

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT QUARTER ENDED 30 JUNE 2016

(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016
			RM'000
Revenue	103,111	107,454	685,936
Cost of sales	(62,505)	(56,919)	(403,977)
Gross profit	40,606	50,535	281,959
Other income	7,312	2,022	24,602
Distribution costs	(3,739)	(3,142)	(20,025)
Administrative expenses	(35,886)	(23,456)	(145,696)
Other operating expenses	(17,444)	(21,213)	(126,403)
(Loss)/Profit from operations	(9,151)	4,746	14,437
Exceptional items (refer Note A5)	(68,936)	660	(81,388)
Finance cost	(13,460)	(11,743)	(76,137)
Share of results of associates	(653)	7,132	38,900
(Loss)/Profit before taxation	(92,200)	795	(104,188)
Tax expense	(1,219)	(1,672)	(14,267)
Loss for the financial period	(93,419)	(877)	(118,455)
(Loss)/Profit attributable to:-			
Equity holders of the Company	(100,753)	(1,957)	(132,534)
Non-controlling interests	7,334	1,080	14,079
Loss for the financial period	(93,419)	(877)	(118,455)
Loss per share attributable to equity holders of the Company:-	Sen	Sen	Sen
Basic / Diluted	(3.44)	(0.07)	(4.52)

Note :

There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

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 2016

	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016
			RM'000
Loss for the financial period	(93,419)	(877)	(118,455)
Other comprehensive (loss)/income, net of tax:-			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign subsidiaries	9,649	12,941	61,646
Fair value of available-for-sale investments - Gain/(Loss) on fair value changes	870	209	(2,015)
Realisation of capital reserves on winding up of a subsidiary	300	-	300
Other comprehensive income for the financial period	10,819	13,150	59,931
Total comprehensive (loss)/income for the financial period	(82,600)	12,273	(58,524)
Total comprehensive (loss)/income attributable to:-			
Equity holders of the Company	(88,287)	6,834	(72,470)
Non-controlling interests	5,687	5,439	13,946
Total comprehensive (loss)/income for the financial period	(82,600)	12,273	(58,524)

Note :

There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	30.06.2016	31.12.2014
	RM'000	RM'000 (Restated)
ASSETS		
Non-Current Assets		
Property, plant and equipment	634,875	630,779
Investment properties	97,507	61,035
Investment in associates	434,962	405,594
Other investments	9,375	12,718
Land held for property development	35,263	35,263
Goodwill on consolidation	102,770	181,340
Deferred tax assets	2,234	2,263
	1,316,986	1,328,992
Current Assets		
Property development costs	86,453	82,071
Inventories	66,811	89,126
Trade and other receivables	159,569	172,661
Other investments	45	343
Current tax assets	15,494	12,568
Deposits, bank balances and cash	315,868	300,001
	644,240	656,770
Assets classified as disposal group held for sale	85,846	89,672
	730,086	746,442
TOTAL ASSETS	2,047,072	2,075,434
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	2,932,561	2,932,561
Reserves	(2,220,333)	(2,147,863)
	712,228	784,698
Non-Controlling Interests	225,173	235,455
Total Equity	937,401	1,020,153
Non-Current Liabilities	775,008	676,213
Current Liabilities		
Trade and other payables	140,897	133,811
Borrowings	166,775	216,588
Current tax liabilities	2,887	1,903
	310,559	352,302
Liabilities classified as disposal group held for sale	24,104	26,766
Total Liabilities	1,109,671	1,055,281
TOTAL EQUITY AND LIABILITIES	2,047,072	2,075,434
	RM	RM
Net assets per share attributable to equity holders of the Company	0.24	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 2016**

