary share. Its principal activity is an investment holding company.

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

A10 Contingent Liabilities

	31.12.2023	30.06.2023
	RM'000	RM'000
(a) Bank guarantees issued by a subsidiary to third parties	239	377
(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 USD3,518,972 at 31 December 2023 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 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.		

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A11 Capital Commitments

As at 31 December 2023, the Group has ceased the subscription of interest as a limited partner in Genesis Alternatives Ventures I L.P ("Genesis"). Genesis has also distributed the capital to the Group progressively.

In respect of the above, the Group has determined that it no longer has significant capital commitments applicable for the financial period ended 31 December 2023.

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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			
	31.12.2023	31.12.2022	Changes	
	(Q2 FY24)	(Q2 FY23)	RM'000	%
	RM'000	RM'000		
Revenue				
<u>Continuing operations</u>				
Retailing	7,526	11,237	(3,711)	(33.0)
Hotel	33,470	33,112	358	1.1
Food	1,952	1,535	417	27.2
Fast food chain	49,322	50,332	(1,010)	(2.0)
Property	6,452	29,683	(23,231)	(78.3)
	98,722	125,899	(27,177)	(21.6)
<u>Discontinued operations</u>				
Food	12,625	14,440	(1,815)	(12.6)
	111,347	140,339	(28,992)	(20.7)
Profit/(Loss) before taxation ("PBT / (LBT)")				
<u>Continuing operations</u>				
Retailing	1,429	4,556	(3,127)	(68.6)
Hotel	(11,157)	37,950	(49,107)	(129.4)
Food	365	(194)	559	288.1
Fast food chain	(1,641)	5,486	(7,127)	(129.9)
Property	(1,469)	7,210	(8,679)	(120.4)
Investment holding	33,907	764	33,143	4,338.1
	21,434	55,772	(34,338)	(61.6)
<u>Discontinued operations</u>				
Food	(25)	(1,000)	975	97.5
	21,409	54,772	(33,363)	(60.9)

Q2 FY24 vs Q2 FY23

The Group experienced a decreased in revenue by 20.7% to RM111.3 million in Q2 FY24 compared to the same period last year. This decline was primarily driven by weak performances across the hotel, property, and fast food chain divisions. Additionally, PBT decreased from RM54.8 million in Q2 FY23 to RM21.4 million in Q2 FY24, largely due to the absence of a one-off gain of RM44.8 million from the disposal of The Belsfield Hotel in UK reported in Q2 FY23.

Retailing

Metrojaya witnessed a revenue drop of 33.0% to RM7.5 million in Q2 FY24, mainly attributed to lower sales at the Suria Sabah outlet due to downsizing.

Hotel

The hotel division's revenue showed minimal change in Q2 FY24 compared to Q2 FY23. The division recorded a higher LBT of RM11.2 million in Q2 FY24 compared to an LBT of RM6.8 million in Q2 FY23 (excluding a one-off gain of RM44.8 million from the disposal of The Belsfield Hotel in the UK). The increase of LBT by RM4.4 million was primarily attributed to higher depreciation resulting from the adoption of the revaluation model for the Group's hotel properties classified under "Land and Buildings" in FY23.

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Food

Continuing operations

The food division classified as continuing operations experienced an increase of RM0.4 million or 27.2% in revenue as compared to the same quarter in the previous year. The increase in revenue was primarily due to high offtake during the festive season in Q2 FY24. Due to the higher revenue, the division reported a PBT of RM0.4 million in Q2 FY24.

Discontinued operations

The food division classified as discontinued operations achieved revenue of RM12.6 million in the current quarter, as opposed to RM14.4 million in the previous year's corresponding quarter.

Fast food chain

The fast food division incurred an LBT of RM1.6 million, in contrast to a PBT of RM5.5 million in the same quarter of the previous year. The decrease of RM7.1 million in PBT was due to higher operating expenses in the fast food chain division, which were incurred as a result of the expansion of new outlets. The rise in expenses were attributed to higher expenditures on manpower, raw materials, and marketing spending. In addition, the division registered a one-off income of RM1.3 million from landlord incentives in Q2 FY23 as compared to no such income for the current quarter.

Property

The revenue in Q2 FY24 recorded a reduction from RM29.7 million (Q2 FY23) to RM6.5 million by RM23.2 million. The decrease was primarily due to slower progress in billing from the industrial park project (IP1) in Bandar Springhill, Negeri Sembilan. The phases E5-C (Aurora 2), E7-3 (Peony 2), and E5-B (Nebula), which contributed mostly to the revenue in Q2 FY23, are no longer a main contributor in the current period. Consequently, due to the drop in revenue, an LBT of RM1.5 million was recorded in Q2 FY24, lower by RM8.7 million as compared to a PBT of RM7.2 million for the corresponding quarter last year.

