MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	QUARTER ENDED		CUMULATIVE 6 MONTHS
	31.12.2016	**31.12.2015**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**
Revenue	111,767	142,903	213,800
Cost of sales	(66,915)	(98,877)	(126,145)
Gross profit	44,852	44,026	87,655
Other income	2,746	3,324	6,332
Distribution costs	(2,990)	(3,183)	(6,123)
Administrative expenses	(21,914)	(14,140)	(42,549)
Other operating expenses	(15,495)	(22,513)	(34,271)
Profit from operations	7,199	7,514	11,044
Exceptional items (refer Note A4)	(21,887)	622	(25,798)
Finance cost	(11,443)	(13,120)	(22,394)
Share of results of associates	7,032	17,771	13,638
(Loss)/Profit before taxation	(19,099)	12,787	(23,510)
Tax expense	(2,993)	(1,391)	(5,450)
(Loss)/Profit for the financial period	(22,092)	11,396	(28,960)
(Loss)/Profit attributable to:-			
Equity holders of the Company	(22,021)	9,685	(30,658)
Non-controlling interests	(71)	1,711	1,698
(Loss)/Profit for the financial period	(22,092)	11,396	(28,960)
(Loss)/Earning per share attributable to equity holders of the Company:-	**Sen**	**Sen**	**Sen**
Basic / Diluted	(0.75)	0.33	(1.05)

Note :

For the financial period ended 31 December 2015, certain administrative expenses of the hotel operations in UK were reclassified to cost of sales to be consistent with prior years.

There are no comparative figures for the cumulative 6 months period ended 31 December 2016 due to the Company's change of financial year end from 31 December to 30 June in the previous financial period.

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial period ended 30 June 2016 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 OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	QUARTER ENDED		CUMULATIVE 6 MONTHS
	31.12.2016	31.12.2015	31.12.2016
	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(22,092)	11,396	(28,960)
Other comprehensive income/(loss), net of tax:-			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign subsidiaries	56,480	(27,376)	72,619
Fair value of available-for-sale investments - Gain/(Loss) on fair value changes	269	1,468	(1,210)
Other comprehensive income/(loss) for the financial period	56,749	(25,908)	71,409
Total comprehensive income/(loss) for the financial period	34,657	(14,512)	42,449
Total comprehensive income/(loss) attributable to:-			
Equity holders of the Company	34,834	(11,826)	40,450
Non-controlling interests	(177)	(2,686)	1,999
Total comprehensive income/(loss) for the financial period	34,657	(14,512)	42,449

Note :

There are no comparative figures for the cumulative 6 months period ended 31 December 2016 due to the Company's change of financial year end from 31 December to 30 June in the previous financial period.

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial period ended 30 June 2016 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 31 DECEMBER 2016

	31.12.2016 RM'000	30.06.2016 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	669,807	635,612
Investment properties	98,316	97,507
Investment in associates	479,132	436,781
Other investments	9,038	9,376
Land held for property development	35,263	35,263
Goodwill on consolidation	102,262	102,772
Deferred tax assets	991	2,235
	1,394,809	1,319,546
Current Assets		
Property development costs	87,644	86,453
Inventories	67,613	62,022
Trade and other receivables	198,901	160,949
Other investments	48	45
Current tax assets	16,322	16,206
Deposits, bank balances and cash	338,538	311,281
	709,066	636,956
Assets classified as disposal group held for sale	-	85,846
	709,066	722,802
TOTAL ASSETS	2,103,875	2,042,348
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	2,932,561	2,932,561
Reserves	(2,181,134)	(2,221,584)
	751,427	710,977
Non-Controlling Interests	223,492	224,360
Total Equity	974,919	935,337
Non-Current Liabilities	767,395	738,370
Current Liabilities		
Trade and other payables	150,169	141,751
Borrowings	209,047	201,876
Current tax liabilities	2,345	910
	361,561	344,537
Liabilities classified as disposal group held for sale	-	24,104
Total Liabilities	1,128,956	1,107,011
TOTAL EQUITY AND LIABILITIES	2,103,875	2,042,348
	RM	**RM**
Net assets per share attributable to equity holders of the Company	0.26	0.24

