

**MALAYAN UNITED INDUSTRIES BERHAD**

Company No: 3809-W  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
SECOND QUARTER ENDED 30 JUNE 2015**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

|   | SECOND QUARTER |            | CUMULATIVE 6 MONTHS |            |
|---|----------------|------------|---------------------|------------|
|   | 30.06.2015     | 30.06.2014 | 30.06.2015          | 30.06.2014 |
|   | RM'000         | RM'000     | RM'000              | RM'000     |
| Revenue   | 107,454        | 121,114    | 214,130             | 230,516    |
| Cost of sales   | (56,919)       | (60,329)   | (118,313)           | (127,653)  |
| Gross profit  | 50,535         | 60,785     | 95,817              | 102,863    |
| Other income  | 2,022          | 3,638      | 6,556               | 7,476      |
| Distribution costs  | (3,142)        | (2,544)    | (5,982)             | (5,305)    |
| Administrative expenses   | (23,456)       | (22,081)   | (43,365)            | (37,884)   |
| Other operating expenses  | (21,213)       | (28,597)   | (42,868)            | (49,441)   |
| Profit from operations  | 4,746          | 11,201     | 10,158              | 17,709     |
| Exceptional items (refer Note A4)   | 660            | 1,265      | (7,427)             | 3,326      |
| Finance cost  | (11,743)       | (12,267)   | (23,539)            | (24,307)   |
| Share of results of associates  | 7,132          | 6,636      | 11,458              | 10,213     |
| Profit/(Loss) before taxation   | 795            | 6,835      | (9,350)             | 6,941      |
| Tax expense   | (1,672)        | (3,724)    | (4,950)             | (5,417)    |
| (Loss)/Profit for the financial period                                    | (877)          | 3,111      | (14,300)            | 1,524      |
| (Loss)/Profit attributable to:-   |                |            |                     |            |
| Equity holders of the Company   | (1,957)        | 2,150      | (16,357)            | (767)      |
| Non-controlling interests   | 1,080          | 961        | 2,057               | 2,291      |
| (Loss)/Profit for the financial period                                    | (877)          | 3,111      | (14,300)            | 1,524      |
| (Loss)/Earnings per share attributable to equity holders of the Company:- | <b>Sen</b>     | <b>Sen</b> | <b>Sen</b>          | <b>Sen</b> |
| Basic   | (0.07)         | 0.07       | (0.56)              | (0.03)     |
| Fully diluted   | (0.07)         | 0.07       | (0.56)              | (0.03)     |

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

# MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W  
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## CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

|  | SECOND QUARTER |            | CUMULATIVE 6 MONTHS |            |
|--|----------------|------------|---------------------|------------|
|  | 30.06.2015     | 30.06.2014 | 30.06.2015          | 30.06.2014 |
|  | RM'000         | RM'000     | RM'000              | RM'000     |
| (Loss)/Profit for the financial period   | (877)          | 3,111      | (14,300)            | 1,524      |
| Other comprehensive income/(loss), net of tax:-                                  |                |            |                     |            |
| Items that may be reclassified subsequently to profit or loss                    |                |            |                     |            |
| Foreign currency translation differences for foreign subsidiaries                | 12,941         | (3,746)    | 36,879              | (12,887)   |
| Fair value of available-for-sale investments - Gain/(Loss) on fair value changes | 209            | 1,934      | (3,090)             | 1,893      |
| Other comprehensive income/(loss) for the financial period                       | 13,150         | (1,812)    | 33,789              | (10,994)   |
| Total comprehensive income/(loss) for the financial period                       | 12,273         | 1,299      | 19,489              | (9,470)    |
| Total comprehensive income/(loss) attributable to:-                              |                |            |                     |            |
| Equity holders of the Company  | 6,834          | (347)      | 13,794              | (10,714)   |
| Non-controlling interests  | 5,439          | 1,646      | 5,695               | 1,244      |
| Total comprehensive income/(loss) for the financial period                       | 12,273         | 1,299      | 19,489              | (9,470)    |