	Attributable to Equity Holders of the Company				Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- Distributable Reserves RM'000	Distributable Reserves RM'000	Accumulated Losses RM'000			
CUMULATIVE 18 MONTHS							
At 1 January 2015	2,932,561	343,397	25,257	(2,516,517)	784,698	235,455	1,020,153
(Loss)/Profit for the financial period	-	-	-	(132,534)	(132,534)	14,079	(118,455)
Fair value loss on available- for-sale financial assets, net of tax	-	(1,667)	-	-	(1,667)	(348)	(2,015)
Foreign currency translations, net of tax	-	61,431	-	-	61,431	215	61,646
Movement of foreign exchange reserves on change of presentation currency of a subsidiary	-	12,359	-	(12,359)	-	-	-
Reserve realised on winding up of a subsidiary	-	300	-	-	300	-	300
Total comprehensive income/(loss)	-	72,423	-	(144,893)	(72,470)	13,946	(58,524)
Transaction with owners:-							
Dividend paid to non-controlling shareholders	-	-	-	-	-	(4,614)	(4,614)
Capital distributed to non-controlling shareholders	-	-	-	-	-	(19,614)	(19,614)
	-	-	-	-	-	(24,228)	(24,228)
At 30 June 2016	2,932,561	415,820	25,257	(2,661,410)	712,228	225,173	937,401
CUMULATIVE 12 MONTHS							
At 1 January 2014							
- As previously reported	2,932,561	312,687	25,257	(2,492,832)	777,673	247,905	1,025,578
- Prior year adjustment	-	-	-	4,099	4,099	2,170	6,269
- As Restated	2,932,561	312,687	25,257	(2,488,733)	781,772	250,075	1,031,847
Loss for the financial year	-	-	-	(1,725)	(1,725)	(1,583)	(3,308)
Fair value gain on available-for-sale financial assets, net of tax	-	4,727	-	-	4,727	1,163	5,890
Foreign currency translations, net of tax	-	23,442	-	-	23,442	(708)	22,734
Share of other comprehensive loss of associates, net of tax	-	2,541	-	(20,460)	(17,919)	-	(17,919)
Total comprehensive income/(loss)	-	30,710	-	(22,185)	8,525	(1,128)	7,397
Transaction with owners:-							
Acquisition of additional interests in subsidiaries	-	-	-	(5,599)	(5,599)	(7,757)	(13,356)
Dividend paid to non-controlling shareholders	-	-	-	-	-	(5,735)	(5,735)
	-	-	-	(5,599)	(5,599)	(13,492)	(19,091)
At 31 December 2014	2,932,561	343,397	25,257	(2,516,517)	784,698	235,455	1,020,153

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 STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	CUMULATIVE 18 MONTHS 30.06.2016 RM'000
Cash Flows From Operating Activities	
Loss before taxation	(104,188)
Net adjustments	146,687
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Operating profit before working capital changes	42,499
Net change in working capital	26,697
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Cash generated from operations	69,196
Employee benefits paid	(230)
Interest paid	(502)
Interest received	9,363
Net tax paid	(16,521)
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Net cash generated from operating activities	61,306
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Cash Flows From Investing Activities	
Dividend received	31,139
Interest received	8,294
Proceeds from disposal of property, plant and equipment	28
Proceeds from redemption of preference shares of an associate	36,432
Purchase of additional interests in subsidiaries	(26,298)
Purchase of property, plant and equipment	(41,652)
Placements of fixed deposits pledged with licensed financial institutions	(20,357)
	<hr/>
Net cash used in investing activities	(12,414)
	<hr/>
Cash Flows From Financing Activities	
Capital distributed to non-controlling interests of a subsidiary	(19,614)
Dividend paid to non-controlling interests of subsidiaries	(4,614)
Interest paid	(75,635)
Net drawdown of bank borrowings	61,137
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Net cash used in financing activities	(38,726)
	<hr/>
Effects of exchange rate changes	(29,575)
	<hr/>
Net decrease in cash and cash equivalents	(19,409)
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Cash and cash equivalents at 1 January 2015	
As previously reported	262,313
Effects of exchange rate changes on cash and cash equivalents	10,064
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As restated	272,377
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Cash and cash equivalents at 30 June 2016	252,968
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There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

The Condensed Consolidated Statement 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 Change in Financial Year End

The Company has changed its financial year end from 31 December to 30 June. As a result of this change, the audited financial statements of the Company shall be for a period of 18 months from 1 January 2015 to 30 June 2016 and thereafter 30 June for each subsequent year.

A2 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 30 June 2018. 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 period ended 30 June 2016 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 30 June 2018.

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A3 Seasonal or Cyclical Factors

The Group's businesses where seasonal or cyclical factors, other than economic factors, would have some effects on operations are as follows:-

- (a) The retailing operations in United Kingdom normally record better sales in the fourth quarter of the financial period 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;
- (b) 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
- (c) The food operations in Malaysia, Singapore and Hong Kong normally record better sales during the various festive seasons.

A4 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.

