

MUI PROPERTIES BERHAD
Registration No. 196501000314 (6113-W)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(The figures are unaudited)

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

	<u>QUARTER ENDED</u>		<u>CUMULATIVE 9 MONTHS</u>	
	31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	12,180	15,658	58,133	43,371
Cost of sales	(7,432)	(10,039)	(35,143)	(25,424)
Gross profit	4,748	5,619	22,990	17,947
Other income	592	526	1,519	1,718
Administrative expenses	(4,033)	(2,604)	(9,568)	(7,747)
Other expenses	(374)	(185)	(814)	(710)
Exceptional items (refer Note A4)	148	6	(520)	3,326
Finance costs	(37)	(37)	(113)	(112)
Profit before taxation	1,044	3,325	13,494	14,422
Income tax expense	158	(974)	(3,474)	(3,402)
Profit for the financial period	1,202	2,351	10,020	11,020
Profit attributable to:-				
Equity holders of the Company	(57)	1,068	3,912	6,681
Non-controlling interests	1,259	1,283	6,108	4,339
Profit for the financial period	1,202	2,351	10,020	11,020
(Loss)/Profit per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic/Diluted	(0.01)	0.14	0.53	0.90

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 PERIOD ENDED 31 MARCH 2020**

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,202	2,351	10,020	11,020
Foreign currency translation differences for foreign operations	503	(480)	1,106	77
Fair value changes of available- for-sale financial assets	(280)	-	(321)	(80)
Total comprehensive income for the financial period	1,425	1,871	10,805	11,017
Total comprehensive income attributable to:				
Equity holders of the Company	166	588	4,697	6,678
Non-controlling interests	1,259	1,283	6,108	4,339
	1,425	1,871	10,805	11,017

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.

MUI PROPERTIES BERHAD
Registration No. 196501000314 (6113-W)
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	31.03.2020	30.06.2019
	RM'000	RM'000
		(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	7,896	8,175
Investment properties	30,361	30,312
Inventories	35,263	35,263
Other investments	78,562	78,883
Deferred tax assets	1,619	1,127
	<u>153,701</u>	<u>153,760</u>
Current Assets		
Inventories	110,704	130,953
Contract costs	163	541
Trade and other receivables	17,605	12,137
Contract assets	1,916	11,076
Other investments	54	54
Current tax assets	107	143
Fixed deposits with licensed banks	65,477	43,814
Cash and bank balances	34,261	25,183
	<u>230,287</u>	<u>223,901</u>
	<u>383,988</u>	<u>377,661</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	162,468	162,468
Treasury shares, at cost	(6,301)	(6,301)
Reserves	(5,571)	(5,009)
Retained profits	125,805	120,546
	<u>276,401</u>	<u>271,704</u>
Non-Controlling Interests	86,243	84,239
Total Equity	<u>362,644</u>	<u>355,943</u>
Non-Current Liabilities		
Employee benefits	65	65
Current Liabilities		
Trade and other payables	14,411	15,648
Contract liabilities	5,864	5,986
Current tax liabilities	1,004	19
	<u>21,279</u>	<u>21,653</u>
Total Liabilities	<u>21,344</u>	<u>21,718</u>
TOTAL EQUITY AND LIABILITIES	<u>383,988</u>	<u>377,661</u>
	RM	RM
Net assets per share attributable to equity holders of the Company	0.37	0.37

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 PERIOD ENDED 31 MARCH 2020**

	Attributable to Equity Holders of the Company				Total RM'000	Non- Controlling Interests	Total Equity
	Share Capital RM'000	Treasury Shares RM'000	Non- Distributable Other Reserves RM'000	Distributable Retained Profits RM'000		RM'000	RM'000
			Total				
CUMULATIVE 9 MONTHS							
At 1 July 2019	162,468	(6,301)	(5,009)	120,546	271,704	84,239	355,943
Profit for the financial period	-	-	-	3,912	3,912	6,108	10,020
Foreign currency translation differences for foreign operations	-	-	1,106	-	1,106	-	1,106
Fair value changes of available-for-sale financial assets	-	-	(1,668)	1,347	(321)	-	(321)
Total comprehensive (expenses)/ income for the financial period	-	-	(562)	5,259	4,697	6,108	10,805
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	-	(4,104)	(4,104)
At 31 March 2020	162,468	(6,301)	(5,571)	125,805	276,401	86,243	362,644
CUMULATIVE 9 MONTHS							
At 1 July 2018	162,468	(6,301)	(7,787)	106,361	254,741	78,577	333,318
Profit for the financial period	-	-	-	6,681	6,681	4,339	11,020
Foreign currency translation differences for foreign operations	-	-	77	-	77	-	77
Fair value changes of available-for-sale financial assets	-	-	(80)	-	(80)	-	(80)
Total comprehensive (expenses)/ income for the financial period	-	-	(3)	6,681	6,678	4,339	11,017
At 31 March 2019	162,468	(6,301)	(7,790)	113,042	261,419	82,916	344,335