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

# MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W  
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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

|  | 30.06.2015  | 31.12.2014  |
|--|-------------|-------------|
|  | RM'000      | RM'000      |
|  |             | (Audited)   |
| <b>ASSETS</b>  |             |             |
| <b>Non-Current Assets</b>  |             |             |
| Property, plant and equipment                                      | 678,612     | 630,779     |
| Investment properties  | 86,178      | 54,098      |
| Investment in associates   | 442,045     | 405,594     |
| Other investments  | 9,649       | 12,718      |
| Land held for property development                                 | 35,263      | 35,263      |
| Goodwill on consolidation  | 184,835     | 181,340     |
| Deferred tax assets  | 2,268       | 2,263       |
|  | 1,438,850   | 1,322,055   |
| <b>Current Assets</b>  |             |             |
| Property development costs   | 84,024      | 82,071      |
| Inventories  | 75,590      | 89,126      |
| Trade and other receivables  | 155,011     | 172,660     |
| Other investments  | 347         | 343         |
| Current tax assets   | 12,720      | 12,568      |
| Deposits, bank balances and cash                                   | 352,563     | 300,001     |
|  | 680,255     | 656,769     |
| Assets classified as held for sale                                 | 89,019      | 89,672      |
|  | 769,274     | 746,441     |
| <b>TOTAL ASSETS</b>  | 2,208,124   | 2,068,496   |
| <b>EQUITY AND LIABILITIES</b>                                      |             |             |
| <b>Equity Attributable To Equity Holders Of The Company</b>        |             |             |
| Share capital  | 2,932,561   | 2,932,561   |
| Reserves   | (2,138,168) | (2,151,962) |
|  | 794,393     | 780,599     |
| <b>Non-Controlling Interests</b>                                   | 238,980     | 233,285     |
| <b>Total Equity</b>  | 1,033,373   | 1,013,884   |
| <b>Non-Current Liabilities</b>                                     | 827,099     | 675,544     |
| <b>Current Liabilities</b>   |             |             |
| Trade and other payables   | 138,460     | 133,811     |
| Borrowings   | 180,295     | 216,588     |
| Current tax liabilities  | 2,668       | 1,903       |
|  | 321,423     | 352,302     |
| Liabilities classified as held for sale                            | 26,229      | 26,766      |
| <b>Total Liabilities</b>   | 1,174,751   | 1,054,612   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                | 2,208,124   | 2,068,496   |
|  | <b>RM</b>   | <b>RM</b>   |
| Net assets per share attributable to equity holders of the Company | 0.27        | 0.27        |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**MALAYAN UNITED INDUSTRIES BERHAD**

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

|   | Attributable to Equity Holders of the Company |               |               |             | Total    | Non-        | Total     |
|---|---|---------------|---------------|-------------|----------|-------------|-----------|
|   | Share   | Non-          | Distributable | Accumulated |          | Controlling |           |
| CUMULATIVE 6 MONTHS                       | Capital                                       | Distributable | Distributable | Losses      | Total    | Interests   |           |
|   | RM'000  | Reserves      | Reserves      | RM'000      | RM'000   | RM'000      | RM'000    |
| At 1 January 2015                         | 2,932,561                                     | 343,397       | 25,257        | (2,520,616) | 780,599  | 233,285     | 1,013,884 |
| (Loss)/Profit for the financial period    | -   | -             | -             | (16,357)    | (16,357) | 2,057       | (14,300)  |
| Fair value loss on available-             |   |               |               |             |          |             |           |
| for-sale financial assets, net of tax     | -   | (2,685)       | -             | -           | (2,685)  | (405)       | (3,090)   |
| Foreign currency translations, net of tax | -   | 32,836        | -             | -           | 32,836   | 4,043       | 36,879    |
| Total comprehensive income/(loss)         | -   | 30,151        | -             | (16,357)    | 13,794   | 5,695       | 19,489    |
| At 30 June 2015                           | 2,932,561                                     | 373,548       | 25,257        | (2,536,973) | 794,393  | 238,980     | 1,033,373 |
| At 1 January 2014                         | 2,932,561                                     | 312,687       | 25,257        | (2,492,242) | 778,263  | 248,257     | 1,026,520 |
| (Loss)/Profit for the financial year      | -   | -             | -             | (767)       | (767)    | 2,291       | 1,524     |
| Fair value gain on available-for-sale     |   |               |               |             |          |             |           |
| financial assets, net of tax              | -   | 1,514         | -             | -           | 1,514    | 379         | 1,893     |
| Foreign currency translations, net of tax | -   | (11,461)      | -             | -           | (11,461) | (1,426)     | (12,887)  |
| Total comprehensive (loss)/income         | -   | (9,947)       | -             | (767)       | (10,714) | 1,244       | (9,470)   |
| Transaction with owners:-                 |   |               |               |             |          |             |           |
| Acquisition of additional interests in    |   |               |               |             |          |             |           |
| subsidiaries                              | -   | -             | -             | (5,599)     | (5,599)  | (7,757)     | (13,356)  |
|   | -   | -             | -             | (5,599)     | (5,599)  | (7,757)     | (13,356)  |
| At 30 June 2014                           | 2,932,561                                     | 302,740       | 25,257        | (2,498,608) | 761,950  | 241,744     | 1,003,694 |