	CUMULATIVE 6 MONTHS			
	31.12.2023 (6M FY24) RM'000	31.12.2022 (6M FY23) RM'000	Changes	
			RM'000	%
Revenue				
<u>Continuing operations</u>				
Retailing	12,732	17,846	(5,114)	(28.7)
Hotel	67,093	70,969	(3,876)	(5.5)
Food	4,215	2,600	1,615	62.1
Fast food chain	98,619	99,474	(855)	(0.9)
Property	25,523	53,549	(28,026)	(52.3)
	208,182	244,438	(36,256)	(14.8)
<u>Discontinued operations</u>				
Food	24,687	30,928	(6,241)	(20.2)
	232,869	275,366	(42,497)	(15.4)

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	CUMULATIVE 6 MONTHS			
	31.12.2023	31.12.2022	Changes	
	(6M FY24)	(6M FY23)	RM'000	%
	RM'000	RM'000	RM'000	%
Profit/(Loss) before taxation ("PBT / (LBT)")				
<u>Continuing operations</u>				
Retailing	(571)	4,301	(4,872)	(113.3)
Hotel	(17,569)	37,652	(55,221)	(146.7)
Food	(344)	(531)	187	35.2
Fast food chain	(4,555)	7,474	(12,029)	(160.9)
Property	1,549	13,089	(11,540)	(88.2)
Investment holding	22,600	(8,600)	31,200	362.8
	1,110	53,385	(52,275)	(97.9)
<u>Discontinued operations</u>				
Food	18,279	(78)	18,357	23,534.6
	19,389	53,307	(33,918)	(63.6)

6M FY24 vs 6M FY23

The Group's revenue declined by 15.4% to RM232.9 million in 6M FY24, compared to RM275.4 million in 6M FY23. This decrease was primarily driven by weak performances across the property, retailing, and hotel divisions. Additionally, the Group recorded a lower PBT of RM19.4 million in 6M FY24 compared to a PBT of RM53.3 million in 6M FY23.

Retailing

Metrojaya Berhad experienced a revenue drop of 28.7% to RM12.7 million in 6M FY24 compared to the previous year. This decrease was primarily attributed to the temporary closure of the Suria Sabah outlet from January 2023 to mid-August 2023.

Hotel

The Group's hotel operations in 6M FY24 recorded a revenue decrease from RM71.0 million in 6M FY23 to RM67.1 million. This was mainly caused by lower average room rates at the Group's hotels in the UK. As a result, the hotel division reported a higher LBT of RM17.6 million compared to the previous year's LBT of RM7.1 million (excluding a one-off gain of RM44.8 million from The Belsfield Hotel disposal). This increase was primarily due to higher depreciation resulting from the adoption of the revaluation model for the Group's hotel properties classified under "Land and Buildings" in FY23.

Food

Continuing operations

The food division classified as continuing operations recorded a revenue RM4.2 million for 6M FY24, showing an increase of RM1.6 million compared to RM2.6 million in 6M FY23, mainly due to the higher revenue by Network Foods (Hong Kong) Limited.

Discontinued operations

The revenue for the food division classified as discontinued operations declined by RM6.2 million compared to the previous year's corresponding period.

Fast food chain

The fast food chain division recorded an LBT of RM4.6 million as compared to a PBT of RM7.5 million in the previous year's corresponding period. This loss was attributed to increased operating costs resulting from the establishment of new outlets, rising labour expenses, higher raw material costs and higher marketing spend.

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Property

The property division's revenue for 6M FY24 amounted to RM25.5 million, exhibiting a decrease of RM28.0 million compared to RM53.5 million in 6M FY23. The decrease was primarily due to slower progress in billing from the IP1 in Bandar Springhill, Negeri Sembilan.

The property division recorded a PBT of RM1.5 million in 6M FY24, compared to a PBT of RM13.1 million in 6M FY23. The decrease of RM11.5 million was in tandem with the lower revenue.