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial period ended 30 June 2016 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 CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	Attributable to Equity Holders of the Company					Non-Controlling Interests	Total Equity
CUMULATIVE 6 MONTHS	**Share Capital RM'000**	**Non-Distributable Reserves RM'000**	**Distributable Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**RM'000**	**RM'000**
At 1 July 2016	2,932,561	402,526	25,257	(2,649,367)	710,977	224,360	935,337
(Loss)/Profit for the financial period	-	-	-	(30,658)	(30,658)	1,698	(28,960)
Fair value loss on available-for-sale financial assets, net of tax	-	(982)	-	-	(982)	(228)	(1,210)
Foreign currency translations, net of tax	-	72,090	-	-	72,090	529	72,619
Total comprehensive income/(loss)	-	71,108	-	(30,658)	40,450	1,999	42,449
Transaction with owners:-							
Dividend paid to non-controlling shareholders	-	-	-	-	-	(2,867)	(2,867)
	-	-	-	-	-	(2,867)	(2,867)
At 31 December 2016	2,932,561	473,634	25,257	(2,680,025)	751,427	223,492	974,919
CUMULATIVE 18 MONTHS							
At 1 January 2015	2,932,561	343,397	25,257	(2,517,114)	784,101	235,139	1,019,240
(Loss)/Profit for the financial year	-	-	-	(136,537)	(136,537)	13,457	(123,080)
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	-	63,738	-	-	63,738	340	64,078
Capital reserves of winding up a subsidiary derecognised	-	300	-	-	300	-	300
Realisation of reserves on dissolution of an associate	-	(4,284)	-	4,284	-	-	-
Share of other comprehensive loss of associates, net of tax	-	1,042	-	-	1,042	-	1,042
Total comprehensive income/(loss)	-	59,129	-	(132,253)	(73,124)	13,449	(59,675)
Transaction with owners:-							
Acquisition of additional interests in subsidiaries	-	-	-	-	-	(19,614)	(19,614)
Dividend paid to non-controlling shareholders	-	-	-	-	-	(4,614)	(4,614)
	-	-	-	-	-	(24,228)	(24,228)
At 30 June 2016	2,932,561	402,526	25,257	(2,649,367)	710,977	224,360	935,337

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	CUMULATIVE 6 MONTHS 31.12.2016 RM'000
Cash Flows From Operating Activities	
Loss before taxation	(23,510)
Net adjustments	39,851
Operating profit before working capital changes	16,341
Net change in working capital	10,822
Cash generated from operations	27,163
Employee benefits paid	(30)
Interest paid	(578)
Interest received	1,553
Net tax paid	(2,911)
Net cash generated from operating activities	25,197
Cash Flows From Investing Activities	
Dividend received	20,418
Interest received	2,400
Proceeds from disposal of property, plant and equipment	20
Purchase of property, plant and equipment	(3,385)
Placement of fixed deposits pledged with licensed financial institutions	(834)
Net cash generated from investing activities	18,619
Cash Flows From Financing Activities	
Dividend paid to non-controlling interests of subsidiaries	(2,867)
Interest paid	(21,816)
Net proceed from bank borrowings	5,646
Net cash used in financing activities	(19,037)
Effects of exchange rate changes	(5,605)
Net increase in cash and cash equivalents	19,174
Cash and cash equivalents at 30 June 2016	
As previously reported	247,916
Effects of exchange rate changes on cash and cash equivalents	5,264
As restated	253,180
Cash and cash equivalents at 31 December 2016	272,354

There are no comparative figures for the cumulative 6 months period ended 31 December 2016 due to the Company's change of financial year end from 31 December to 30 June in the previous financial period.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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 period ended 30 June 2016. 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 period ended 30 June 2016.