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 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 30 JUNE 2015

|   | CUMULATIVE 6 MONTHS  |                      |
|---|----------------------|----------------------|
|   | 30.06.2015<br>RM'000 | 30.06.2014<br>RM'000 |
| <b>Cash Flows From Operating Activities</b>                               |                      |                      |
| (Loss)/Profit before taxation   | (9,350)              | 6,941                |
| Net adjustments   | 25,712               | 19,508               |
|   | <hr/>                | <hr/>                |
| Operating profit before working capital changes                           | 16,362               | 26,449               |
| Net change in working capital   | 23,662               | (2,410)              |
|   | <hr/>                | <hr/>                |
| Cash generated from operations  | 40,024               | 24,039               |
| Employee benefits paid  | (181)                | (23)                 |
| Interest paid   | (311)                | (441)                |
| Interest received   | 295                  | 497                  |
| Net tax paid  | (4,494)              | (8,888)              |
|   | <hr/>                | <hr/>                |
| Net cash generated from operating activities                              | 35,333               | 15,184               |
| <b>Cash Flows From Investing Activities</b>                               |                      |                      |
| Dividend received   | -                    | 27,860               |
| Interest received   | 3,120                | 4,574                |
| Proceeds from disposal of property, plant and equipment                   | 16                   | 6                    |
| Proceeds from disposal of other investments                               | -                    | 219                  |
| Purchase of additional interests in subsidiaries                          | (26,298)             | (13,355)             |
| Purchase of property, plant and equipment                                 | (14,786)             | (13,343)             |
| Placements of fixed deposits pledged with licensed financial institutions | (19,467)             | 9                    |
|   | <hr/>                | <hr/>                |
| Net cash generated (used in)/from investing activities                    | (57,415)             | 5,970                |
| <b>Cash Flows From Financing Activities</b>                               |                      |                      |
| Interest paid   | (23,228)             | (23,867)             |
| Net drawdowns / (repayments) of bank borrowings                           | 71,717               | (75,880)             |
|   | <hr/>                | <hr/>                |
| Net cash from/(used in) financing activities                              | 48,489               | (99,747)             |
|   | <hr/>                | <hr/>                |
| Effects of exchange rate changes  | (5,011)              | 316                  |
|   | <hr/>                | <hr/>                |
| Net increase/(decrease) in cash and cash equivalents                      | 21,396               | (78,277)             |
|   | <hr/>                | <hr/>                |
| <b>Cash and cash equivalents at 1 January</b>                             |                      |                      |
| As previously reported  | 262,313              | 344,014              |
| Effects of exchange rate changes on cash and cash equivalents             | 4,959                | (3,170)              |
|   | <hr/>                | <hr/>                |
| As restated   | 267,272              | 340,844              |
|   | <hr/>                | <hr/>                |
| Cash and cash equivalents at 30 June                                      | 288,668              | 262,567              |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

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## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1 Basis of preparation

The interim financial statements, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to FRS 139 Financial Instrument : Recognition and Measurement.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the adoption of the following Amendments to Financial Reporting Standards ("FRSs") and Annual improvements to Financial Reporting Standards which are applicable for the Group's financial period beginning 1 January 2015:-

Amendments to FRS 119 *Employees Benefits - Defined Benefits Plans : Employee Contributions*  
Annual Improvements to FRSs 2010 - 2012 Cycle  
Annual Improvements to FRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

### Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issues a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the MASB further deferred the effective date of the adoption of the following MFRSs Framework by Transitioning Entities from 1 January 2013 to the following dates :

| MFRS  | Annual periods beginning on or after: |
|---|---------------------------------------|
| MFRS 15 <i>Revenue from Contracts with Customers</i>                    | 1 January 2017                        |
| <i>Agriculture: Bearer Plants</i> (Amendments to MFRS 116 and MFRS 141) | 1 January 2016                        |

MUI Properties Berhad, a subsidiary of the Company falls within the scope of definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. As a result, the Group also temporarily deferred the adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2014 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirement of the MFRS Framework for the financial year ending 31 December 2017.

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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:-

- The retailing operations in United Kingdom normally record better sales in the fourth quarter of the financial year due to the Christmas season. Similarly, the retailing operations in Malaysia have seasonal peaks in tandem with the various festive seasons and during sales promotions;
- The hotel operations in United Kingdom normally will experience low trading after Christmas, New Year and Easter due to the after effects of the holiday seasons. Additionally, winter periods will also experience a decline in trading; and
- The food and confectionery operations in Malaysia, Singapore and Hong Kong normally record better sales during the various festive seasons.