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 PERIOD ENDED 31 MARCH 2020

	CUMULATIVE 9 MONTHS	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	13,494	14,422
Net adjustments	(375)	(4,514)
	<hr/>	<hr/>
Operating profit before working capital changes	13,119	9,908
Net changes in working capital	23,081	(18,452)
	<hr/>	<hr/>
Cash generated from/(used for) operations	36,200	(8,544)
Interest paid	(113)	(112)
Interest received	1,357	1,585
Net tax paid	(2,979)	(2,066)
	<hr/>	<hr/>
Net cash generated from/(used for) operating activities	34,465	(9,137)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Additional cost for investment properties	(49)	-
Proceeds from disposal of investment properties	-	4,414
Proceeds from disposal of property, plant and equipment	52	-
Purchase of property, plant and equipment	(330)	(51)
	<hr/>	<hr/>
Net cash (used for)/generated from investing activities	(327)	4,363
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Dividend paid to non-controlling interests of a subsidiary	(4,104)	-
	<hr/>	<hr/>
Net cash used for financing activities	(4,104)	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	30,034	(4,774)
Foreign exchange differences	707	191
Cash and cash equivalents at 1 July	68,997	75,278
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	99,738	70,695
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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 Report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting and Chapter 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 of the Group for the financial year ended 30 June 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

A2. Significant Accounting Policies

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2019. As at the date of authorisation of this Condensed Report, the following Standards and amendments to Standards have been issued by the Malaysian Accounting Standards Board but are not yet effective. These pronouncements are either not relevant or do not have any material impact on the financial statements of the Group, and have not been adopted by the Group.

Standards issued but not yet effective

	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements - Definition of Material	1 January 2020
	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021

Effective date of these Amendments to Standards has been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

A3. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal factors.

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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 during the financial period ended 31 March 2020 other than the exceptional items as follows:-

Exceptional item	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%
	RM'000	RM'000		RM'000	RM'000	
Net gain/(loss) on foreign exchange	144	64	125.0	(669)	(31)	(2,058.1)
Effect of adoption of MFRS 9 - Others	-	(58)	100.0	-	59	(100.0)
Capital distribution on other investments	4	-	100.0	137	-	100.0
Reversal of impairment losses	-	-	-	12	-	100.0
Gain on disposal of investment properties	-	-	-	-	3,298	(100.0)
	148	6	2,366.7	(520)	3,326	(115.6)

A5. Changes in Estimates of Amounts Reported Previously

There were no significant changes in estimates of amounts reported in prior financial year which have a material effect in the financial period ended 31 March 2020.

A6. Issuances or Repayments of Debts and Equity Securities

As at 31 March 2020, the number of treasury shares held is 23,145,300 ordinary shares.

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares by the Company for the financial period ended 31 March 2020.

A7. Dividend Paid

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

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A8. Operating Segments

Segment information is presented in respect of the Group's business segments.

For the 9 Months Ended 31 March 2020

	Properties	Investment	Total
	RM'000	holding	RM'000
	RM'000	RM'000	RM'000
External revenue	58,093	40	58,133
Segment results	18,082	(4,475)	13,607
Finance costs	(75)	(38)	(113)
Profit/(Loss) before taxation	18,007	(4,513)	13,494
Income tax expense	(3,474)	-	(3,474)
Profit/(Loss) for the financial period	14,533	(4,513)	10,020
Segment assets	275,027	107,235	382,262
Unallocated assets			1,726
			383,988

A9. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The valuations of land and buildings have been brought forward without amendment from the previous annual report.

A10. Events Subsequent to the End of the Financial Period

There are no material events subsequent to the financial period ended 31 March 2020 that have not been reflected in the financial statements for the said period as at the date of this report.

A11. Contingent Liabilities

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

A12. Changes in the Composition of the Group

On 1 June 2020, the Company announced that Lembaran Makmur Sdn Bhd ('LMSB') and Intercontinental Properties Sdn Bhd ('ICPSB'), both inactive wholly-owned subsidiaries of the Company, which were placed under members' voluntary winding up on 23 March 2018 and 10 August 2018 respectively, have been dissolved on 8 February 2020 and 13 February 2020 respectively pursuant to Section 459 (5) of the Companies Act 2016. The dissolution of LMSB and ICPSB did not have any material effect on the earnings and net assets of the Group for the financial period ended 31 March 2020.

Other than the above, there were no changes in the composition of the Group during the financial period ended 31 March 2020.

A13. Capital Commitments

There are no material capital commitments as at the date of this report.

