

MUI PROPERTIES BERHAD

Company No : 6113-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

(The figures are unaudited)

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

	INDIVIDUAL QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	6,333	7,985	26,981	27,880
Cost of sales	(3,107)	(4,558)	(13,761)	(17,265)
Gross profit	3,226	3,427	13,220	10,615
Other income	(155)	(1,692)	166	6,086
Administrative expenses	(2,386)	(3,134)	(6,402)	(6,918)
Other expenses	(3,559)	(115)	(4,451)	(588)
Finance costs	(5)	(46)	(58)	(203)
Profit before taxation	(2,879)	(1,560)	2,475	8,992
Income tax expense	(564)	(410)	(2,392)	(1,720)
Profit for the financial period	(3,443)	(1,970)	83	7,272
Profit for the financial period attributable to:				
Equity holders of the Company	(4,105)	(2,516)	(2,641)	5,196
Non-controlling interest	662	546	2,724	2,076
	(3,443)	(1,970)	83	7,272
	Sen	Sen	Sen	Sen
Profit per share attributable to equity holders of the Company:				
- Basic	(0.55)	(0.34)	(0.36)	0.70
- 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 September 2014

	INDIVIDUAL QUARTER		CUMULATIVE 9 MONTHS	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	(3,443)	(1,970)	83	7,272
Foreign currency translation differences for overseas subsidiaries	(364)	8,108	(5,520)	1,290
Fair value for available-for-sale investments	673	1,047	433	(5,611)
Gain on disposal of available-for-sale investments	-	109	-	6,410
Total comprehensive income /(loss) for the financial period	<u>(3,134)</u>	<u>7,294</u>	<u>(5,004)</u>	<u>9,361</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(3,796)	6,748	(7,728)	7,285
Non-controlling interest	662	546	2,724	2,076
	<u>(3,134)</u>	<u>7,294</u>	<u>(5,004)</u>	<u>9,361</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 September 2014

	30/09/2014	31/12/2013
	RM'000	Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,716	6,922
Investment properties	30,726	29,919
Land held for property development	35,263	35,263
Investments	73,394	78,189
Deferred tax assets	1,304	1,316
Goodwill on consolidation	5,000	5,000
	<hr/>	<hr/>
	152,403	156,609
Current assets		
Property development costs	80,688	82,077
Inventories	24,336	26,690
Investments	4,280	5,299
Trade and other receivables	7,115	13,702
Tax recoverable	376	376
Deposits, bank balances and cash	56,641	43,665
	<hr/>	<hr/>
	173,436	171,809
	<hr/>	<hr/>
TOTAL ASSETS	325,839	328,418
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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	94,994	102,722
	<hr/>	<hr/>
	241,505	249,233
Non-controlling interest	71,774	69,050
	<hr/>	<hr/>
Total equity	313,279	318,283
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Non-current liabilities		
Trade and other payables	1,473	1,865
Employee benefits	182	183
	<hr/>	<hr/>
	1,655	2,048
	<hr/>	<hr/>
Current liabilities		
Borrowings	-	-
Trade and other payables	9,839	7,231
Provision for taxation	1,066	856
	<hr/>	<hr/>
	10,905	8,087
	<hr/>	<hr/>
Total liabilities	12,560	10,135
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	325,839	328,418
	<hr/>	<hr/>
	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)



MUI Properties Berhad
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Incorporated in Malaysia

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

	CUMULATIVE 9 MONTHS					Total	Non-Controlling Interest	Total Equity
	Non-Distributable							
	Share Capital	Treasury Shares	Other Reserves	General Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 September 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	-	-	(5,087)	-	(2,641)	(7,728)	2,724	(5,004)
At 30 September 2014	152,812	(6,301)	15,701	10,649	68,644	241,505	71,774	313,279
9 months ended 30 September 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	-	-	(4,321)	-	11,606	7,285	2,076	9,361
At 30 September 2013	152,812	(6,301)	22,223	10,649	71,760	251,143	68,105	319,248

(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 September 2014

	CUMULATIVE 9 MONTHS	
	30/09/2014	30/09/2013
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	2,475	8,992
Net adjustments		
Others	2,677	(5,534)
Operating profit before working capital changes	5,152	3,458
Net changes in working capital	9,341	(1,195)
Cash generated from/(used in) operations	14,493	2,263
Interest paid	(58)	(203)
Interest received	1,751	-
Income tax paid	(2,183)	(2,351)
Net cash generated from/(used in) operating activities	14,003	(291)
Cash Flows From Investing Activities		
Additional cost for investment properties	(827)	-
Purchase of property, plant and equipment	(131)	(47)
Purchase from sale of property development	-	11,560
Proceeds from sale of investments	-	13,949
Net cash (used in)/generated from investing activities	(958)	25,462
Cash Flows From Financing Activities		
Net cash used in financing activities	-	-
Effect of exchange rate changes		(1,556)
Net increase/(decrease) in cash and cash equivalents	13,045	23,615
Cash and cash equivalents at 1 January		
As previously reported	43,665	20,184
Effects of exchange rate changes on cash and cash equivalents	(69)	932
As restated	43,596	21,116
Cash and cash equivalents at 30 September	56,641	44,731

(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 September 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 September 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 September 2014.

