

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**

(The figures are unaudited)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	108,836	111,767	214,408	213,800
Cost of sales	(66,507)	(66,915)	(131,813)	(126,145)
Gross profit	42,329	44,852	82,595	87,655
Other income	2,170	2,237	4,558	5,823
Distribution costs	(3,884)	(2,990)	(7,206)	(6,123)
Administrative expenses	(21,444)	(21,914)	(42,883)	(42,549)
Other operating expenses	(15,588)	(15,495)	(33,449)	(34,271)
Profit from operations	3,583	6,690	3,615	10,535
Exceptional items (refer Note A4)	(4,528)	(21,378)	(5,292)	(25,289)
Finance cost	(11,358)	(11,443)	(21,972)	(22,394)
Share of results of associates	5,661	7,032	8,902	13,638
Loss before taxation	(6,642)	(19,099)	(14,747)	(23,510)
Tax expense	(1,939)	(2,993)	(3,863)	(5,450)
Loss for the financial period	(8,581)	(22,092)	(18,610)	(28,960)
Loss attributable to:-				
Equity holders of the Company	(8,707)	(22,021)	(20,041)	(30,658)
Non-controlling interests	126	(71)	1,431	1,698
Loss for the financial period	(8,581)	(22,092)	(18,610)	(28,960)
Loss per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic / Diluted	(0.30)	(0.75)	(0.68)	(1.05)

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	<u>QUARTER ENDED</u>		<u>CUMULATIVE 6 MONTHS</u>	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Loss for the financial period	(8,581)	(22,092)	(18,610)	(28,960)
Other comprehensive income/(expense), net of tax:-				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign subsidiaries	(35,029)	56,480	(38,699)	72,619
Fair value of available-for-sale investments - (Loss)/Gain on fair value changes	(598)	269	(505)	(1,210)
Derecognition of subsidiaries placed under winding up / dissolved	17,644	-	17,692	-
	<u>(17,983)</u>	<u>56,749</u>	<u>(21,512)</u>	<u>71,409</u>
Other comprehensive (expenses)/income for the financial period				
Total comprehensive (expense)/income for the financial period	<u>(26,564)</u>	<u>34,657</u>	<u>(40,122)</u>	<u>42,449</u>
Total comprehensive (expense)/income attributable to:-				
Equity holders of the Company	(23,391)	34,834	(38,933)	40,450
Non-controlling interests	(3,173)	(177)	(1,189)	1,999
	<u>(26,564)</u>	<u>34,657</u>	<u>(40,122)</u>	<u>42,449</u>
Total comprehensive (expense)/income for the financial period				

The Condensed Consolidated Statements of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	31.12.2017 RM'000	30.06.2017 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	660,262	674,511
Investment properties	98,165	99,079
Investment in associates	425,744	441,372
Other investments	10,140	10,647
Land held for property development	35,263	35,263
Goodwill on consolidation	29,935	29,935
Deferred tax assets	889	1,052
	1,260,398	1,291,859
Current Assets		
Property development costs	97,555	94,698
Inventories	44,809	48,206
Trade and other receivables	173,774	187,149
Other investments	47	49
Current tax assets	12,807	17,039
Deposits, bank balances and cash	262,785	276,662
	591,777	623,803
TOTAL ASSETS	1,852,175	1,915,662
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	3,152,866	3,152,866
Reserves	(2,573,575)	(2,534,642)
	579,291	618,224
Non-Controlling Interests	226,919	228,108
Total Equity	806,210	846,332
Non-Current Liabilities	782,705	794,072
Current Liabilities		
Trade and other payables	139,993	141,642
Borrowings	118,951	130,392
Current tax liabilities	4,316	3,224
	263,260	275,258
Total Liabilities	1,045,965	1,069,330
TOTAL EQUITY AND LIABILITIES	1,852,175	1,915,662
	RM	RM
Net assets per share attributable to equity holders of the Company	0.20	0.21