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 30 June 2016 except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Annual improvements to Financial Reporting Standards which are applicable for the Group's financial year beginning on or after 1 January 2016:-

FRS 14	*Regulatory Deferral Accounts*
Amendments to FRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to FRS 10, FRS 12 and FRS 128	*Investment Entities - Applying the Consolidation Exception*
Amendments to FRS 101	*Disclosure Initiative*
Amendments to FRS 116 and FRS 138	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to FRS 127	*Equity Method in Separate Financial Statements*
Annual Improvements to FRSs 2012 - 2014 Cycle	

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

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and/or IC Interpretations (including The Consequential Amendments)		Effective Date
FRS 16	*Leases*	1 January 2019
Amendments to FRS 2	*Classification and Measurement of Share Based Payment Transactions*	1 January 2018
Amendments to FRS 10 and FRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred until further notice
Amendments to FRS 107	*Disclosure Initiative*	1 January 2017
Amendments to FRS 112	*Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued 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 to the following dates :

MFRS	Annual periods beginning on or after:
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 15 *Effective Date of MFRS 15*	1 January 2018
Amendments to MFRS 15 *Clarifications to MFRS 15 'Revenue from Contracts with Customers'*	1 January 2018
Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)	1 January 2018

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 2019. 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 31 December 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 2019.

A2 Seasonal or Cyclical Factors

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

(a) The retailing 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.

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 cumulative 6 months financial period ended 31 December 2016.

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 cumulative 6 months financial period ended 31 December 2016 other than the exceptional items as follows:-

Exceptional items	**QUARTER ENDED**		**CUMULATIVE 6 MONTHS**
	31.12.2016	**31.12.2015**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**
Bad debts written off	-	(29)	-
Impairment of goodwill on consolidation	-	-	(510)
Impairment on property, plant & equipment	-	-	(166)
(Impairment)/Reversal of Impairment on receivables	(3,878)	421	(4,188)
Net (loss)/gain on foreign exchange	(18,009)	230	(20,934)
	(21,887)	622	(25,798)

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 cumulative 6 months financial period ended 31 December 2016.

A6 Dividends Paid

No dividend was paid by the Company during the cumulative 6 months financial period ended 31 December 2016 (31 December 2015 : Nil).

A7 Operating Segments

The analysis of the Group's operations for the cumulative 6 months financial period ended 31 December 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	334,002	-	334,002	(275,041)	58,961
Hotel	100,726	-	100,726	-	100,726
Food	38,207	-	38,207	-	38,207
Property	15,942	(36)	15,906	-	15,906
Financial Services	2,418	-	2,418	(2,418)	-
Others	37,327	(29,640)	7,687	(7,687)	-
Total	528,622	(29,676)	498,946	(285,146)	213,800

(b) Results

	(Loss)/ Profit from Operations RM'000	Exceptional Items RM'000	Finance Costs RM'000	Share of Associates' Results RM'000	(Loss)/Profit Before Taxation RM'000
Retailing	(4,822)	(3,059)	-	11,680	3,799
Hotel	18,255	-	(604)	-	17,651
Food	343	(136)	(15)	-	192
Property	1,411	-	(25)	-	1,386
Financial Services	-	-	-	-	-
Others	(4,143)	(22,603)	(21,750)	1,958	(46,538)
Total	11,044	(25,798)	(22,394)	13,638	(23,510)

(c) Assets

	Segment Assets RM'000	Investment In Associates RM'000	Total RM'000
Retailing	324,393	250,920	575,313
Hotel	672,839	-	672,839
Food	171,025	-	171,025
Property	277,764	-	277,764
Financial Services	-	-	-
Others	161,409	228,212	389,621
	1,607,430	479,132	2,086,562
Unallocated Corporate Assets			17,313
Total Assets			2,103,875

A8 Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the end of the cumulative 6 months financial period ended 31 December 2016 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 15 September 2016, Acmes Investment Limited ("Acmes"), a wholly-owned subsidiary of Jaguh Padu Sdn Bhd incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of Pan Malaysia Corporation Berhad was deregistered and dissolved on 9 September 2016 following an earlier application by Acmes to the Companies Registry in Hong Kong for its deregistration in accordance with the Companies Ordinance.

Other than the above, there were no changes in the composition of the Group during the cumulative 6 months financial period ended 31 December 2016.

A10 Contingent Liabilities

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

A11 Capital Commitments

As at 31 December 2016, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Contracted but not provided for	2,780

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").