## 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 current financial period.

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

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the financial period ended 30 June 2015 other than the exceptional items as follows:-

| Exceptional items  | SECOND QUARTER |              | CUMULATIVE 6 MONTHS |              |
|--|----------------|--------------|---------------------|--------------|
|  | 30.06.2015     | 30.06.2014   | 30.06.2015          | 30.06.2014   |
|  | RM'000         | RM'000       | RM'000              | RM'000       |
| Gain on disposal of other investments (non-current)                | -              | 24           | -                   | 24           |
| Reversal of Impairment/(Impairment) on receivables                 | 85             | (1,480)      | 9                   | (1,387)      |
| Reversal of impairment/(Impairment) on property, plant & equipment | -              | 900          | (315)               | 900          |
| Gain/(loss) on foreign exchange                                    | 575            | 1,821        | (7,121)             | 3,789        |
|  | <u>660</u>     | <u>1,265</u> | <u>(7,427)</u>      | <u>3,326</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 30 June 2015.

## A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 30 June 2015 (30 June 2014 : Nil).

## A7 Operating Segments

The analysis of the Group's operations for the financial period ended 30 June 2015 is as follows:-

### (a) Revenue

|                       | External<br>Customers<br>RM'000 | Inter-<br>segment<br>RM'000 | Total<br>Revenue<br>RM'000 | Share of<br>Associates'<br>Revenue<br>RM'000 | Net<br>Revenue<br>RM'000 |
|-----------------------|---------------------------------|-----------------------------|----------------------------|--|--------------------------|
| Retailing             | 314,657                         | -                           | 314,657                    | (240,855)                                    | 73,802                   |
| Hotels                | 90,710                          | -                           | 90,710                     | -  | 90,710                   |
| Foods & Confectionery | 31,797                          | -                           | 31,797                     | -  | 31,797                   |
| Financial Services    | 5,080                           | -                           | 5,080                      | (5,080)                                      | -                        |
| Property              | 17,857                          | (36)                        | 17,821                     | -  | 17,821                   |
| Others                | 15,058                          | (9,359)                     | 5,699                      | (5,699)                                      | -                        |
| Total                 | <u>475,159</u>                  | <u>(9,395)</u>              | <u>465,764</u>             | <u>(251,634)</u>                             | <u>214,130</u>           |

### (b) Results

|                       | (Loss)/<br>Profit from<br>Operations<br>RM'000 | Exceptional<br>Items<br>RM'000 | Finance<br>Costs<br>RM'000 | Share of<br>Associates'<br>Results<br>RM'000 | Profit/(Loss)<br>Before<br>Taxation<br>RM'000 |
|-----------------------|--|--------------------------------|----------------------------|--|---|
| Retailing             | (3,290)  | 11                             | -                          | 10,214                                       | 6,935   |
| Hotels                | 12,928   | 9                              | (661)                      | -  | 12,276  |
| Foods & Confectionery | 132  | (519)                          | (16)                       | -  | (403)   |
| Financial Services    | -  | -                              | -                          | 244  | 244   |
| Property              | 4,361  | -                              | (1,295)                    | -  | 3,066   |
| Others                | (3,973)  | (6,928)                        | (21,567)                   | 1,000  | (31,468)                                      |
| Total                 | <u>10,158</u>                                  | <u>(7,427)</u>                 | <u>(23,539)</u>            | <u>11,458</u>                                | <u>(9,350)</u>                                |

# MALAYAN UNITED INDUSTRIES BERHAD

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## (c) Assets

|   | Segment<br>Assets<br>RM'000 | Investment<br>In<br>Associates<br>RM'000 | Total<br>RM'000  |
|---|-----------------------------|--|------------------|
| Retailing                                   | 299,573                     | 201,721                                  | 501,294          |
| Hotels                                      | 713,686                     | -  | 713,686          |
| Foods & Confectionery                       | 187,841                     | -  | 187,841          |
| Financial Services                          | -                           | -  | -                |
| Property                                    | 267,326                     | -  | 267,326          |
| Others                                      | 193,930                     | 240,324                                  | 434,254          |
|   | <u>1,662,356</u>            | <u>442,045</u>                           | <u>2,104,401</u> |
| <b>Assets classified as held for sale:-</b> |                             |  |                  |
| Hotels                                      | 27,958                      | -  | 27,958           |
| Others                                      | 60,481                      | 289                                      | 60,770           |
|   | <u>88,439</u>               | <u>289</u>                               | <u>88,728</u>    |
|   | <u>1,750,795</u>            | <u>442,334</u>                           | <u>2,193,129</u> |
| <b>Unallocated Corporate Assets:-</b>       |                             |  |                  |
| Others                                      |                             |  | 14,988           |
| Assets classified as held for sale          |                             |  | 7                |
| <b>Total Assets</b>                         |                             |  | <u>2,208,124</u> |

\* Includes estimated results of an associate

### A8 Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the end of the financial period ended 30 June 2015 that have not been reflected in the financial statements for the said period as at the date of this report.