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

	Quarter Ended			
	31.12.2023	30.09.2023	Changes	
	(Q2 FY24)	(Q1 FY24)	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue				
<u>Continuing operations</u>				
Retailing	7,526	5,206	2,320	44.6
Hotel	33,470	33,623	(153)	(0.5)
Food	1,952	2,263	(311)	(13.7)
Fast food chain	49,322	49,297	25	0.1
Property	6,452	19,071	(12,619)	(66.2)
	98,722	109,460	(10,738)	(9.8)
<u>Discontinued operations</u>				
Food	12,625	12,062	563	4.7
	111,347	121,522	(10,175)	(8.4)
Profit/(Loss) before taxation ("PBT / (LBT)")				
<u>Continuing operations</u>				
Retailing	1,429	(2,000)	3,429	171.5
Hotel	(11,157)	(6,412)	(4,745)	(74.0)
Food	365	(709)	1,074	151.5
Fast food chain	(1,641)	(2,914)	1,273	43.7
Property	(1,469)	3,018	(4,487)	(148.7)
Investment holding	33,907	(11,307)	45,214	399.9
	21,434	(20,324)	41,758	205.5
<u>Discontinued operations</u>				
Food	(25)	18,304	(18,329)	(100.1)
	21,409	(2,020)	23,429	1,159.9

In Q2 FY24, the Group reported lower revenue of RM111.3 million compared to RM121.5 million in Q1 FY24. The decrease of revenue was mainly from the property division. The Group reported a PBT of RM21.4 million compared to an LBT of RM2.0 million in the preceding quarter. This was primarily attributed to the higher profit reported by an associate in 6M FY24.

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B3 Prospects for the Financial Year Ending 30 June 2024

Retailing

Metrojaya's prospects for the financial year ending June 2024 continues to appear promising as it proceeds with its transformation plans to introduce fresh retail concepts while leveraging on the strength of its brands.

The fashion direction is to continue to innovate its house brands and to collaborate with vendors in order to widen its market reach to customers of all ages.

Meanwhile the flagship store at Mid Valley will undergo a six month temporary closure for renovation which will impact its revenue in the short term. To mitigate this revenue disruption, the group is focusing on building its online income through its website and other digital platforms as well as expanding its retail presence by opening standalone boutiques under its stable of brands, the latest of which are East India Company and Benjamin Barker in IOI City mall. More store openings in appropriate locations are being actively looked into.

Hotel

Corus Hotel Kuala Lumpur continues its momentum of revenue growth with improving occupancy and average room rate, at the back of an optimistic outlook of the hotel tourism industry. Following the announcement of a 30-day visa-free entry for travellers from China and India, the forecast for 2024 arrivals is expected to increase to 26 million.

The hotel is benefitting from the above factors while capitalising on its strategic location in the prime area of KLCC.

Corus Paradise Resort Port Dickson continues to build its position as one of the key hotel choices in Port Dickson.

The UK economy exhibits resilience, showcasing a remarkable drop in inflation from double digits to 4% in 2024. The return of international travellers in London propels the hotel market, leading to anticipated increases in occupancy and average daily rates at Corus Hyde Park Hotel.

Fast food chain

To adapt to evolving consumer preferences, the Group's fast food chain has implemented various initiatives, including enhancing delivery channels and actively promoting digital ordering through the 'A&W Ordering App'. Additionally, the Group is also enhancing the overall menu to provide more choices to the consumers. The Group will continue to seek further growth opportunities through 'Drive-Thru' and 'R&R' outlets, which are expected to be more resilient in the long term.

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Property

West Synergy Sdn Bhd ("WSSB") is preparing for several launches against the backdrop of steady growth in the real estate market. We anticipate strong demand particularly in the landed property segment with the support of government initiatives aimed at incentivising first-time buyers.

WSSB is also launching a new concept to Bandar Springhill's industrial landscape, known as Ortus Park which showcases 211 ultra-modern detached and semi-detached factory units.

Integral to our vision of a full-fledged township are essential amenities, such as an international school, a full-service hospital, and a planned hotel, aimed at enhancing the community's quality of life and attracting potential investors. In line with our long-term plans, WSSB is committed to transforming Bandar Springhill into a dynamic town featuring a diverse mix of residential, commercial and industrial properties.

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:

	31.12.2023	30.06.2023	Changes
	RM'000	RM'000	%
<u>Continuing Operations</u>			
Current (Not past due)	13,756	16,635	(17.3)
Past due:			
1 to 30 days	7,084	1,841	284.8
31 to 60 days	1,291	5,087	(74.6)
61 to 90 days	8,550	428	1,897.7
More than 90 days	2,286	670	241.2
	<u>32,967</u>	<u>24,661</u>	33.7
<u>Discontinued Operations</u>			
Current (Not past due)	6,268	6,615	(5.2)
Past due:			
1 to 30 days	549	426	28.9
31 to 60 days	50	227	(78.0)
61 to 90 days	17	20	(15.0)
	<u>6,884</u>	<u>7,288</u>	(5.5)

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B6 Profit/(Loss) before taxation ("PBT / (LBT)")

Included in the PBT/(LBT) were the following items:

