

# MUI PROPERTIES BERHAD

Company No : 6113-W  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT THIRD QUARTER ENDED 30 SEPTEMBER 2007

(The figures are unaudited)

### CONDENSED CONSOLIDATED INCOME STATEMENT For The Financial Period Ended 30 September 2007

	INDIVIDUAL QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Revenue	4,789	9,035	12,930	23,322
Cost of sales	(1,813)	(3,950)	(6,559)	(14,400)
Gross profit	2,976	5,085	6,371	8,922
Other income	62	1,230	2,331	2,530
Administrative expenses	(1,902)	(3,956)	(5,511)	(7,609)
Other expenses	(310)	(366)	(958)	(1,320)
Finance costs	(404)	(540)	(1,181)	(1,872)
Profit before taxation	422	1,453	1,052	651
Taxation	(636)	(803)	(953)	(1,242)
Profit/(Loss) for the financial period	(214)	650	99	(591)
Attributable to:-				
Equity holders of the Company	(772)	927	(807)	(627)
Minority interest	558	(277)	906	36
	(214)	650	99	(591)
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings/(Loss) per 50 sen share				
Basic	(0.10)	0.12	(0.11)	(0.08)
Fully diluted	N/A	N/A	N/A	N/A

Note:-

N/A - Not applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

# MUI PROPERTIES BERHAD

Company No : 6113-W  
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## CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	30/09/2007	31/12/2006 (Audited)
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	6,394	6,070
Investment properties	31,957	31,977
Development properties	35,268	37,675
Goodwill on consolidation	5,015	5,015
Investments	159,321	145,915
Deferred tax assets	547	484
	238,502	227,136
<b>Current Assets</b>		
Development properties and expenditure	75,217	77,763
Inventories	32,454	31,376
Trade and other receivables	14,424	16,260
Tax recoverable	-	665
Deposits, bank balances and cash	42,393	28,741
	164,488	154,805
<b>Assets Of Disposal Group Classified As Held For Sale</b>	2,414	-
	166,902	154,805
<b>TOTAL ASSETS</b>	405,404	381,941
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	382,030	382,030
Treasury shares, at cost	(6,301)	(6,301)
Reserves	(71,026)	(81,657)
	304,703	294,072
<b>Minority Interest</b>	57,355	56,449
<b>Total Equity</b>	362,058	350,521
<b>Non-current Liabilities</b>		
Employee benefits	359	359
Deferred taxation	466	466
	825	825
<b>Current Liabilities</b>		
Short term borrowings	25,210	22,903
Trade and other payables	16,868	7,433
Provision for taxation	443	259
	42,521	30,595
<b>Total Liabilities</b>	43,346	31,420
<b>TOTAL EQUITY AND LIABILITIES</b>	405,404	381,941
	<b>RM</b>	<b>RM</b>
Net Assets per 50 sen share attributable to equity holders of the Company	0.41 *	0.40 *

\* The net assets per share is based on the number of ordinary shares issued less shares repurchased

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

## MUI PROPERTIES BERHAD

Company No : 6113-W  
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### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For The Financial Period Ended 30 September 2007

	Attributable to Equity Holders of the Company						Minority Interest	Total Equity
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable		Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
			Other Reserves RM'000	General Reserve RM'000				
At 1 January 2007	382,030	(6,301)	182,922	10,649	(275,228)	294,072	56,449	350,521
Currency translation differences, recognised directly in equity	-	-	11,438	-	-	11,438	-	11,438
Profit/(Loss) for the financial period	-	-	-	-	(807)	(807)	906	99
At 30 September 2007	382,030	(6,301)	194,360	10,649	(276,035)	304,703	57,355	362,058
At 1 January 2006	382,030	(5,162)	203,442	10,649	(277,669)	313,290	55,378	368,668
Effects of adopting FRS 3	-	-	-	-	2,107	2,107	-	2,107
Purchase of treasury shares	-	(1,128)	-	-	-	(1,128)	-	(1,128)
Currency translation differences, recognised directly in equity	-	-	(8,813)	-	-	(8,813)	-	(8,813)
Profit/(Loss) for the financial period	-	-	-	-	(627)	(627)	36	(591)
At 30 September 2006	382,030	(6,290)	194,629	10,649	(276,189)	304,829	55,414	360,243

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

# MUI PROPERTIES BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT For The Financial Period Ended 30 September 2007