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Attributable to Equity Holders of the Company				Total	Non-	Total	
						Controlling		Equity
	Share Capital	Non-Distributable Reserves	Distributable Reserves	Accumulated Losses		Interests		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
CUMULATIVE 6 MONTHS								
At 1 July 2017	3,152,866 *	229,200	25,257	(2,789,099)	618,224	228,108	846,332	
(Loss)/Profit for the financial period	-	-	-	(20,041)	(20,041)	1,431	(18,610)	
Fair value loss on available-for-sale financial assets, net of tax	-	(409)	-	-	(409)	(96)	(505)	
Foreign currency translations, net of tax	-	(36,127)	-	-	(36,127)	(2,572)	(38,699)	
Derecognition of subsidiaries placed under winding up / dissolved	-	17,238	(910)	1,316	17,644	48	17,692	
Total comprehensive (expense)/income	-	(19,298)	(910)	(18,725)	(38,933)	(1,189)	(40,122)	
At 31 December 2017	3,152,866	209,902	24,347	(2,807,824)	579,291	226,919	806,210	
CUMULATIVE 6 MONTHS								
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/(expense)	-	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	

Note :

* On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account of RM220,305,000 became part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Companies Act 2016. There is no impact on the number of ordinary shares in issue on the relative entitlement of any of the members as a result of this transition.

The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 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 31 DECEMBER 2017

	CUMULATIVE 6 MONTHS	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(14,747)	(23,510)
Net adjustments	28,143	39,851
	13,396	16,341
Operating profit before working capital changes		
Net change in working capital	9,282	10,822
	22,678	27,163
Cash generated from operations		
Employee benefits paid	-	(30)
Interest paid	(675)	(578)
Interest received	815	1,553
Net tax refunded / (paid)	589	(2,911)
	23,407	25,197
Cash Flows From Investing Activities		
Dividend received	-	20,418
Interest received	1,990	2,400
Proceeds from disposal of property, plant and equipment	-	20
Purchase of property, plant and equipment	(6,033)	(3,385)
Purchase of property, plant and equipment from restricted fund	1,062	-
Withdrawal/(Placement) of fixed deposits pledged with licensed financial institutions	533	(443)
	(2,448)	19,010
Net cash (used in) / generated from investing activities		
Cash Flows From Financing Activities		
Dividend paid to non-controlling interests of a subsidiary	-	(2,867)
Interest paid	(21,297)	(21,816)
Net (repayments) / proceeds of bank borrowings	(11,128)	5,646
	(32,425)	(19,037)
Net cash used in financing activities		
Effects of exchange rate changes	1,573	(5,605)
Net decrease in cash and cash equivalents	(9,893)	19,565
Cash and cash equivalents at 1 July		
As previously reported	199,413	234,523
Effects of exchange rate changes on cash and cash equivalents	(1,445)	5,264
As restated	197,968	239,787
Cash and cash equivalents at 31 December	188,075	259,352

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 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 financial year ended 30 June 2017. 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 financial year ended 30 June 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2017 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 2017:-

Amendments to FRS 107	<i>Disclosure Initiative</i>
Amendments to FRS 112	<i>Recognition of Deferred Tax Assets for</i>
Annual Improvements to FRS Standard 2014 - 2016 Cycles:	
* <i>Amendments to FRS 12: Clarification of the Scope of Standard</i>	

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:-

<u>FRSs and/or IC Interpretations (including The Consequential Amendments)</u>	<u>Effective Date</u>
FRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in July 2014)</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 2 <i>Classification and Measurement of Share Based Payment Transactions</i>	1 January 2018
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	1 January 2018
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred until further notice
Amendments to FRS 140 <i>Transfer of Investment Property</i>	1 January 2018
Annual Improvements to FRS Standard 2014 - 2016 Cycles:	
* <i>Amendments to FRS 1 : Deletion of Short-term Exemptions for First-time Adopters</i>	1 January 2018
* <i>Amendments to FRS 128 : Measuring an Associate or Joint Venture at Fair Value</i>	1 January 2018

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Malaysian Financial Reporting Standards

Malaysian Accounting Standards Board ("MASB") has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), that are to be applied by all entities other than private entities; 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").