### A9 Changes in the Composition of the Group

On 30 June 2014, Corus Hotels Sdn Bhd, a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "Company"), had entered into a shares sale agreement with Pan Malaysian Industries Berhad to acquire 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Two Holdings Sdn Bhd ("THSB") for a purchase consideration of RM26.3 million ("Proposed Acquisition"). The Proposed Acquisition was completed on 6 February 2015.

The fair value of identifiable assets and identifiable liabilities and cashflow arising from the acquisition of THSB are as follows:-

|  | At the date of acquisition<br>RM'000 |
|--|--------------------------------------|
| Investment property  | 32,000                               |
| Cash and cash equivalent   | 2                                    |
| Trade and other payables   | (8,827)                              |
| Deferred tax liability   | (370)                                |
| Group's share of net assets  | <u>22,805</u>                        |
| Goodwill arising on acquisition                                    | <u>3,495</u>                         |
| Total purchase consideration satisfied by cash and cash equivalent | 26,300                               |
| Less : Cash and cash equivalent of THSB                            | <u>(2)</u>                           |
| Cash outflow on acquisition  | <u>26,298</u>                        |

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 June 2015.

### A10 Contingent Liabilities

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

### A11 Capital Commitments

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



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## A12 Assets and Liabilities Classified as Disposal Group held For Sale

Pan Malaysia Holdings Berhad ("PMH") was informed by RHB Investment Bank Berhad on behalf of Dato' Dr Yu Kuan Chon that Dato' Dr Yu Kuan Chon had on 12 December 2014 entered into a Share Sale Agreement to acquire 642,700,783 PMH Shares from the Group for a total cash consideration of RM77,124,094 ("Proposed Disposal"). Upon completion of the Proposed Disposal, the aggregate interests of Dato' Yu Kuan Chon and the persons acting in-concert with him will increase from 49,506,900 PMH Shares, representing approximately 5.330%, to 692,207,683 PMH Shares, representing approximately 74.522% of the issued and paid-up share capital of PMH.

On 11 May 2015, the Securities Commission Malaysia ("SC") had vide its letter dated 7 May 2015 addressed to PM Securities Sdn Bhd ("PM Securities"), rejected PM Securities' application for change of controlling shareholder. On 20 May 2015, PM Securities had given a notice to the SC of its intention to appeal against the SC's decision in rejecting PM Securities' application for change of controlling shareholders. PM Securities is awaiting the outcome of its appeal to SC. In the meantime, the cut-off date to fulfill the condition precedent in the Share Sale Agreement has been mutually extended on a monthly basis until 11 September 2015.

At the end of the current reporting period, the assets and liabilities of PMH have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale".

The assets and liabilities of PMH, measured at the lower of their carrying amount and fair value less cost to sell, are as follows:-

|   | 30.06.2015    | 31.12.2014    |
|---|---------------|---------------|
|   | RM'000        | RM'000        |
| <b>Assets</b>                           |               |               |
| Property, plant and equipment           | 31,623        | 32,055        |
| Investment in associates                | 289           | 105           |
| Other investment                        | 872           | 872           |
| Inventories                             | 159           | 148           |
| Trade and other receivables             | 52,782        | 51,911        |
| Current tax assets                      | 7             | 8             |
| Deposits, bank balances and cash        | 3,287         | 4,573         |
| Assets classified as held for sale      | <u>89,019</u> | <u>89,672</u> |
| <b>Liabilities</b>                      |               |               |
| Borrowings                              | 19,223        | 19,646        |
| Deferred tax liabilities                | 1,878         | 1,878         |
| Trade and other payables                | 4,976         | 5,085         |
| Employee benefits                       | 144           | 144           |
| Current tax liabilities                 | 8             | 13            |
| Liabilities classified as held for sale | <u>26,229</u> | <u>26,766</u> |

## MALAYAN UNITED INDUSTRIES BERHAD

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### B. NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