	CUMULATIVE 9 MONTHS	
	30/09/2007	30/09/2006
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	1,052	651
Net Adjustments		
Gain on distribution arising from an investment	(2,041)	-
Gain on disposal of investments	-	(1,240)
Others	1,334	2,078
	<hr/>	<hr/>
Operating profit before working capital changes	345	1,489
Net changes in working capital	12,732	9,977
	<hr/>	<hr/>
Cash generated from operating activities	13,077	11,466
Interest paid	(1,181)	(1,872)
Tax refund	772	5,218
Income tax paid	(927)	(17,198)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	11,741	(2,386)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Proceeds from distribution arising from an investment	2,041	-
Proceeds from disposal of property, plant and equipment	28	4
Proceeds from disposal of investments	-	7,963
Purchase of property, plant and equipment	(45)	(928)
Repayment to related companies	-	(13,838)
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	2,024	(6,799)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Repayment of bank borrowings	(1,000)	(12,950)
Repurchase of Company's shares	-	(1,129)
	<hr/>	<hr/>
Net cash used in financing activities	(1,000)	(14,079)
	<hr/>	<hr/>
Effect of exchange rate changes	(1,823)	(4,389)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	10,942	(27,653)
Cash and cash equivalents at 1 January		
As previously reported	26,838	37,829
Effects of exchange rate changes on cash and cash equivalents	(597)	(2,124)
	<hr/>	<hr/>
As restated	26,241	35,705
	<hr/>	<hr/>
Cash and cash equivalents at 30 September	37,183	8,052
	<hr/>	<hr/>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

# MUI PROPERTIES BERHAD

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## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of preparation

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting. The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006.

### 2. Changes in Accounting Policies

The significant accounting policies adopted in this interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 October 2006:-

FRS 117 Leases  
FRS 124 Related Party Disclosures

The adoption of the above FRS has not resulted in any material adjustments to the financial statements of the Group.

### 3. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2006 was not qualified.

### 4. Seasonal or Cyclical Factors

The Group's property development operations in Malaysia are dependent on the economic conditions in Malaysia which would affect demand for properties.

### 5. Exceptional Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 September 2007.

### 6. Changes in Estimates of Amounts Reported Previously

There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the financial period ended 30 September 2007.

### 7. Issuances or Repayments of Debts and Equity Securities

As at 30 September 2007, the number of treasury shares held is 23,145,300 ordinary shares.

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares by the Company for the financial period ended 30 September 2007.

### 8. Dividend Paid

There was no dividend paid by the Company during the financial period ended 30 September 2007 (30 September 2006: Nil).

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## 9. Segment Information

The analysis of the Group's operations for the financial period ended 30 September 2007 is as follows:-

	Properties RM'000	Investment Holding RM'000	Total RM'000
<b>Revenue</b>			
- External	12,284	646	12,930
- Inter-segment	-	-	-
Total	<u>12,284</u>	<u>646</u>	<u>12,930</u>
<b>Results</b>			
Segment results	<u>2,626</u>	<u>(393)</u>	2,233
Finance costs			<u>(1,181)</u>
Profit before taxation			<u>1,052</u>

## 10. Property, Plant and Equipment

The valuation of freehold land has been brought forward without amendment from the previous annual report.

## 11. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 30 September 2007 that have not been reflected in the financial statements for the said period as at the date of this report.

## 12. Changes in the Composition of the Group

On 2 February 2007, the Company announced the winding-up of its inactive subsidiaries, Bashan Sdn Bhd, MUI Resorts Sdn Bhd and MUR Sdn Bhd, by way of members' voluntary winding-up; and Dondang Sayang Holdings Sdn Bhd, Green Nominees (Tempatan) Sdn Bhd, MUP Sdn Bhd and Pistole Holdings Sdn Bhd, by way of creditors' voluntary winding-up.

Other than the above, there were no changes in the composition of the Group during the financial period ended 30 September 2007.

## 13. Assets Of Disposal Group Classified As Held For Sale

On 14 September 2007, the Company announced the proposed sale of 385,000 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Two Holdings Sdn Bhd ("THSB"), a wholly owned subsidiary company, to Pan Malaysian Industries Berhad for a cash consideration of RM9.3 million. Accordingly, THSB is classified as a disposal group held for sale.

THSB's main asset is a piece of vacant and freehold land held for development. During the period ended 30 September 2007, THSB had no revenue and had insignificant expenses and cashflows. As at 30 September 2007, THSB had insignificant liabilities and the net book value of the development land is RM2,414,000.

## 14. Contingent Liabilities

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

## 15. Capital Commitments

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

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## NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

### 1. Review of Performance of the Company and its Principal Subsidiaries

During the financial period ended 30 September 2007, the Group recorded revenue of RM12.9 million and pre-tax profit of RM1.1 million compared to the corresponding period's revenue of RM23.3 million and pre-tax profit of RM0.7 million. The decrease in revenue is mainly due to lower revenue from the property development projects as the property sector was soft for the most part of the financial period under review. There was also no dividend income this period following a distribution arising from an investment held.