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2023	31.12.2022	Changes	31.12.2023	31.12.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
<u>Continuing Operations</u>						
Depreciation and amortisation	(14,063)	(7,320)	(92.1)	(22,370)	(14,977)	(49.4)
Net gain on disposal of:						
- property, plant and equipment	-	44,810	(100.0)	-	44,810	>10,000.0
- unquoted investment	-	165	(100.0)	-	165	(100.0)
Gain/(Loss) on short term investments:						
- realised	400	60	566.7	877	331	165.0
- unrealised	(1,137)	926	(222.8)	(1,640)	1,495	(209.7)
Interest expense	(18,756)	(14,531)	(29.1)	(37,798)	(25,985)	(45.5)
Interest income	1,268	749	69.3	2,135	1,432	49.1
Net gain on foreign exchange	12,956	5,115	153.3	7,982	391	1,941.4
Net inventories write back / (written down)	188	444	(57.7)	(7)	867	(100.8)
Property, plant and equipment written off	(152)	(30)	(406.7)	(152)	(32)	(375.0)
<u>Discontinued Operations</u>						
Depreciation and amortisation	(244)	(234)	(4.3)	(518)	(682)	24.0
Gain/(Loss) on disposal of:						
- assets held for sale	44	-	100.0	20,364	-	100.0
- property, plant and equipment	(23)	-	(100.0)	32	-	100.0
Interest expense	(14)	(153)	90.8	(31)	(172)	82.0
Interest income	69	62	11.3	93	88	5.7
Net gain/(loss) on foreign exchange	(113)	(335)	66.3	(318)	(351)	9.4
Net inventories write back/ (written down)	33	(117)	128.2	(1,398)	(143)	(877.6)

B7 Taxation

Taxation comprises:

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2023	31.12.2022	Changes	31.12.2023	31.12.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Current taxation						
- Malaysia	(587)	(2,524)	76.7	(2,139)	(4,556)	53.1
- Foreign	(10)	(2)	(400.0)	(17)	(4)	(325.0)
Deferred tax	(44)	(75)	41.3	2,562	(248)	1,133.1
	(641)	(2,601)	75.4	406	(4,808)	108.4
Overprovision/(Underprovision) prior years	13	(54)	124.1	13	(54)	124.1
	(628)	(2,655)	76.3	419	(4,862)	108.6

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.

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B8 Status of Corporate Proposals

- (a) On 7 November 2022, Network Foods Industries Sdn Bhd, an indirect wholly-owned subsidiary of PMC, had entered into a Sale and Purchase Agreement with Amazing Blitz Sdn Bhd for the disposal of the leasehold land held under H.S.(D) 324738, Pt[-], Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 24,295.208 square meters and the buildings erected thereon together with the fixtures and fittings for a total disposal consideration of RM41,000,000. The disposal has been completed on 30 August 2023.
- (b) On 1 August 2023, the subsidiary of PMC, PMRI Investments (Singapore) Pte Ltd ("Vendor"), entered into a conditional share sale agreement ("SSA") with Wah Kong Corporation Sdn Bhd ("Purchaser") for the disposal of 85% equity interest in Network Foods International Ltd ("NFIL") and its subsidiaries excluding Network Foods (Hong Kong) Ltd for a disposal consideration of RM24,220,929 to be satisfied entirely in cash ("Proposed Disposal").

On 31 October 2023, the Vendor and Purchaser have mutually agreed to extend the Conditional Period (as defined in the SSA) ("CP") for an additional period of sixty (60) days, which would expire on 30 December 2023.

Subsequently on 28 December 2023, the Vendor and Purchaser have mutually agreed to extend the CP for an additional period of ninety (90) days, which will expire on 29 March 2024.

On 18 January 2024, in fulfilment of part of the Conditions Precedent of the SSA pertaining to the Proposed Disposal, the following agreements have been entered into by the relevant parties:

- (a) a shareholders' agreement between the Purchaser and the Vendor in respect of World of Indulgence Sdn Bhd ("WISB"), the Special Purpose Vehicle which has been incorporated pursuant to the terms of the SSA wherein WISB will be the new holding company of NFI and Network Foods Malaysia Sdn Bhd after the completion of the SSA;
- (b) a call and put option agreement between the Vendor and the Purchaser in relation to the 15% equity interest of the Vendor in NFIL and WISB respectively; and
- (c) GCIH Trademarks Limited, a subsidiary of the Vendor and NFI, a subsidiary of NFIL have entered into the Trademark Service Agreement in relation to the GCIH Trademarks.