As further announced by MASB on 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 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 MFRSs. As a result, the Group also temporarily deferred the adoption of the new MFRSs. Accordingly, the Group will be required to prepare financial statements using the MFRSs 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 MFRSs. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

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 Malaysia have seasonal peaks in tandem with various festive seasons and sales promotions approved by Ministry of Domestic Trade, Co-operatives and Consumerism;
- The hotel operations and hospitality business in the United Kingdom normally experience low seasonality due to after effects of the festivities and holiday seasons of Christmas and New Year. Additionally, winter period will also experience a decline in trading;
- The food operations of the Group is affected by seasonal factors; and
- The property operations of the Group is not affected by seasonal factors.

A3 Changes in estimates

There were no significant changes in estimates of the amounts reported in prior financial years which have a material effect in the financial period ended 31 December 2017.

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 31 December 2017 other than the exceptional items as follows:-

Exceptional items	QUARTER ENDED		CUMULATIVE 6 MONTHS	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Impairment of goodwill on consolidation	-	-	-	(510)
Impairment on receivables	-	(3,369)	-	(3,679)
Impairment on property, plant & equipment	-	-	-	(166)
Loss arising from derecognition of subsidiaries placed under winding up / dissolved	(17,537)	-	(18,098)	-
Net gain/(loss) on foreign exchange	13,009	(18,009)	12,806	(20,934)
	(4,528)	(21,378)	(5,292)	(25,289)

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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 31 December 2017.

A6 Dividends Paid

No dividend was paid by the Company during the financial period ended 31 December 2017 (31 December 2016:Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 31 December 2017 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	317,607	-	317,607	(263,906)	53,701
Hotel	108,585	-	108,585	-	108,585
Food	39,861	-	39,861	-	39,861
Property	12,297	(36)	12,261	-	12,261
Others	8,245	(36)	8,209	(8,209)	-
Total	486,595	(72)	486,523	(272,115)	214,408

(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	(11,518)	-	-	6,661	(4,857)
Hotel	17,485	-	(1,408)	-	16,077
Food	1,979	(320)	-	-	1,659
Property	2,433	-	(114)	-	2,319
Others	(6,764)	(4,972)	(20,450)	2,241	(29,945)
Total	3,615	(5,292)	(21,972)	8,902	(14,747)

(c) Assets

	Segment Assets RM'000	Investment In Associates RM'000	Total RM'000
Retailing	215,883	205,380	421,263
Hotel	636,186	-	636,186
Food	153,646	-	153,646
Property	292,848	-	292,848
Others	114,172	220,364	334,536
	1,412,735	425,744	1,838,479
Unallocated Corporate Assets			13,696
Total Assets			1,852,175

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A8 Events Subsequent to the End of the Interim Period

There are no material events subsequent to the end of the financial period ended 31 December 2017 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