### 2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

For the current quarter, the Group recorded revenue of RM4.8 million and pre-tax profit of RM0.4 million compared to the preceding quarter's revenue of RM3.2 million and pre-tax loss of RM0.8 million. The slightly better performance for the current quarter is mainly due to a better take-up of the Group's properties from the second half of the year.

### 3. Prospects for Current Financial Year

The Group's property development operations have shown some signs of renewed interest after a prolonged period of lacklustre demand due to a soft property market.

Barring any unforeseen circumstances, the Directors expect the Group's performance to be satisfactory for the financial year ending 31 December 2007.

### 4. Variance of Actual Profit from Forecast Profit

Not applicable.

### 5. Taxation

Taxation comprises :-

	Third Quarter		Cumulative 9 months	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	RM'000	RM'000	RM'000	RM'000
Current taxation	554	812	877	1,205
Deferred taxation	(40)	29	(46)	75
Over/(under) provision in respect of prior years	122	(38)	122	(38)
	<u>636</u>	<u>803</u>	<u>953</u>	<u>1,242</u>

The tax charge for the financial period ended 30 September 2007 is higher than the statutory rate of tax applicable. This is mainly due to taxable profit of certain subsidiaries and the absence of group relief on losses incurred by other subsidiaries.

### 6. Sale of Investments and/or Properties

There were no gain/(loss) on disposal of investments and/or properties during the financial period ended 30 September 2007.

### 7. Quoted Securities

a) There were no purchases and disposals of quoted securities for the financial period ended 30 September 2007.

b) Total investments in quoted securities as at 30 September 2007 are as follows:-

At cost	RM'000
	18,562
Less: Allowance for diminution in value of investments	<u>(2,883)</u>
At book value	<u>15,679</u>
Market value	<u>23,926</u>

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### 8. Status of Corporate Proposals

(a) On 3 August 2007, the Company announced the following exercises:-

(i) Proposed Capital Reconstruction comprising:-

- Proposed reduction of share capital from RM382.0 million to RM152.8 million pursuant to Section 64(1) of the Companies Act, 1965 (the "Act") involving the reduction of the par value of each existing share in the Company from RM0.50 to RM0.20 via the cancellation of RM0.30 of the par value of each existing ordinary share of RM0.50 each in the Company in issue and the credit arising therefrom will be utilised to set-off the accumulated losses of the Company ("Proposed Par Value Reduction"); and
- Proposed reduction of the share premium account of the Company of up to RM164.1 million pursuant to Sections 60(2) and 64(1) of the Act and the credit arising therefrom will be utilised to set-off the accumulated losses of the Company ("Proposed Share Premium Reduction").

(ii) Proposed amendment to the Company's Memorandum of Association to facilitate the Proposed Par Value Reduction.

The proposals have been approved by the shareholders of the Company at an extraordinary general meeting held on 28 September 2007. The High Court of Malaya ("Court") has on 14 November 2007 approved the Company's application for dispensation pursuant to the provisions of Section 64(3) of the Companies Act, 1965 and that the hearing of the petition by the Court for its approval in relation to the Proposed Par Value Reduction and Proposed Share Premium Reduction is fixed on 12 December 2007.

(b) On 14 September 2007, the Company announced the proposed sale of 385,000 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of Two Holdings Sdn Bhd, a wholly owned subsidiary company, to Pan Malaysian Industries Berhad ("PMI") for a cash consideration of RM9.3 million. The proposal is subject to approvals to be obtained by PMI from its shareholders at a general meeting to be convened and the Securities Commission.

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

### 9. Group Borrowings

Total Group borrowings as at 30 September 2007 are as follows:-

	<b>RM'000</b>
Short Term Borrowings	
- Unsecured	<u>25,210</u>

### 10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

### 11. Material Litigation

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

### 12. Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2007 (30 September 2006: Nil).



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### 13. Earnings Per Share

(a) Basic earnings per share

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

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
Profit/(Loss) for the financial period (RM'000)	(772)	927	(807)	(627)
Weighted average number of ordinary shares in issue ('000)	740,915	742,588	740,915	742,588
Earnings/(Loss) per share (sen)	<u>(0.10)</u>	<u>0.12</u>	<u>(0.11)</u>	<u>(0.08)</u>

(b) Diluted earnings per share is not disclosed as it is not applicable.

By Order of the Board  
MUI PROPERTIES BERHAD

Leong Park Yip  
Company Secretary

Date: 22 November 2007