A5 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 2016 other than the exceptional items as follows:-

Exceptional items	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016 RM'000
Assets distribution from an associate	-	-	465
Bad debts written off	(293)	-	(29)
Fair value gain on investment properties	1,967	-	1,967
Impairment on quoted investment	(1,346)	-	(1,346)
Impairment of goodwill on consolidation	(78,568)	-	(78,568)
Impairment on property, plant & equipment	(1,011)	-	(1,326)
(Impairment)/Reversal of Impairment on receivables	(67)	85	66
Loss on winding up of subsidiaries	(322)	-	(322)
Reversal of impairment on investment in an associate	4,787	-	4,787
Net gain/(loss) on foreign exchange	5,917	575	(7,082)
	(68,936)	660	(81,388)

A6 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 2016.

A7 Dividends Paid

No dividend was paid by the Company during the financial period ended 30 June 2016 (31 December 2014 : Nil).

A8 Operating Segments

The analysis of the Group's operations for the financial period ended 30 June 2016 is as follows:-

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Share of Associates' Revenue RM'000	Net Revenue RM'000
Retailing	1,048,796	-	1,048,796	(835,376)	213,420
Hotel	291,781	-	291,781	-	291,781
Food	102,468	-	102,468	-	102,468
Financial Services	14,467	-	14,467	(14,467)	-
Property	78,375	(108)	78,267	-	78,267
Others	68,456	(47,229)	21,227	(21,227)	-
Total	1,604,343	(47,337)	1,557,006	(871,070)	685,936

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(b) Results

	(Loss)/ Profit from Operations RM'000	Exceptional Items RM'000	Finance Costs RM'000	Share of Associates' Results RM'000	Profit/(Loss) Before Taxation RM'000
Retailing	(18,348)	(2,911)	-	35,424	14,165
Hotel	35,770	36	(1,958)	-	33,848
Food	826	1,682	(40)	-	2,468
Financial Services	-	-	-	-	-
Property	13,456	(387)	(3,791)	-	9,278
Others	(17,267)	(79,808)	(70,348)	3,476	(163,947)
Total	14,437	(81,388)	(76,137)	38,900	(104,188)

(c) Assets

	Segment Assets RM'000	Investment In Associates RM'000	Total RM'000
Retailing	197,069	214,771	411,840
Hotel	810,916	-	810,916
Food	170,984	-	170,984
Financial Services	-	-	-
Property	272,146	-	272,146
Others	57,421	220,191	277,612
	1,508,536	434,962	1,943,498
Assets classified as disposal group held for sale:-			
Hotel	27,118	-	27,118
Others	58,450	270	58,720
	85,568	270	85,838
	1,594,104	435,232	2,029,336
Unallocated Corporate Assets:-			
Others			17,728
Assets classified as disposal group held for sale			8
Total Assets			2,047,072

A9 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 2016 that have not been reflected in the financial statements for the said period as at the date of this report.

A10 Changes in the Composition of the Group

- (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 ("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 RM'000
Investment property	35,679
Cash and cash equivalent	2
Trade and other payables	(8,827)
Deferred tax liability	(554)
Total purchase consideration satisfied by cash and cash equivalent	26,300
Less : Cash and cash equivalent of THSB	(2)
Cash outflow on acquisition	26,298

- (b) During the financial period, the following dormant/inactive subsidiaries were placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 ("Winding-Up"):-

- (i) Wholly-owned subsidiaries of the Company
- MUI dotCom Sdn Bhd
 - MUI Sdn Bhd
 - Ming Court Inn (Penang) Sdn Bhd
 - Sergap Makmur Sdn Bhd
 - Prizewood Sdn Bhd

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- (ii) Wholly-owned subsidiaries of MUI Properties Berhad
 - Delray Sdn Bhd
 - Polacre Sdn Bhd
 - Resort & Leisure Homes Sdn Bhd
- (iii) Wholly-owned subsidiaries of Pan Malaysia Corporation Berhad
 - Bidou Holdings Sdn Bhd
 - Clacton Holdings Sdn Bhd
 - Delight Consolidation Sdn Bhd
 - Lembaran Megah Sdn Bhd
 - PMCW Enterprises Sdn Bhd
 - PMCW Holdings Sdn Bhd
 - Mikonwadi Sdn Bhd
 - Jerico Sdn Bhd
- (iv) Wholly-owned subsidiary of MUI Continental Berhad
 - United Continental Properties Sdn. Berhad

The Winding-up of subsidiaries is part of the Group's continuing rationalisation effort to improve efficiency within the Group and to save future costs associated with maintaining these subsidiaries.