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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		Changes	CUMULATIVE 9 MONTHS		Changes
	31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Properties	12,140	15,657	(22.5)	58,093	43,370	33.9
Investment holding	40	1	3,900.0	40	1	3,900.0
	12,180	15,658	(22.2)	58,133	43,371	34.0
Profit before taxation ("PBT")						
Properties	2,693	3,969	(32.1)	18,007	16,905	6.5
Investment holding	(1,649)	(644)	(156.1)	(4,513)	(2,483)	(81.8)
	1,044	3,325	(68.6)	13,494	14,422	(6.4)

Current Quarter Ended 31 March 2020

The Group reported a decrease of 22.2% in revenue compared to the same quarter last year, largely due to lower revenue recognition from Phase E7-1 and E7-2 in its Bandar Springhill project. A lower PBT was also recorded in the current quarter due to lower revenue and an increase in administrative expenses.

Financial Period Ended 31 March 2020

For the cumulative nine-month results, the Group recorded a growth of 34.0% in revenue, contributed by a higher percentage of completion of Phase E7-1 and E7-2 in its Bandar Springhill project. Despite this, a lower PBT was recorded for the financial period ended 31 March 2020, primarily brought on by an increase in administrative expenses. In the previous corresponding period, there was also a one-off RM3.3 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		Changes
	31.03.2020	31.12.2019	%
	RM'000	RM'000	
Revenue			
Properties	12,140	25,644	(52.7)
Investment holding	40	-	100.0
	12,180	25,644	(52.5)
Profit before taxation ("PBT")			
Properties	2,693	8,225	(67.3)
Investment holding	(1,649)	(2,981)	44.7
	1,044	5,244	(80.1)

Compared to the preceding quarter, the properties segment reported a 52.7% decline in revenue due to lower revenue recognition of Phase E7-1 and E7-2 in its Bandar Springhill project. The lower PBT recorded is in tandem with the decrease in revenue, an increase in administrative expenses in current quarter and an unrealised foreign exchange loss on inter-company balances which have been recorded in preceding quarter.

B3. Prospects for the Financial Year Ending 30 June 2020

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

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

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Profit Before Taxation

Included in the profit before taxation are the following:-

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%
	RM'000	RM'000		RM'000	RM'000	
Depreciation	(91)	(87)	(4.6)	(261)	(264)	1.1
Interest income	513	474	8.2	1,357	1,585	(14.4)

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B6. Trade Receivables

Trade receivables are generally on 30 to 90 days terms.

Ageing analysis of trade receivables

The ageing analysis of trade receivables of the Group is as follows:-

	QUARTER ENDED		Changes
	31.03.2020	31.03.2019	%
	RM'000	RM'000	
Neither past due nor impaired	7,964	3,822	108.4
Past due, not impaired			
1 to 30 days	2,101	3,386	(38.0)
31 to 60 days	2,516	1,120	124.6
61 to 90 days	1,728	816	111.8
91 to 120 days	619	694	(10.8)
More than 120 days	290	914	(68.3)
	15,218	10,752	41.5

B7. Income Tax Expense

Taxation comprises :-

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%
	RM'000	RM'000		RM'000	RM'000	
Current taxation	(919)	(982)	6.4	(4,612)	(3,796)	(21.5)
Over provision for prior year	612	-	100.0	612	-	100.0
Deferred taxation	465	8	5,712.5	526	394	33.5
	158	(974)	116.2	(3,474)	(3,402)	(2.1)

The current tax charge for the financial period ended 31 March 2020 is higher than the statutory rate of tax applicable mainly due to the losses suffered by certain subsidiaries for which no group relief is available.

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B8. Status of Corporate Proposals

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

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

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

The Proposed Conversion is not expected to have any material effect on the net assets per share, gearing, share capital and substantial shareholders' direct and/or indirect shareholding of MUI Properties Berhad ("MUIP") for the financial year ending 30 June 2020.

None of the Directors and/or major shareholders and/or persons connected with them have any interest, either direct or indirect in the Proposed Conversion.

Other than the above, the Group has not announced any corporate proposals as at the date of this report.

B9. Earnings Per Share

(a) Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit for the financial year attributable to equity holders of the Company with the weighted average number of shares in issue during the financial period as follows:-

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.03.2020	31.03.2019	%	31.03.2020	31.03.2019	%
(Loss)/Profit for the financial period attributable to equity holders of the Company (RM'000)	(57)	1,068	(105.3)	3,912	6,681	(41.4)
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	-	740,915	740,915	-
(Loss)/Earnings per share (sen)	(0.01)	0.14	(105.3)	0.53	0.90	(41.4)

(b) Diluted earnings per share is not disclosed as there is no dilutive potential ordinary shares.

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B10. Group Borrowings

As at 31 March 2020, there were no group borrowings.

B11. Derivative Financial Instruments

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

B12. Fair Value Changes of Financial Liabilities

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

B13. Material Litigation

There is no material litigation as at the date of this report.

B14. Dividend

No dividend has been declared by the Board for the financial period ended 31 March 2020 (31 March 2019: Nil).

B15. Auditors' Report

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

BY ORDER OF THE BOARD
MUI PROPERTIES BERHAD

Lee Chik Siong
Alicia Tan Leng
Joint Company Secretaries

Date: 11 June 2020