

MUI PROPERTIES BERHAD

Company No : 6113-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014

(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENTS For the Financial Period Ended 30 June 2014

	INDIVIDUAL QUARTER		CUMULATIVE 6 MONTHS	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	8,489	10,909	20,648	19,895
Cost of sales	(3,883)	(7,015)	(10,654)	(12,707)
Gross profit	4,606	3,894	9,994	7,188
Other income	172	7,684	321	7,778
Administrative expenses	(2,206)	(2,163)	(4,016)	(3,784)
Other expenses	(528)	(5)	(892)	(473)
Finance costs	(20)	(68)	(53)	(157)
Profit before taxation	2,024	9,342	5,354	10,552
Income tax expense	(908)	(719)	(1,828)	(1,310)
Profit for the financial period	1,116	8,623	3,526	9,242
Profit for the financial period attributable to:				
Equity holders of the Company	16	7,785	1,464	7,712
Non-controlling interest	1,100	838	2,062	1,530
	1,116	8,623	3,526	9,242
	Sen	Sen	Sen	Sen
Profit per share attributable to equity holders of the Company:				
- Basic	0.00	1.05	0.20	1.04
- 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 2013 and the accompanying explanatory notes attached to the interim financial statements)



MUI Properties Berhad
6113-W
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Period Ended 30 June 2014

	INDIVIDUAL QUARTER		CUMULATIVE 6 MONTHS	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	1,116	8,623	3,526	9,242
Foreign currency translation differences for overseas subsidiaries	85	(5,832)	(5,156)	(6,818)
Fair value for available-for-sale investments	41	(4,719)	(240)	(6,658)
Gain on disposal of available-for-sale investments	-	6,301	-	6,301
Total comprehensive income /(loss) for the financial period	<u>1,242</u>	<u>4,373</u>	<u>(1,870)</u>	<u>2,067</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	142	3,535	(3,932)	537
Non-controlling interest	1,100	838	2,062	1,530
	<u>1,242</u>	<u>4,373</u>	<u>(1,870)</u>	<u>2,067</u>

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
At 30 June 2014

	30/06/2014	31/12/2013
	RM'000	Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,015	6,922
Investment properties	30,630	29,919
Land held for property development	35,263	35,263
Investments	74,132	78,189
Deferred tax assets	1,330	1,316
Goodwill on consolidation	5,000	5,000
	<u>153,370</u>	<u>156,609</u>
Current assets		
Property development costs	81,211	82,077
Inventories	25,164	26,690
Investments	4,455	5,299
Trade and other receivables	12,745	13,702
Tax recoverable	376	376
Deposits, bank balances and cash	48,422	43,665
	<u>172,373</u>	<u>171,809</u>
TOTAL ASSETS	<u>325,743</u>	<u>328,418</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	152,812	152,812
Treasury shares, at cost	(6,301)	(6,301)
Reserves	98,790	102,722
	<u>245,301</u>	<u>249,233</u>
Non-controlling interest	71,112	69,050
Total equity	<u>316,413</u>	<u>318,283</u>
Non-current liabilities		
Trade and other payables	1,473	1,865
Employee benefits	183	183
	<u>1,656</u>	<u>2,048</u>
Current liabilities		
Borrowings	440	-
Trade and other payables	5,877	7,231
Provision for taxation	1,357	856
	<u>7,674</u>	<u>8,087</u>
Total liabilities	<u>9,330</u>	<u>10,135</u>
TOTAL EQUITY AND LIABILITIES	<u>325,743</u>	<u>328,418</u>
	RM	RM
Net assets per share attributable to equity holders of the Company	0.3300 *	0.3400 *

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

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Financial Period Ended 30 June 2014