- (a) On 3 July 2017, MUI Continental Berhad, a 52.21% owned subsidiary of Novimax (M) Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, has at its Extraordinary General Meeting held on 3 July 2017, obtained approval from the shareholders to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.
- (b) On 21 July 2017, AIGM Sdn Bhd ("AIGM"), a wholly-owned subsidiary of MUI Properties Berhad ("MUIP"), which is in turn a partly-owned subsidiary of the Company, has been struck-off from the register of the Companies Commission of Malaysia pursuant to the final notice issued under Section 308(4) of the Companies Act, 1965 (now superseded by the Companies Act 2016) which was published in the Gazette dated 13 July 2017.
- (c) On 1 August 2017, Kayangan Makmur Sdn Bhd, a wholly-owned subsidiary of Pan Malaysia Holdings Berhad ("PMH"), which is in turn a partly-owned subsidiary of the Company, has at their Extraordinary General Meeting held on 1 August 2017, obtained approval from the sole shareholder to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.
- (d) On 14 September 2017, the following wholly-owned subsidiaries, have been dissolved pursuant to Section 308(4) of the Companies Act, 1965 (now superseded by the Companies Act 2016):-
 - (i) Grand Oak Sdn Bhd
 - (ii) Honoraire Sdn Bhd
 - (iii) Malayan United Nominees (Tempatan) Sdn Bhd
 - (iv) Mayang Unggul Sdn Bhd
 - (v) Merchant Network Sdn Bhd
 - (vi) Pure Capital Sdn Bhd
- (e) On 12 September 2017, the following indirect 62.50%-owned subsidiaries incorporated in United Kingdom have been dissolved by way of voluntary striking-off:-
 - (i) Bistro Bistrot Limited
 - (ii) The Early Grey Tea Rooms Limited
 - (iii) Simply Nico Limited
- (f) On 14 September 2017, the following wholly-owned subsidiaries of PMH, which is in turn a partly-owned subsidiary of the Company, has at their Extraordinary General Meeting held on 14 September 2017, obtained approval from the sole shareholder to commence members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016:-
 - (i) Destiny Aims Sdn Bhd
 - (ii) Pengkalen Equities Sdn Bhd
 - (iii) Pengkalen Properties Sdn Bhd
 - (iv) Pan Malaysia Travel & Tours Sdn Bhd
- (g) On 18 September 2017, Polacre Sdn Bhd, a wholly-owned subsidiary of MUIP, which is in turn a partly-owned subsidiary of the Company, which was placed under members' voluntary winding-up on 11 March 2016, has been dissolved on 18 September 2017 pursuant to Section 272(5) of the Companies Act, 1965 (now superseded by the Companies Act 2016).
- (h) On 18 September 2017, Southern Challenger (M) Sdn Bhd, a dormant wholly-owned subsidiary of the Company, has been struck-off from the register of the Companies Commission of Malaysia and dissolved upon publication of the Notice in the Gazette pursuant to Section 308(4) of the Companies Act, 1965 (now superseded by the Companies Act 2016).

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- (i) On 18 September 2017, the following wholly-owned subsidiaries, have been dissolved pursuant to Section 272(5) of the Companies Act, 1965 (now superseded by the Companies Act 2016):-
- (i) MUI Sdn Bhd
 - (ii) Prizewood Sdn Bhd
- (j) On 13 October 2017, Ming Court Hotels International Limited ("MCHIL"), a wholly-owned subsidiary of Ming Court Hotels International Sdn Bhd incorporated in Hong Kong, which is in turn a wholly-owned subsidiary of the Company, has been deregistered and dissolved on 13 October 2017 following an earlier application by MCHIL to the Companies Registry in Hong Kong for its deregistration in accordance with the Companies Ordinance.
- (k) On 7 December 2017, Ming Court Inn (Penang) Sdn Bhd, a wholly-owned subsidiary of the Company, which was placed under members' voluntary winding-up on 11 March 2016, has been dissolved pursuant to Section 272(5) of the Companies Act, 1965 (now superseded by the Company Act 2016).
- (l) On 22 December 2017, MUI Resources Limited ("MRL"), a dormant wholly-owned subsidiary of MUI Asia Limited incorporated in Hong Kong, which in turn a wholly-owned subsidiary of the Company, has been deregistered and dissolved following an earlier application by MRL to the Companies Registry in Hong Kong for its deregistration in accordance with the Companies Ordinance.

The dissolution and members' voluntary winding-up of the above subsidiaries did not have any material impact on the earnings and net assets of the Group for the financial period ended 31 December 2017 except for item (l).

Other than the above, there were no changes in the composition of the Group during the financial period ended 31 December 2017.

A10 Contingent Liabilities

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

A11 Capital Commitments

As at 31 December 2017, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Authorised but not contracted for	566
Contracted but not provided for	652