#### B1 Review of Performance of the Company and its Principal Subsidiaries

|   | SECOND QUARTER |            | CUMULATIVE 6 MONTHS |            |
|---|----------------|------------|---------------------|------------|
|   | 30.06.2015     | 30.06.2014 | 30.06.2015          | 30.06.2014 |
|   | RM'000         | RM'000     | RM'000              | RM'000     |
| <b>Revenue</b>                                |                |            |                     |            |
| Retailing                                     | 29,567         | 49,632     | 73,802              | 96,146     |
| Hotels  | 51,982         | 49,775     | 90,710              | 85,168     |
| Foods & Confectionery                         | 16,216         | 13,477     | 31,797              | 29,996     |
| Property                                      | 9,689          | 8,230      | 17,821              | 19,204     |
| Others  | -              | -          | -                   | 2          |
|   | 107,454        | 121,114    | 214,130             | 230,516    |
| <b>Profit/(Loss) before tax ("PBT / LBT")</b> |                |            |                     |            |
| Retailing                                     | 949            | 4,879      | 6,935               | 9,625      |
| Hotels  | 10,289         | 11,653     | 12,276              | 13,926     |
| Foods & Confectionery                         | 327            | (189)      | (403)               | 802        |
| Financial Services                            | 244            | 214        | 244                 | -          |
| Property                                      | 954            | 3,223      | 3,066               | 6,139      |
| Others  | (11,968)       | (12,945)   | (31,468)            | (23,551)   |
|   | 795            | 6,835      | (9,350)             | 6,941      |

#### **Second Quarter ended 30 June 2015 vs. Second Quarter ended 30 June 2014**

For the current quarter, the Group recorded lower revenue of RM107.5 million and PBT of RM0.8 million compared with revenue of RM121.1 million and PBT of RM6.8 million for the previous year corresponding quarter. The lower revenue in the current quarter was mainly attributed to lower revenue from retailing division. The lower PBT in the current quarter was mainly from retailing, hotels and property division.

For the retailing division in Malaysia, Metrojaya Berhad ("Metrojaya") recorded lower revenue and higher LBT in the current quarter compared with the previous year corresponding quarter. The higher LBT was mainly attributed to the decrease in revenue by departmental stores and specialty stores. The uncertainty of the domestic economy and the Goods and Services Tax ("GST") implemented on 1 April 2015 have contributed to the decrease in revenue as consumers are more cautious with their spending.

The Group's hotel operations in Malaysia recorded decrease in revenue and PBT for the current quarter compared with the previous year corresponding quarter. The decrease in revenue and PBT was mainly due to lower hotel occupancy rate in the current quarter. In the UK, the Group's hotel operations recorded higher revenue in the current quarter compared with the previous year corresponding quarter. This was mainly attributed to the higher hotel occupancy rate.

The Group's universal stockbroking business under the financial services division recorded PBT in the current financial quarter compared with LBT for the previous year corresponding quarter. LBT in previous year corresponding quarter was mainly attributed to the impairment of receivables.

The Group's foods & confectionery division recorded higher revenue and PBT for the current quarter compared with lower revenue and LBT for the previous year corresponding quarter. This was mainly attributed to higher export sales.

The Group's property division recorded higher revenue but lower PBT in the current quarter compared with the previous year corresponding quarter. The increase in revenue was mainly attributed to higher revenue recognition based on higher construction progress. The higher gross profit in the previous year corresponding quarter was due to lower property development costs recognized.

The LBT for the Group's others division was mainly attributed to administrative expenses and finance cost incurred by the Group's investment holding subsidiaries.

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## Cumulative 6 months ended 30 June 2015 vs. Cumulative 6 months ended 30 June 2014

For the current financial period, the Group recorded revenue of RM214.1 million and loss before tax ("LBT") of RM9.4 million compared with revenue of RM230.5 million and profit before tax ("PBT") of RM6.9 million for the previous year corresponding financial period. The lower revenue in the current financial period was mainly attributed to lower revenue from retailing and property division. LBT in the current financial period was mainly attributed to lower revenue and loss from foreign exchange recorded by the Group.

In the UK retailing division, Laura Ashley Holdings plc ("Laura Ashley") reported that like-for-like sales growth of 3% for the first two months of its current financial year. For the retailing division in Malaysia, Metrojaya Berhad ("Metrojaya") recorded lower revenue and incurred LBT in the current financial period compared with the previous year corresponding financial period. The lower revenue and LBT was mainly attributed to the decrease in revenue by departmental stores and specialty stores. The uncertainty of the domestic economy and the Goods and Services Tax ("GST") implemented on 1 April 2015 have contributed to the decrease in revenue as consumers are more cautious with their spending.