	CUMULATIVE 6 MONTHS					Total	Non-Controlling Interest	Total Equity
	Non-Distributable							
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	General Reserves RM'000	Retained Profits RM'000			
6 months ended 30 June 2014								
At 1 January 2014	152,812	(6,301)	20,788	10,649	71,285	249,233	69,050	318,283
Total comprehensive income/(loss) for the financial period	-	-	(5,396)	-	1,464	(3,932)	2,062	(1,870)
At 30 June 2014	152,812	(6,301)	15,392	10,649	72,749	245,301	71,112	316,413
6 months ended 30 June 2013								
At 1 January 2013	152,812	(6,301)	26,544	10,649	60,154	243,858	66,029	309,887
Total comprehensive income/(loss) for the financial period	-	-	(13,475)	-	14,013	537	1,530	2,067
At 30 June 2013	152,812	(6,301)	13,069	10,649	74,167	244,395	67,559	311,954

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Financial Period Ended 30 June 2014

	CUMULATIVE 6 MONTHS	
	30/06/2014	30/06/2013
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	5,354	10,552
Net adjustments		
Others	(697)	(6,017)
Operating profit before working capital changes	4,657	4,535
Net changes in working capital	738	(4,552)
Cash generated from/(used in) operations	5,395	(17)
Interest paid	(53)	(157)
Interest received	1,445	325
Income tax paid	(1,327)	(966)
Net cash generated from/(used in) operating activities	5,460	(815)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(62)	11,560
Proceeds from sale of investments	-	13,949
Net cash (used in)/generated from investing activities	(62)	25,509
Cash Flows From Financing Activities		
Net cash used in financing activities	-	-
Effect of exchange rate changes	(764)	(356)
Net increase/(decrease) in cash and cash equivalents	4,634	24,338
Cash and cash equivalents at 1 January		
As previously reported	43,665	20,184
Effects of exchange rate changes on cash and cash equivalents	(317)	460
As restated	43,348	20,644
Cash and cash equivalents at 30 June	47,982	44,982

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements)



A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. For The Financial Period Ended 30 June 2014

The Interim Financial Report of the Group is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and Chapter 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 of the Group for the financial year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2. Significant Accounting Policies

The significant accounting policies adopted in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2013, except for the adoption of the following amendments to Financial Reporting Standards ("FRS"), and Issue Committee ("IC") interpretations which are applicable for the Group's financial reporting period beginning 1 January 2014.

Amendments to FRS 10	Consolidated Financial Statements: Investment Entities
Amendments to FRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to FRS 127	Separate Financial Statements: Investment Entities
Amendments to FRS 132	Financial Instruments: Presentation - offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Impairment of Assets - Recoverable Amount Disclosure for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), 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 to be mandatory for annual periods beginning on or after 1 January 2013. The MASB has on 30 June 2012 decided that Transitioning Entities will be given an option of another one year to continue with the existing FRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Group falls within the scope of definition of Transitioning Entities and has opted to defer the adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. 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.



A2. Significant Accounting Policies (cont'd)

Malaysian Financial Reporting Standards (cont'd)

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 due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2013 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

A3. 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.

A4. Exceptional Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the financial period ended 30 June 2014.

A5. 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 June 2014.

A6. Issuances or Repayments of Debts and Equity Securities

As at 30 June 2014, 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 June 2014.

A7. Dividend Paid

There was no dividend paid by the Company during the financial period ended 30 June 2014 (30 June 2013: Nil).

A8. Operating Segments

For the 6 months ended 30 June 2014

Segment information is presented in respect of the Group's business segments.

	Properties RM'000	Investment Holding RM'000	Total RM'000
External revenue	19,542	1,106	20,648
Segment results	6,180	(771)	5,407
Interest expense	(41)	(12)	(53)
Profit before tax	6,139	(783)	5,354
Income tax expense	(1,741)	(87)	(1,828)
Profit for the year	4,398	(870)	3,526
Segment assets	219,085	104,952	324,037
Unallocated assets			1,706
			325,743



A9. Property, Plant and Equipment

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

A10. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 30 June 2014 that have not been reflected in the financial statements for the said period as at the date of this report.

A11. Contingent Liabilities

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

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2014.

A13. Capital Commitments

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



B. NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

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

For the financial period ended 30 June 2014, the Group recorded revenue of RM20.6 million and pre-tax profit of RM5.3 million compared with the previous year corresponding period revenue of RM19.9 million and pre-tax profit of RM10.5 million. The marginal increase in the revenue of the financial period under review is mainly due to the increase in revenue from sale of palm oil fruits. In the previous year corresponding period, a higher pre-tax profit was recorded due to the gain on disposal of a development land.