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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 6 MONTHS		
	31.12.2017 RM'000	31.12.2016 RM'000	Changes %	31.12.2017 RM'000	31.12.2016 RM'000	Changes %
Revenue						
Retailing	29,777	33,705	(11.7)	53,701	58,961	(8.9)
Hotel	51,238	48,381	5.9	108,585	100,726	7.8
Food	22,016	20,874	5.5	39,861	38,207	4.3
Property	5,805	8,807	(34.1)	12,261	15,906	(22.9)
Others	-	-	-	-	-	-
	108,836	111,767	(2.6)	214,408	213,800	0.3
(Loss)/Profit before tax ("LBT" / PBT")						
Retailing	1,170	4,342	(73.1)	(4,857)	3,799	(227.8)
Hotel	5,505	7,429	(25.9)	16,077	17,651	(8.9)
Food	1,519	342	344.2	1,659	192	764.1
Property	1,274	528	141.3	2,319	1,942	19.4
Financial Services	-	-	-	-	-	-
Others	(16,110)	(31,740)	49.2	(29,945)	(47,094)	36.4
	(6,642)	(19,099)	65.2	(14,747)	(23,510)	37.3

Quarter ended 31 December 2017 vs Quarter ended 31 December 2016

The Group recorded lower revenue of RM108.8 million and lower LBT of RM6.6 million in the current quarter compared with revenue of RM111.8 million and LBT of RM19.1 million for the quarter ended 31 December 2016. The lower revenue in the current quarter was attributed to decrease in revenue from retailing division and property division. The lower LBT in the current quarter was mainly attributed to lower LBT from "others" segment.

The Group's retailing operations in Malaysia recorded lower revenue of RM29.8 million and higher LBT of RM2.4 million in the current quarter compared with revenue of RM33.7 million and LBT of RM1.0 million for the quarter ended 31 December 2016. The lower revenue in the current quarter was mainly due to impact from closure of specialty stores, lower sales from Men & Ladies, and weaker consumer spending. The higher LBT in the current quarter was mainly attributed to lower gross profit margin and lower concessionaire fee income.

The Group's hotel operations in Malaysia recorded revenue of RM10.8 million and lower PBT of RM2.1 million in the current quarter compared with revenue of RM10.7 million and PBT of RM3.7 million for the quarter ended 31 December 2016. The lower PBT in the current quarter was mainly attributed to increase in finance cost and operating expenses. Included in the PBT for the quarter ended 31 December 2016 is an exceptional gain derived from one off adjustment on receivables. In the UK, the Group's hotel operations recorded higher revenue of RM40.4 million and lower PBT of RM3.5 million in the current quarter compared with revenue of RM37.7 million and PBT of RM3.9 million for the quarter ended 31 December 2016. The increase in revenue was mainly attributed to increase in average room rate and room occupancy. Despite higher revenue, the Group's hotel operations in the UK recorded lower PBT due to increase in operating costs.

The Group's food division recorded higher revenue of RM22.0 million and higher PBT of RM1.5 million in the current quarter compared with revenue of RM20.9 million and PBT of RM0.3 million for the quarter ended 31 December 2016. The higher revenue and PBT were mainly attributed to increase in export sales.

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The Group's property division recorded lower revenue of RM5.8 million and higher PBT of RM1.3 million in the current quarter compared with revenue of RM8.8 million and PBT of RM0.5 million in the quarter ended 31 December 2016. The lower revenue in the current quarter was mainly attributed to the lower percentage of completion in the initial stage of current projects in Bandar Springhill, Negeri Sembilan. The higher PBT in the current quarter was mainly due to reversal of provision for development cost of a previous completed phase.

The Group has discontinued recognising share of further results from an 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 normal corporate items such as interest income, expenses and finance cost of investment holding subsidiaries as well as exceptional items such as impairment on assets and foreign exchange gain or loss. The lower LBT in the current quarter was mainly attributed to unrealised foreign exchange translation gain of intragroup balances arising from the appreciation of Ringgit Malaysia against major foreign currencies, but set off by exceptional losses arising from derecognition of dissolved subsidiaries.

6 months financial period ended 31 December 2017 vs 6 months financial period ended 31 December 2016

For the 6 months financial period ended 31 December 2017, the Group recorded higher revenue of RM214.4 million and lower LBT of RM14.7 million compared with revenue of RM213.8 million and LBT of RM23.5 million for the 6 months financial period ended 31 December 2016. The higher revenue was mainly attributed to higher revenue from hotel division and food division. The lower LBT was mainly attributed to lower LBT from "others" segment.