The Group's hotel operations in Malaysia recorded a decrease in revenue and PBT for the current financial period compared with the previous year corresponding financial period. The decrease in revenue and PBT was mainly due to lower hotel occupancy rate in the current financial period. In the UK, the Group's hotel operations recorded higher revenue and PBT in the current financial period compared with the previous year corresponding financial period. The higher revenue and PBT in the current financial period was mainly attributed to the higher hotel occupancy rate.

The Group's universal stockbroking business under the financial services division recorded PBT in the current financial period compared with LBT for the previous year corresponding financial period. LBT in previous year corresponding financial period was mainly attributed to the impairment of receivables.

The Group's foods & confectionery division recorded higher revenue for the current financial period compared with the previous year corresponding financial period, this was mainly attributed to higher export sales. Despite higher revenue in the current financial period, the Group's foods & confectionery division recorded LBT for the current financial period which is mainly attributed to higher operating expenses.

The Group's property division recorded lower revenue and PBT in the current financial period compared with the previous year corresponding financial period. The decrease in revenue was attributed to lower contribution by property development projects. PBT decreased in tandem with the decrease in revenue.

The LBT for the Group's others division was mainly attributed to administrative expenses and finance cost incurred by the Group's investment holding subsidiaries. The higher LBT in the current financial period was mainly attributed to loss from foreign exchange recorded by the Group's investment holding subsidiaries.

## **B2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

For the current quarter, the Group recorded revenue of RM107.4 million and PBT of RM0.8 million compared with a revenue of RM106.7 million and LBT of RM10.1 million in the preceding quarter. The PBT recorded in the current quarter was mainly attributed to the higher share of profit from associates and gain on foreign exchange.

## **B3 Prospects for the year 2015**

In view of the uncertainties of the domestic and global economies and the effects of GST implementation in April 2015, the Group is cautious on the outlook of its various businesses. The Group will continue to assess potential investment opportunities to enhance its shareholders value.

## **B4 Variance of Actual Profit from Forecast Profit**

Not applicable.

## **B5 (Loss)/Profit before tax**

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

|   | SECOND QUARTER |            | CUMULATIVE 6 MONTHS |            |
|---|----------------|------------|---------------------|------------|
|   | 30.06.2015     | 30.06.2014 | 30.06.2015          | 30.06.2014 |
|   | RM'000         | RM'000     | RM'000              | RM'000     |
| Depreciation                                      | (4,892)        | (5,509)    | (9,873)             | (11,025)   |
| Fair value gain/(loss) on investments (current)   | 1              | (731)      | (22)                | (731)      |
| Gain on disposal of property, plant and equipment | 5              | 6          | 16                  | 6          |
| Loss on disposal of other investments (current)   | -              | -          | -                   | (15)       |
| Interest income                                   | 1,719          | 2,510      | 3,415               | 5,071      |
| Inventories written down                          | 272            | (527)      | (64)                | (946)      |
| Inventories written off                           | (149)          | -          | (368)               | -          |
| Property, plant and equipment written off         | (35)           | -          | (70)                | (243)      |

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### B6 Tax Expense

Tax expense comprises of:-

|  | SECOND QUARTER |            | CUMULATIVE 6 MONTHS |            |
|--|----------------|------------|---------------------|------------|
|  | 30.06.2015     | 30.06.2014 | 30.06.2015          | 30.06.2014 |
|  | RM'000         | RM'000     | RM'000              | RM'000     |
| Current tax expense - Malaysia                   | 1,381          | 2,776      | 4,496               | 6,604      |
| - Foreign  | 517            | 766        | 544                 | 801        |
| Deferred tax                                     | -              | -          | -                   | (1,284)    |
|  | 1,898          | 3,542      | 5,040               | 6,121      |
| (Over)/Under provision in respect of prior years | (226)          | 182        | (90)                | (704)      |
|  | 1,672          | 3,724      | 4,950               | 5,417      |

The tax provision of the Group for the financial period ended 30 June 2015 was higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses were available.

### B7 Status of Corporate Proposals

- (a) On 30 June 2014, Corus Hotels Sdn Bhd, a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI" or "Company"), had entered into a shares sale agreement with Pan Malaysian Industries Berhad to acquire 385,000 ordinary shares of RM1.00 each representing the entire issued and paid up share capital of Two Holdings Sdn Bhd for a purchase consideration of RM26.3 million ("Proposed Acquisition"). The Proposed Acquisition was completed on 6 February 2015.
- (b) Pan Malaysia Holdings Berhad ("PMH") was informed by RHB Investment Bank Berhad on behalf of Dato' Dr Yu Kuan Chon that Dato' Dr Yu Kuan Chon had on 12 December 2014 entered into a Share Sale Agreement to acquire 642,700,783 PMH Shares from the Group for a total cash consideration of RM77,124,094 ("Proposed Disposal"). Upon completion of the Proposed Disposal, the aggregate interests of Dato' Yu Kuan Chon and the persons acting in-concert with him will increase from 49,506,900 PMH Shares, representing approximately 5.330%, to 692,207,683 PMH Shares, representing approximately 74.522% of the issued and paid-up share capital of PMH.