A6. Issuances or Repayments of Debts and Equity Securities

As at 30 September 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 September 2014.

A7. Dividend Paid

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

A8. Operating Segments

For the 9 months ended 30 September 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	25,818	1,163	26,981
Segment results	4,815	(2,282)	2,533
Interest expense	(41)	(17)	(58)
Profit before tax	4,774	(2,299)	2,475
Income tax expense	(2,306)	(86)	(2,392)
Profit for the year	2,468	(2,385)	83
Segment assets	220,926	103,233	324,159
Unallocated assets			1,680
			325,839



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 September 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 September 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 30th September 2014, the Group recorded revenue of RM27.0 million and pre-tax profit of RM 2.5 million compared with revenue of RM27.9 million and pre-tax profit of RM9 million in the previous year corresponding period. The marginally lower revenue in the financial period under review is mainly due to the lower revenue from property development. Lower pre-tax profit in the current period is due to provision for legal claims and the one-off gain on disposal of development land in Port Dickson in the corresponding financial period last year.

However, the property development project in Bandar Springhill performed better in the current financial period under review compared with the corresponding period last year. The gross profit margin increased from 38% in the previous year corresponding period to 49% in the current period under review. Higher gross profit margin was attributed to the higher gross profit margin achieved in both property development and sale of palm oil fruits. Gross profit margin from property development increased from 33% in the previous year corresponding period to 40% in the current period under review.

Higher palm oil prices helped increase gross profit margin of palm oil fruit sales from 62% in the previous year corresponding period to 73% 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 RM6.3 million and pre-tax loss of RM2.9 million compared with revenue of RM8.0 million and pre-tax loss of RM1.5 million in the preceding quarter.

The higher pre-tax loss for the current quarter was mainly attributed to the lower sales of the property development projects in Bandar Springhill and provision for legal claims.

B3. Prospects for Year 2014

The completed overhead bridge along the Seremban-Port Dickson highway which has improved accessibility between the eastern & western sectors of the Bandar Springhill, will help improve the sales of new units in the Western sector. More marketing activities are planned for the 4th quarter of the year in the township.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Profit before Tax

Included in the profit before tax are the following:-

	Third Quarter		Cumulative 9 months	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Interest income	306	308	1,751	633
Gain/(Loss) on foreign exchange	(249)	(2,533)	73	(1,048)
Depreciation	(86)	(112)	(219)	(241)
Provision for legal claims	(3,245)	-	(3,245)	-
Unrealised loss on financial assets at fair value through profit or loss	(250)	-	(981)	-

B6. Income Tax Expense

Taxation comprises :-

	Third Quarter		Cumulative 9 months	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Current taxation	(564)	(410)	(2,392)	(1,721)
Deferred taxation	-	-	-	1
	(564)	(410)	(2,392)	(1,720)

The current tax charge for the financial period ended 30 September 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:-

	30/09/2014	31/12/2013
	RM'000	Audited RM'000
Realised	178,014	180,052
Unrealised	6,703	6,630
	<u>184,717</u>	<u>186,682</u>
Less: Consolidation adjustments	<u>(116,073)</u>	<u>(115,397)</u>
	<u>68,644</u>	<u>71,285</u>

B9. Borrowings

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

- Borrowings (Unsecured)	-	-
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B10. Derivative Financial Instruments

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

B11. Fair Value Changes of Financial Liabilities

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

B12. Material Litigation

A subsidiary was 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 comprised of 22 individual owners of the Condominium sued the subsidiary to recover the maintenance and repair costs. On 21 October 2014, the plaintiffs were offered a settlement sum of US\$1.0 million and the terms of settlement are being finalised. RM3.25 million was provided for the proposed settlement in the financial period ended 30 September 2014.

B13. Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2014 (30 September 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:-

	<u>Third Quarter</u>		<u>Cumulative 9 months</u>	
	<u>30/09/2014</u>	<u>30/09/2013</u>	<u>30/09/2014</u>	<u>30/09/2013</u>
Profit for the financial period attributable to equity holders of the Company (RM'000)	(4,105)	(2,516)	(2,641)	5,196
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	740,915	740,915
Earnings per share (sen)	<u>(0.55)</u>	<u>(0.34)</u>	<u>(0.36)</u>	<u>0.70</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: 24 November 2014