The Group's retailing operations in Malaysia recorded lower revenue of RM53.7 million and higher LBT of RM11.5 million for 6 months financial period ended 31 December 2017 compared with revenue of RM59.0 million and LBT of RM7.9 million for the 6 months financial period ended 31 December 2016. The lower revenue was mainly attributed to impact from closure of specialty stores, lower sales from Men & Ladies, and weaker consumer spending. The higher LBT was mainly attributed to lower gross profit margin, lower concessionaire fee income and higher stock provision.

The Group's hotel operations in Malaysia recorded higher revenue of RM21.7 million and lower PBT of RM5.1 million for the 6 months financial period ended 31 December 2017 compared with revenue of RM21.0 million and PBT of RM6.2 million for the 6 months financial period ended 31 December 2016. The higher revenue was mainly attributed to higher room occupancy. The lower PBT was mainly attributed to increase in finance cost. Included in the PBT for the 6 month financial period ended 31 December 2016 is an exceptional gain derived from one off adjustment on receivables. In the UK, the Group's hotel operations recorded higher revenue of RM86.9 million and lower PBT of RM11.2 million in the current quarter compared with RM79.7 million and PBT of RM11.7 million for the 6 months financial period ended 31 December 2016. The increase in revenue was mainly attributed to increase in average room rate. Despite higher revenue, the Group's hotel operations in the UK recorded lower PBT due to increase in operating costs.

The Group's food division recorded higher revenue of RM39.9 million and higher PBT of RM1.7 million for the 6 months financial period ended 31 December 2017 compared with revenue of RM38.2 million and PBT of RM0.2 million for the 6 months financial period ended 31 December 2016. The higher revenue and PBT were mainly due to higher export sales.

The Group's property division recorded lower revenue of RM12.3 million and higher PBT of RM2.3 million for the 6 months financial period ended 31 December 2017 compared with revenue of RM15.9 million and PBT of RM1.9 million for the 6 months financial period ended 31 December 2016. The lower revenue was mainly attributed to lower percentage of completion in the initial stage of current projects in Bandar Springhill, Negeri Sembilan. The higher PBT was mainly attributed to reversal of provision for development cost of a previous completed phase.

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

The lower LBT of the Group's "others" segment for the 6 months financial period ended 31 December 2017 was mainly attributed to unrealised foreign exchange translation gain of intragroup balances arising from the appreciation of Ringgit Malaysia against major foreign currencies, but set off by exceptional losses arising from derecognition of dissolved subsidiaries.

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

	Quarter Ended		Changes %
	31.12.2017 RM'000	30.09.2017 RM'000	
Revenue			
Retailing	29,777	23,924	24.5
Hotel	51,238	57,347	(10.7)
Food	22,016	17,845	23.4
Property	5,805	6,456	(10.1)
Others	-	-	-
	108,836	105,572	3.1
(Loss)/Profit before tax ("LBT) / PBT")			
Retailing	1,170	(6,027)	119.4
Hotel	5,505	10,572	(47.9)
Food	1,519	140	985.0
Property	1,274	1,045	21.9
Others	(16,110)	(13,835)	(16.4)
	(6,642)	(8,105)	18.1

The Group recorded higher revenue of RM108.8 million and lower LBT of RM6.6 million in the current quarter compared with revenue of RM105.6 million and LBT of RM8.1 million in the preceding quarter. The higher revenue in the current quarter was mainly contributed by retailing division and food division. The lower LBT in the current quarter was mainly attributed to PBT recorded by retailing division, higher PBT from food division and property division.

The Group's retailing operations in Malaysia recorded higher revenue of RM29.8 million and lower LBT of RM2.4 million for the current quarter compared with revenue of RM23.9 million and LBT of RM9.1 million in the preceding quarter. The higher revenue and lower LBT in the current quarter was mainly due to Christmas and New Year festive sales.