On 31 January 2024, the Vendor and Purchaser have entered into a variation letter to vary certain terms of the SSA dated 1 August 2023 ("SSA Amendments"). Save for the SSA Amendments, all other terms and conditions of the SSA shall remain in full force and effect.

The Proposed Disposal is pending completion.

- (c) On 8 September 2023, PMC entered into a Sale and Purchase Agreement with Inter Mark Resources Sdn Bhd to acquire the remaining 49% equity interest comprising 30,380,000 ordinary shares in A & W (Malaysia) Sdn Bhd for a purchase consideration of RM69,454,595 to be satisfied via a combination of cash payment of RM41,672,757 and the issuance of 111,127,352 new ordinary shares of the Company's at an issue price of RM0.25 per share amounting to RM27,781,838 ("Proposed Acquisition").

On 14 February 2024, PMC has received a letter from Bursa Securities approving the listing and quotation of 111,127,352 Consideration Shares to be issued pursuant to the Proposed Acquisition, subject to the conditions stated in the letter.

The Proposed Acquisition is pending completion.

- (d) On 29 November 2023, WSSB, an indirect 60%-owned subsidiary of MUI Properties Berhad, which is in turn a partly-owned subsidiary of the Company, entered into a joint venture agreement ("JVA") with Century Marque Sdn Bhd to jointly undertake a development of semi-detached factories and detached factories on a piece of freehold land held under Geran 159972 Lot 8318 Mukim Jimah Daerah Port Dickson Negeri Sembilan measuring approximately 25.23 hectares subject to and upon the terms and conditions of the JVA.

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B9 Group Borrowings and Lease Liabilities

	31.12.2023			30.06.2023		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
<u>Continuing Operations</u>						
Secured						
- Term loan	213,821	522,949	736,770	205,692	511,997	717,689
- Revolving credit	21,854	25,100	46,954	21,854	31,200	53,054
- Bank overdraft	-	8,194	8,194	-	8,064	8,064
	235,675	556,243	791,918	227,546	551,261	778,807
Unsecured						
- Revolving credit	10,336	25,500	35,836	10,336	27,750	38,086
Hire-purchase	238	2,632	2,870	1,992	3,046	5,038
Total borrowings	246,249	584,375	830,624	239,874	582,057	821,931
Lease liabilities	76,896	11,513	88,409	79,976	10,744	90,720
Subtotal	323,145	595,888	919,033	319,850	592,801	912,651
<u>Discontinued Operations</u>						
Hire-purchase	257	414	671	461	412	873
Lease liabilities	-	-	-	-	28	28
Subtotal	257	414	671	461	440	901
Grand Total	323,402	596,302	919,704	320,311	593,241	913,552

Foreign borrowing and lease liabilities in Ringgit Malaysia equivalent as at 31 December 2023 included in the above are as follows:

	31.12.2023		30.06.2023	
	£'000	RM'000	£'000	RM'000
Foreign borrowing	84,031	491,363	84,124	495,064
Lease liabilities	11,291	66,023	11,306	66,532

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 2023.

B11 Fair Value Changes of Financial Liabilities

There were no financial liabilities measured at fair value through profit or loss as at 31 December 2023.

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B12 Material Litigation

On 14 February 2023, the Company received an Originating Summons ("Action") and Notice of Application for Interim Injunction ("Injunction Application"), having the same suit number of WA-24NCC-73-02/2023 filed in Kuala Lumpur High Court by Chan Weng Fui ("the Plaintiff") against Malayan United Industries Berhad ("MUIB"), the current entire Board of Directors of MUIB and 10 others.

The Company categorically denies any impropriety alleged/insinuated by the Plaintiff through the Action. In this regard, the Company has engaged its legal counsel to defend the Company against the Action and to oppose the Injunction Application filed by the Plaintiff.

The Company's position is that the alleged claims made by the Plaintiff are without merit. The Company shall take all necessary steps to vigorously defend itself against the various claims and shall pursue all legal recourse available stemming from the Action as appropriate.

On 25 September 2023, Plaintiff filed a Notice of Discontinuance. All court dates originally fixed were thereby vacated.

B13 Dividend

No dividend has been declared by the Board for the financial period ended 31 December 2023 (31 December 2022: Nil).

B14 Basic Earning Per Share

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Weighted average number of ordinary shares in issue ('000)	3,225,817	3,225,817	3,225,817	3,211,092
Profit after taxation attributable to owners of the Company (RM'000)	23,979	34,810	15,620	25,485
Basic/diluted earning per share attributable to owners of the Company (sen)	0.74	1.08	0.48	0.79

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 2023 was unmodified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Lee Chik Siong
Wong Shuk Fuen
Joint Company Secretaries

Date: 29 February 2024