The Winding-up of the above subsidiaries does not have any material financial or operational effect on the Group for the current financial period ended 30 June 2016.

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 June 2016.

A11 Contingent Liabilities

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

A12 Capital Commitments

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

A13 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").

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") (a subsidiary of Pan Malaysia Capital Berhad which is in turn the associated company of the Group), rejected PM Securities' application for change of controlling shareholder. On 18 December 2015, PM Securities submitted an application for change of new controlling shareholder. PM Securities is awaiting the outcome of the application. In the meantime, the cut-off date to fulfill the condition precedent in the Share Sale Agreement has been mutually extended to 11 September 2016.

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 classified as disposal group held for sale" and "Liabilities classified as disposal group 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:-

	30.06.2016	31.12.2014
	RM'000	RM'000
Assets		
Property, plant and equipment	30,596	32,055
Investment in associates	270	105
Other investment	872	872
Inventories	208	148
Trade and other receivables	51,738	51,911
Current tax assets	8	8
Deposits, bank balances and cash	2,154	4,573
Assets classified as disposal group held for sale	85,846	89,672
	30.06.2016	31.12.2014
	RM'000	RM'000
Liabilities		
Borrowings	17,375	19,646
Deferred tax liabilities	1,828	1,878
Trade and other payables	3,910	5,085
Employee benefits	975	144
Current tax liabilities	16	13
Liabilities classified as disposal group held for sale	24,104	26,766

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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		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016
			RM'000
Revenue			
Retailing	30,541	29,567	213,420
Hotel	47,677	51,982	291,781
Food	14,831	16,216	102,468
Property	10,062	9,689	78,267
Others	-	-	-
	103,111	107,454	685,936
(Loss)/Profit before tax ("LBT / PBT")			
Retailing	(7,304)	949	14,165
Hotel	2,182	10,289	33,848
Food	1,584	327	2,468
Financial Services	-	244	-
Property	(820)	954	9,278
Others	(87,842)	(11,968)	(163,947)
	(92,200)	795	(104,188)

Quarter ended 30 June 2016 vs. Quarter ended 30 June 2015

For the current quarter, the Group recorded revenue of RM103.1 million and loss before tax ("LBT") of RM92.2 million compared with revenue of RM107.5 million and profit before tax ("PBT") of RM0.8 million for the quarter ended 30 June 2015. The lower revenue in the current quarter was mainly attributed to lower revenue from hotel division and food division. The LBT in the current quarter was mainly attributed to non-cash impairment of goodwill on consolidation in respect of the retailing division, LBT of the retailing division and fair value loss on interest rate swap.

The retailing division recorded a LBT of RM7.3 million for the current quarter compared to a PBT of RM1.0 million for the quarter ended 30 June 2015. This was mainly attributed to LBT incurred by departmental stores and certain specialty stores of retailing division in Malaysia. The challenging domestic economy and cautious consumer spending have contributed to the loss.

The Group's hotel operations in Malaysia recorded lower revenue and incurred a LBT in the current quarter compared with the quarter ended 30 June 2015. This was mainly due to lower occupancy in the current quarter. In the UK, the Group's hotel operations recorded lower revenue and lower PBT in the current quarter compared with the quarter ended 30 June 2015 mainly due to lower occupancy.

The Group has discontinued recognising share of further results from the associate in the financial services division as the total share of the associate's losses exceeds the Group's interest in the associate.

The Group's food division recorded higher profit before tax of RM1.6 million in the current quarter compared with RM0.3 million in the previous year corresponding quarter mainly attributed to fair value gain on investment property.

The Group's property division recorded higher revenue and incurred a LBT in the current quarter. The LBT in the current quarter was mainly attributed to recognition of the remaining property development costs relating to previous completed projects in Bandar Springhill.

The Group's "others" segment mainly comprises interest income, expenses and finance cost of investment holding and dormant subsidiaries. For the current quarter, the increase in the LBT was mainly attributed to non-cash impairment of goodwill on consolidation in respect of the retailing division and fair value loss on interest rate swap.