The Group's hotel operations in Malaysia recorded revenue of RM10.8 million and lower PBT of RM2.1 million in the current quarter compared with revenue of RM10.8 million and PBT of RM3.0 million in the preceding quarter. The lower PBT in the current quarter was mainly attributed to higher finance cost and higher cost of sales. In the UK, the Group's hotel operations recorded lower revenue of RM40.4 million and lower PBT of RM3.5 million in the current quarter compared with revenue of RM46.5 million and PBT of RM7.7 million in the preceding quarter. The lower revenue and lower PBT in the current quarter were mainly attributed to decrease in room occupancy and average room rate.

The Group's food division recorded higher revenue of RM22.0 million and higher PBT of RM1.5 million in the current quarter compared with revenue of RM17.8 million and PBT of RM0.1 million in the preceding quarter. The higher revenue and higher PBT in the current quarter were mainly attributed to higher sales during Christmas and New Year festive seasons.

The Group's property division recorded lower revenue of RM5.8 million and higher PBT of RM1.3 million in the current quarter compared with revenue of RM6.5 million and PBT of RM1.0 million in the preceding quarter. The lower revenue in the current quarter was mainly attributed to the lower percentage of completion in the initial stage of current projects in Bandar Springhill, Negeri Sembilan and lower revenue from Fresh Fruit Bunch. The higher PBT in the current quarter was mainly attributed to reversal of provision for development cost of a previous completed phase.

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

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The Group's "others" segment recorded higher LBT of RM16.1 million in the current quarter compared with LBT of RM13.8 million in the preceding quarter. The higher LBT in the current quarter was mainly attributed to exceptional losses arising from derecognition of dissolved subsidiaries, but set off by unrealised foreign exchange translation gain of intragroup balances arising from the appreciation of Ringgit Malaysia against major foreign currencies.

B3 Prospects for year 2018

The Group's retailing operation continues to be faced with challenges from cautious consumer sentiments, growing online shopping and stiff competition. To overcome these challenges, the Group's retailing operation has initiated various measures including consolidation of stores, rationalisation of supply chain and introduction of new brands.

The performance of the Group's hotels in Malaysia and the UK remain steady though cost pressure is rising. Further refurbishment will be carried out for the remaining period to enhance the guests experience and to improve the average room rate and occupancy.

The focus for the Group's food division will be on manufacturing, productivity improvement and export market development. New marketing programmes and new products will be launched in 2018 to improve sales.

Despite a challenging property market, the Group's property division will be launching further units which meet effective market demand. A new club house has been planned to further enhance the value and appeal of the Bandar Springhill township.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Loss before tax

Included in the loss before tax were the followings items:-

	QUARTER ENDED		Changes %	CUMULATIVE 6 MONTHS		Changes %
	31.12.2017 RM'000	31.12.2016 RM'000		31.12.2017 RM'000	31.12.2016 RM'000	
Depreciation	(4,953)	(4,890)	(1.3)	(10,206)	(10,654)	4.2
Gain on disposal of property, plant and equipment	-	20	(100.0)	-	20	(100.0)
Interest income	1,417	1,237	14.6	2,805	3,953	(29.0)
Inventories (written down) / written back	(23)	2,746	(100.8)	(2,751)	3,114	(188.3)
Property, plant and equipment written off	(35)	(35)	-	(70)	(78)	10.3

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B6 Trade Receivables

- (a) The credit term of trade receivables range from 7 to 120 days.
(b) The ageing of trade receivables of the Group are as follows:-

	31.12.2017 RM'000	30.06.2017 RM'000	Changes %
Neither past due	18,839	18,741	0.5
Past due			
1 to 30 days	8,339	4,122	102.3
31 to 60 days	2,313	1,791	29.1
61 to 90 days	956	2,923	(67.3)
91 to 120 days	1,284	312	311.5
More than 121 days	1,464	3,765	(61.1)
	33,195	31,654	4.9

B7 Tax Expense

Tax expense comprises of:-

	QUARTER ENDED			CUMULATIVE 6 MONTHS		
	31.12.2017 RM'000	31.12.2016 RM'000		Changes %	31.12.2017 RM'000	
Current tax expense						
- Malaysia	1,540	1,431	7.6	2,474	2,919	(15.2)
- Foreign	252	1,562	(83.9)	1,267	1,599	(20.8)
Deferred tax	5	-	100.0	(20)	1,279	(101.6)
	1,797	2,993	(40.0)	3,721	5,797	(35.8)
Over provision in respect of prior years	142	-	100.0	142	(345)	141.2
	1,939	2,993	(35.2)	3,863	5,452	(29.1)

The tax provision of the Group for the financial period ended 31 December 2017 was higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses were available.