The gross profit margin increased from 36% in the previous year corresponding period to 48% in the current period under review. The higher gross profit margin is attributed to the higher gross profit margin from both property development and sale of palm oil fruits. Gross profit margin from property development increased from 31% in the previous year corresponding period to 40% in the current period under review whilst gross profit margin from sale of palm oil fruits increased from 58% in the previous year corresponding period to 67% in the current period under review.

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

For the current quarter, the Group recorded revenue of RM8.5 million and pre-tax profit of RM2.0 million, compared with the revenue of RM12.2 million and pre-tax profit of RM3.3 million in the preceding quarter. The lower revenue and lower pre-tax profit for the current quarter was mainly attributed to the lower sales of the Group's property development projects in Bandar Springhill.

B3. Prospects for Year 2014

Bank Negara Malaysia projected the Malaysian economy in 2014 to grow between 4.5% and 5.5% in terms of gross domestic product. The economic growth will be driven by growth in domestic demand and improvement in external demand.

The completed overhead bridge along the Seremban-Port Dickson highway which has improved accessibility between the eastern and western sectors of the township, will further complement the launch of our new projects in the western sector. More marketing activities are planned for the 4th quarter of the year in Bandar Springhill.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Profit before Tax

Included in the profit before tax are the following:-

	Second Quarter		Cumulative 6 months	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Interest income	238	205	1,445	325
Gain on foreign exchange	193	1,522	322	1,485
Depreciation	(64)	(47)	(133)	(129)

B6. Income Tax Expense

Taxation comprises :-

	Second Quarter		Cumulative 6 months	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
Current taxation	(908)	(719)	(1,828)	(1,311)
Deferred taxation	-	-	-	1
	(908)	(719)	(1,828)	(1,310)

The current tax charge for the financial period ended 30 June 2014 is higher than the statutory rate of tax applicable mainly due to the losses suffered by certain subsidiaries for which no group relief is available.

B7. Status of Corporate Proposals

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



B8. Realised and Unrealised Profits

Retained profits of the Group comprise of the following:-

	30/06/2014	31/12/2013
	RM'000	Audited RM'000
Realised	180,036	180,052
Unrealised	6,965	6,630
	<u>187,001</u>	<u>186,682</u>
Less: Consolidation adjustments	<u>(114,252)</u>	<u>(115,397)</u>
	<u>72,749</u>	<u>71,285</u>

B9. Borrowings

Total group borrowings as at 30 June 2014 are as follows:

	RM'000	RM'000
- Borrowings (Unsecured)	440	-

B10. Derivative Financial Instruments

There are no derivative financial instruments as at 30 June 2014.

B11. Fair Value Changes of Financial Liabilities

As at 30 June 2014, the Group does not have any financial liabilities measured at fair value through profit or loss.

B12. Material Litigation

A subsidiary has been named as defendant in a law suit in United States of America, arising from alleged deficiencies and deferred maintenance issues at the Kensington Place condominium complex ("Condominium"). The plaintiffs who comprise of 22 individual owners of the Condominium are suing the subsidiary to recover the maintenance and repair costs. The subsidiary is currently defending the case. Due to the uncertainties in the litigation, the management and its counsel are unable to quantify the outcome of this matter at this juncture.

B13. Dividend

No dividend has been declared by the Board for the financial period ended 30 June 2014 (30 June 2013: Nil).

B14. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) 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:-

	Second Quarter		Cumulative 6 months	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
Profit for the financial period attributable to equity holders of the Company (RM'000)	16	7,785	1,464	7,712
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	740,915	740,915
Earnings per share (sen)	<u>0.00</u>	<u>1.05</u>	<u>0.20</u>	<u>1.04</u>

(b) Diluted earnings per share is not disclosed as there is no dilutive potential ordinary shares.

B15. Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not qualified.

By Order of the Board
MUI PROPERTIES BERHAD

Soo-Hoo Siew Hoon
Lee Chik Siong
Joint Company Secretaries

Date: 27 August 2014