Cumulative 18 months ended 30 June 2016

For the current financial period, the Group recorded revenue of RM685.9 million and LBT of RM104.2 million. The LBT in the current financial period was mainly attributed to non-cash impairment of goodwill on consolidation in respect of the retailing division, lower revenue from retailing division, unrealised foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies and lower share of profit of an associate.

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

For the current quarter, the Group recorded revenue of RM103.1 million and LBT of RM92.2 million compared with a revenue of RM107.8 million and LBT of RM3.3 million in the preceding quarter. The lower revenue in current quarter was mainly attributed to lower revenue from retailing, food and property divisions. The LBT in the current quarter was mainly attributed to non-cash impairment of goodwill on consolidation in respect of the retailing division, fair value loss on interest rate swap, lower share of profit of an associate and unrealized foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies.

B3 Prospects for year 2016

The softening of the global and domestic economic environment will continue to put pressure on the Group's performance. In view of this, the Group is cautious on the outlook of its various businesses especially retailing division in Malaysia for the remaining period of year 2016.

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:-

	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016
			RM'000
Depreciation	(5,249)	(4,892)	(32,526)
Fair value gain on investments (current)	-	1	-
Fair value loss on interest rate swap	(9,480)	-	(9,480)
Gain/(Loss) on disposal of property, plant and equipment	-	5	(17)
Interest income	4,476	1,719	17,657
Inventories (written off)/written back	(1,636)	123	(1,407)
Impairment loss on convertible bond	-	-	(316)
Property, plant and equipment written off	(1,464)	(35)	(1,675)

B6 Tax Expense

Tax expense comprises of:-

	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS
	RM'000	RM'000	30.06.2016
			RM'000
Current tax expense - Malaysia	1,280	1,381	10,378
- Foreign	(1,834)	517	557
Deferred tax	(471)	-	(399)
	(1,025)	1,898	10,536
Under/(Over) provision in respect of prior years	2,244	(226)	3,731
	1,219	1,672	14,267

The tax provision of the Group for the financial period ended 30 June 2016 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

- 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.
- 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").

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") (a subsidiary of Pan Malaysia Capital Berhad which is in turn the associated company of the Group), rejected PM Securities' application for change of controlling shareholder. On 18 December 2015, PM Securities submitted an application for change of new controlling shareholder. PM Securities is awaiting the outcome of the application. In the meantime, the cut-off date to fulfil the condition precedent in the Share Sale Agreement has been mutually extended to 11 September 2016.

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- (c) On 27 November 2015, KAF Investment Bank Berhad had, on behalf of the Board of Directors of Pan Malaysia Corporation Berhad ("PMC"), a partly-owned subsidiary of the Company, announced the following proposals:-
- proposed reduction of the issued and paid-up share capital of PMC pursuant to Section 64 of the Companies Act, 1965 ("Act") involving the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each held in PMC ("Proposed Par Value Reduction");
 - proposed reduction of RM438.3 million from the share premium reserve of PMC pursuant to Sections 60(2) and 64 of the Act ("Proposed Share Premium Reduction");
 - proposed capital distribution to the shareholders of PMC involving a cash distribution of RM0.08 for each ordinary share in PMC pursuant to the Proposed Share Premium Reduction; and
 - proposed amendments to certain clauses of the Memorandum & Articles of Association of PMC to facilitate the implementation of the Proposed Par Value Reduction ("Proposed M&A Amendments"),

(hereinafter collectively referred to as the "Proposals")

On 3 March 2016, all the special resolutions for the Proposals as set out in the Notice of Extraordinary General Meeting ("EGM") of PMC dated 5 February 2016 and tabled at the EGM were approved by the shareholders.

On 13 April 2016, PMC announced that the High Court of Malaya has granted an order confirming the Par Value Reduction, Share Premium Reduction and Capital Distribution pursuant to Section 64 of the Companies Act, 1965 ("Court Order").

On 29 April 2016, PMC announced that the entitlement date for the Capital Distribution has been fixed on 16 May 2016.

On 16 May 2016, an office copy of the Court Order has been lodged with the Companies Commission of Malaysia for the Par Value Reduction, Share Premium Reduction and Capital Distribution to take effect accordingly.

The payment for the capital distribution has been made to the entitled shareholders of PMC on 26 May 2016. As such, the proposals have been fully implemented and completed on 26 May 2016.