B8 Status of Corporate Proposals

The Group has not announced any corporate proposals which have not been completed as at the date of this report.

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B9 Group Borrowings

Total Group borrowings as at 31 December 2017 were as follows:-

	31.12.2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<i>Secured</i>			
- Term loan	654,733	16,835	671,568
- Revolving credit	26,000	25,000	51,000
- Bank overdraft	-	27,223	27,223
- Hire purchase	1,016	407	1,423
	681,749	69,465	751,214
<i>Unsecured</i>			
- Revolving credit	82,764	49,114	131,878
- Bank overdraft	-	372	372
	82,764	49,486	132,250
Total borrowings	764,513	118,951	883,464
	30.06.2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
<i>Secured</i>			
- Term loan	665,826	19,992	685,818
- Revolving credit	26,000	25,000	51,000
- Bank overdraft	-	27,838	27,838
- Hire purchase	1,039	831	1,870
	692,865	73,661	766,526
<i>Unsecured</i>			
- Revolving credit	82,764	56,030	138,794
- Bank overdraft	-	701	701
	82,764	56,731	139,495
	775,629	130,392	906,021

Foreign borrowing in Ringgit Malaysia equivalent as at 31 December 2017 included in the above was as follows:-

	31.12.2017		30.06.2017	
	£'000	RM'000	£'000	RM'000
Total foreign borrowings	89,604	489,831	89,718	501,531

The foreign borrowing above was taken by a foreign subsidiary of the Group.

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B10 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 2017 is as follows:-

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

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

As at 31 December 2017, 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	<u>143,640</u>	<u>4,761</u>

B11 Fair Value Changes of Financial Liabilities

As at 31 December 2017, the Group did not have any financial liabilities measured at fair value through profit or loss except for derivative financial instrument mentioned in B10.

B12 Realised and Unrealised Losses

The accumulated losses of the Group were as follows:-

	31.12.2017 RM'000	30.06.2017 RM'000 (Audited)	Changes %
Total accumulated losses of the Group:-			
- Realised losses	(5,293,417)	(5,808,129)	8.9
- Unrealised profits	59,378	38,867	52.8
	<u>(5,234,039)</u>	<u>(5,769,262)</u>	9.3
Total share of accumulated losses from associates:-			
- Realised losses	(54,854)	(54,854)	-
- Unrealised profits	786	786	-
	<u>(5,288,107)</u>	<u>(5,823,330)</u>	9.2
Consolidation adjustments	2,480,283	3,034,231	(18.3)
Total accumulated losses	<u>(2,807,824)</u>	<u>(2,789,099)</u>	(0.7)

B13 Material Litigation

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

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B14 Dividend

No dividend has been declared by the Board for the financial year ended 31 December 2017 (31 December 2016: Nil).

B15 Basic Loss Per Share

	QUARTER ENDED		Changes %	CUMULATIVE 6 MONTHS		Changes %
	31.12.2017	31.12.2016		31.12.2017	31.12.2016	
Weighted average number of ordinary shares in issue ('000)	2,932,561	2,932,561	-	2,932,561	2,932,561	-
Loss for the financial period attributable to equity holders of the Company (RM'000)	(8,707)	(22,021)	60.5	(20,041)	(30,658)	34.6
Basic loss per share (sen)	(0.30)	(0.75)	60.5	(0.68)	(1.05)	34.6
Diluted loss per share (sen)	(0.30)	(0.75)	60.5	(0.68)	(1.05)	34.6

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

B16 Auditors' Report

The auditors' report on the financial statements for the financial year ended 30 June 2017 was unmodified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Lee Chik Siong
Norlyn Binti Kamal Basha
Joint Company Secretaries

Date: 28 February 2018