On 13 September 2016, Dato' Dr Yu Kuan Chon and the Group had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the last extended Cut-Off Date of 12 September 2016 ("Termination"). Upon Termination, the Share Sale Agreement shall be of no further effect and the parties shall be released from all further obligation to each other. The Termination is not expected to have any material effect on the earnings, net assets and gearing of the Group for the financial year ending 30 June 2017.

Upon Termination, the assets and liabilities of PMH ceased to be classified as disposal group held for sale.

MALAYAN UNITED INDUSTRIES BERHAD
Company No: 3809-W
(Incorporated in Malaysia)

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 6 MONTHS
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000
Revenue			
Retailing	33,705	41,120	58,961
Hotel	48,381	57,862	100,726
Food	20,874	23,889	38,207
Property	8,807	20,032	15,906
Others	-	-	-
	111,767	142,903	213,800
(Loss)/Profit before tax ("LBT / PBT")			
Retailing	4,342	13,748 *	3,799
Hotel	7,429	7,426	17,651
Food	342	1,454	192
Property	(27)	2,752	1,386
Financial Services	-	-	-
Others	(31,185)	(12,593)	(46,538)
	(19,099)	12,787	(23,510)

* *Include estimated results of an associate*

<u>Quarter ended 31 December 2016 vs Quarter ended 31 December 2015</u>

For the current quarter, the Group recorded revenue of RM111.8 million and loss before tax ("LBT") of RM19.1 million compared with revenue of RM142.9 million and profit before tax ("PBT") of RM12.8 million for the quarter ended 31 December 2015. The lower revenue in the current quarter was attributed to lower revenue from all divisions, mainly property division, hotel division and retailing division. The LBT in the current quarter was mainly attributed to unrealised foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies amounting to RM18.0 million and lower share of profit of an associate.

The retailing division in Malaysia recorded lower revenue of RM33.7 million and lower LBT of RM1.0 million for the current quarter compared with revenue of RM41.1 million and LBT of RM3.7 million in the previous period corresponding quarter. The lower LBT was mainly attributed to reduction of operating expenses as a result of closure of certain non-performing specialty stores in Malaysia.

The Group’s hotel operations in Malaysia recorded the same level of revenue and higher profit before tax in the current quarter compared with the quarter ended 31 December 2015. This was mainly due to increase in hotel 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 31 December 2015 mainly attributed to the stronger Ringgit Malaysia against Pound Sterling exchange rate used in translation of profit or loss.

The Group's food division recorded lower revenue of RM20.9 million and lower PBT of RM0.3 million in the current quarter compared with revenue of RM23.9 million and PBT of RM1.5 million in the previous period corresponding quarter. The lower revenue was mainly attributed to decrease in domestic sales. The lower PBT was mainly attributed to lower revenue and higher costs.

The Group's property division recorded lower revenue of RM8.8 million and LBT of RM27,000 in the current quarter compared with revenue of RM20.0 million and PBT of RM2.8 million in the previous period corresponding quarter. The lower revenue and LBT incurred in the current quarter were mainly attributed to cautious launch of new units of properties and lower revenue recognition based on lower percentage of completion of current projects in Bandar Springhill.

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 “others” segment mainly comprises interest income, expenses and finance cost of investment holding and dormant subsidiaries. For the current quarter, the higher LBT was mainly attributed to unrealised foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies.

Cumulative 6 months financial period ended 31 December 2016

For the cumulative 6 months financial period ended 31 December 2016, the Group recorded revenue of RM213.8 million and LBT of RM23.5 million. The LBT in the cumulative 6 months financial period ended 31 December 2016 was mainly attributed to unrealised foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies amounting to RM20.9 million, lower share of profit of an associate and LBT from retailing division in Malaysia.

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

For the current quarter, the Group recorded revenue of RM111.8 million and LBT of RM19.1 million compared with a revenue of RM102.0 million and LBT of RM4.4 million in the preceding quarter. The higher LBT in the current quarter was mainly attributed to unrealised foreign exchange translation loss of intragroup balances arising from the depreciation of Ringgit Malaysia against major foreign currencies amounting to RM18.0 million.