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 2016 were as follows:-

	RM'000
<i>Long Term Borrowings</i>	
- Secured	718,488
- Unsecured	51,095
	<u>769,583</u>
Less: Classified as held for sale	<u>(17,375)</u>
	<u>752,208</u>
<i>Short Term Borrowings</i>	
- Secured	67,851
- Unsecured	99,899
	<u>167,750</u>
Less: Classified as held for sale	<u>(975)</u>
	<u>166,775</u>

- (b) Foreign borrowings in Ringgit equivalent as at 30 June 2016 included in (a) above were as follows:-

Currency	RM'000
Pound Sterling	<u>484,890</u>

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

B9 Derivative Financial Instruments

Interest rate swap contract

The Group has entered into interest rate swap contract to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuation in interest rates on underlying debt instruments. The differences between the rates calculated by reference to the agreed notional principal amount was exchanged at periodic intervals. All changes in fair value during the financial period are recognised in the other comprehensive income statement unless it does not meet the conditions for the application of hedge accounting, in which case, the changes to the fair value of the derivatives are taken to profit or loss.

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The outstanding interest rate swap contract as at 30 June 2016 is as follows:-

<u>Effective Period</u>	<u>Notional Amount</u> £'000
28 July 2015 to 19 May 2020	26,276

The changes in fair value of the above interest rate swap were recognised in profit or loss.

As at 30 June 2016, the notional amount, fair value and maturity tenor of the interest rate swap contract are as follows:-

<u>Non-current liabilities</u>	<u>Notional Amount</u> RM'000	<u>Fair Value Liabilities</u> RM'000
More than 3 years	141,655	8,626

B10 Fair Value Changes of Financial Liabilities

As at 30 June 2016, the Group did not have any financial liabilities measured at fair value through profit or loss except for derivative financial instrument mentioned in B9.

B11 Realised and Unrealised Losses

The accumulated losses of the Group were as follows:-

	At 30.06.2016 RM'000	At 31.12.2014 RM'000 (Restated)
Total accumulated losses of the Group:-		
- Realised losses	(5,222,800)	(6,953,920)
- Unrealised (losses)/gains	(1,081,497)	23,945
	<u>(6,304,297)</u>	<u>(6,929,975)</u>
Total share of accumulated losses from associates:-		
- Realised losses	(54,584)	(54,749)
- Unrealised gains	786	785
	<u>(6,358,095)</u>	<u>(6,983,939)</u>
Consolidation adjustments	3,696,685	4,467,422
Total accumulated losses	<u>(2,661,410)</u>	<u>(2,516,517)</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 2016 (31 December 2014: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED		CUMULATIVE
	30.06.2016	30.06.2015	18 MONTHS 30.06.2016
Weighted average number of ordinary shares in issue ('000)	2,932,561	2,932,561	2,932,561
Loss for the financial period attributable to equity holders of the Company (RM'000)	(100,753)	(1,957)	(132,534)
Basic loss per share (sen)	<u>(3.44)</u>	<u>(0.07)</u>	<u>(4.52)</u>
Diluted loss per share (sen)	<u>(3.44)</u>	<u>(0.07)</u>	<u>(4.52)</u>

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

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B15 Comparative Figures

- (a) There are no comparative figures for the cumulative 18 months financial period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.
- (b) The following figures have been restated due to adoption of fair value model for a leasehold property which is classified as investment property :-

	As Previously Reported RM'000	Effect of prior year adjustment RM'000	As Restated RM'000
Statement of Financial Position As at 31 December 2014			
<u>Non-Current Assets</u>			
- Investment Properties	54,098	6,937	61,035
<u>Non-Current Liabilities</u>			
- Deferred Tax Liabilities	4,594	668	5,262
<u>Equity and Other Reserve</u>			
- Accumulated Losses	(2,520,616)	4,099	(2,516,517)
- Non-controlling interests	233,285	2,170	235,455
Statement of Financial Position As at 1 January 2014			
<u>Non-Current Assets</u>			
- Investment Properties	78,566	6,937	85,503
<u>Non-Current Liabilities</u>			
- Deferred Tax Liabilities	8,403	668	9,071
<u>Equity and Other Reserve</u>			
- Accumulated Losses	(2,492,832)	4,099	(2,488,733)
- Non-controlling interests	247,905	2,170	250,075

B16 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

Lee Chik Siong
Chin Suan Yong
Joint Company Secretaries

Date: 30 August 2016