On 11 May 2015, the Securities Commission Malaysia ("SC") had vide its letter dated 7 May 2015 addressed to PM Securities Sdn Bhd ("PM Securities"), rejected PM Securities' application for change of controlling shareholder. On 20 May 2015, PM Securities had given a notice to the SC of its intention to appeal against the SC's decision in rejecting PM Securities' application for change of controlling shareholders. PM Securities is awaiting the outcome of its appeal to SC. In the meantime, the cut-off date to fulfill the condition precedent in the Share Sale Agreement has been mutually extended on a monthly basis until 11 September 2015.

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

### B8 Group Borrowings

- (a) Total Group borrowings as at 30 June 2015 were as follows:-

|                                   | RM'000   |
|-----------------------------------|----------|
| <i>Long Term Borrowings</i>       |          |
| - Secured                         | 762,678  |
| - Unsecured                       | 69,220   |
|                                   | 831,898  |
| Less: Classified as held for sale | (18,797) |
|                                   | 813,101  |
| <i>Short Term Borrowings</i>      |          |
| - Secured                         | 76,822   |
| - Unsecured                       | 103,899  |
|                                   | 180,721  |
| Less: Classified as held for sale | (426)    |
|                                   | 180,295  |

- (b) Foreign borrowings in Ringgit equivalent as at 30 June 2015 included in (a) above were as follows:-

| Currency       | RM'000  |
|----------------|---------|
| Sterling Pound | 535,681 |
|                | 535,681 |

The foreign borrowings above were taken by the foreign subsidiaries of the Group.

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## B9 Derivative Financial Instruments

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

## B10 Fair Value Changes of Financial Liabilities

As at 30 June 2015, the Group did not have any financial liabilities measured at fair value through profit or loss.

## B11 Realised and Unrealised Losses

The accumulated losses of the Group were as follows:-

|   | At 30.06.2015<br>RM'000 | At 31.12.2014<br>RM'000<br>(Audited) |
|---|-------------------------|--------------------------------------|
| Total accumulated losses of the Group:-             |                         |                                      |
| - Realised losses                                   | (6,948,262)             | (6,958,019)                          |
| - Unrealised gains                                  | 4,557                   | 23,945                               |
|   | <u>(6,943,705)</u>      | <u>(6,934,074)</u>                   |
| Total share of accumulated losses from associates:- |                         |                                      |
| - Realised losses                                   | (54,565)                | (54,749)                             |
| - Unrealised gains                                  | 785                     | 785                                  |
|   | <u>(6,997,485)</u>      | <u>(6,988,038)</u>                   |
| Consolidation adjustments                           | 4,460,512               | 4,467,422                            |
| Total accumulated losses                            | <u>(2,536,973)</u>      | <u>(2,520,616)</u>                   |

## B12 Material Litigation

There was no material litigation involving the Group as at the date of this report.

## B13 Dividend

No dividend has been declared by the Board for the financial period ended 30 June 2015 (30 June 2014: Nil).

## B14 Basic (Loss)/Earnings Per Share

|  | SECOND QUARTER |             | CUMULATIVE 6 MONTHS |               |
|--|----------------|-------------|---------------------|---------------|
|  | 30.06.2015     | 30.06.2014  | 30.06.2015          | 30.06.2014    |
| Weighted average number of ordinary shares in issue ('000)   | 2,932,561      | 2,932,561   | 2,932,561           | 2,932,561     |
| (Loss)/Profit for the financial period/year attributable to equity holders of the Company (RM'000) | (1,957)        | 2,150       | (16,357)            | (767)         |
| Basic (loss)/earnings per share (sen)  | <u>(0.07)</u>  | <u>0.07</u> | <u>(0.56)</u>       | <u>(0.03)</u> |
| Diluted (loss)/earnings per share (sen)  | <u>(0.07)</u>  | <u>0.07</u> | <u>(0.56)</u>       | <u>(0.03)</u> |

Diluted (loss)/earnings per ordinary share is the same as basic (loss)/earnings per ordinary share as there were no dilutive potential ordinary shares.

## B15 Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

On behalf of the Board  
MALAYAN UNITED INDUSTRIES BERHAD

Soo-Hoo Siew Hoon  
Lee Chik Siong  
Joint Company Secretaries

Date: 20 August 2015