B3 Prospects for year 2017

The economic and business environment in Malaysia for the first half of 2017 remains challenging with cautious consumer sentiment as a result of higher cost of living.

The retailing division in Malaysia will continue to undertake further measures to reduce operating cost and improve profit margin. The property division launched a new phase of double storey terrace houses in the first quarter of 2017 and the response is encouraging.

In view of the continued challenging local and global economic environments, the Group is cautious on the outlook of its various businesses for the financial year ending 30 June 2017.

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 6 MONTHS
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000
Depreciation	(4,890)	(6,302)	(10,654)
Gain/(Loss) on disposal of property, plant and equipment	20	(32)	20
Interest income	1,237	2,904	3,953
Inventories written back	2,746	558	3,114
Property, plant and equipment written off	(35)	(57)	(78)

B6 Tax Expense

Tax expense comprises of:-

		QUARTER ENDED		CUMULATIVE 6 MONTHS
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000
Current tax expense	- Malaysia	1,431	297	2,919
	- Foreign	1,562	1,085	1,599
Deferred tax		-	60	1,279
		2,993	1,442	5,797
Over provision in respect of prior years		-	(51)	(345)
		2,993	1,391	5,452

The tax provision of the Group for the financial period ended 31 December 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

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 13 September 2016, Dato' Dr Yu Kuan Chon and the Group had mutually agreed to terminate the Share Sale Agreement due to the Condition Precedent not being fulfilled by the last extended Cut-Off Date of 12 September 2016 ("Termination"). Upon Termination, the Share Sale Agreement shall be of no further effect and the parties shall be released from all further obligation to each other. The Termination is not expected to have any material effect on the earnings, net assets and gearing of the Group for the financial year ending 30 June 2017.

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 31 December 2016 were as follows:-

	RM'000
Long Term Borrowings	
- Secured	668,845
- Unsecured	75,456
	744,301
Short Term Borrowings	
- Secured	138,972
- Unsecured	70,075
	209,047

(b) Foreign borrowing in Ringgit equivalent as at 31 December 2016 included in (a) above was as follows:-

Currency	**RM'000**
Pound Sterling	495,040

The foreign borrowing above was taken by a foreign subsidiary 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.

The outstanding interest rate swap contract as at 31 December 2016 is as follows:-

Effective Period	**Notional Amount**
	£'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 31 December 2016, the notional amount, fair value and maturity tenor of the interest rate swap contract are as follows:-

	Notional Amount	**Fair Value Liabilities**
	RM'000	**RM'000**
Non-current liabilities		
More than 3 years	144,802	8,817

B10 Fair Value Changes of Financial Liabilities

As at 31 December 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 31.12.2016 RM'000	At 30.06.2016 RM'000 (Audited)
Total accumulated losses of the Group:-		
- Realised losses	(4,817,993)	(4,685,606)
- Unrealised losses	(1,290,307)	(1,083,566)
	(6,108,300)	(5,769,172)
Total share of accumulated losses from associates:-		
- Realised losses	(54,854)	(54,584)
- Unrealised gains	786	786
	(6,162,368)	(5,822,970)
Consolidation adjustments	3,482,343	3,173,603
Total accumulated losses	(2,680,025)	(2,649,367)

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 cumulative 6 months financial period ended 31 December 2016 (31 December 2015: Nil).

B14 Basic Loss Per Share

	QUARTER ENDED		CUMULATIVE 6 MONTHS
	31.12.2016	31.12.2015	31.12.2016
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)	(22,021)	9,685	(30,658)
Basic loss per share (sen)	(0.75)	0.33	(1.05)
Diluted loss per share (sen)	(0.75)	0.33	(1.05)

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

B15 Comparative Figures

There are no comparative figures for the cumulative 6 months financial period ended 31 December 2016 due to the Company's change of financial year end from 31 December to 30 June in the previous financial period.

B16 Auditors' Report

The auditors' report on the financial statements for the financial period ended 30 June 2016 was not qualified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Lee Chik Siong
Chin Suan Yong
Joint Company Secretaries

Date: 27 February 2017