

MUI PROPERTIES BERHAD

Company No : 6113-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
For the Financial Year Ended 31 December 2014**

	INDIVIDUAL QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Revenue	5,721	20,280	32,702	48,160
Cost of sales	(8,241)	(11,238)	(22,002)	(28,503)
Gross profit	(2,520)	9,042	10,700	19,657
Other income	2,689	(4,791)	2,855	1,295
Administrative expenses	(2,192)	(1,240)	(8,594)	(8,158)
Other expenses	(7,448)	(2,444)	(15,591)	(3,032)
Finance costs	(107)	(27)	(165)	(230)
(Loss)/Profit before taxation	(9,578)	540	(10,795)	9,532
Income tax expense	546	(112)	(1,846)	(1,832)
(Loss)/Profit for the financial period/year	(9,032)	428	(12,641)	7,700
(Loss)/Earnings for the financial period/year attributable to:				
Equity holders of the Company	(8,548)	(517)	(14,881)	4,679
Non-controlling interest	(484)	945	2,240	3,021
	(9,032)	428	(12,641)	7,700
	Sen	Sen	Sen	Sen
(Loss)/Profit per share attributable to equity holders of the Company:				
- Basic	(1.15)	(0.07)	(2.01)	0.63
- 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)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Financial Year Ended 31 December 2014

	INDIVIDUAL QUARTER		CUMULATIVE 12 MONTHS	
	31/12/2014 RM'000	31/12/2013 RM'000	31/12/2014 RM'000	31/12/2013 RM'000
(Loss)/Profit for the financial period/year	(9,032)	428	(12,641)	7,700
Foreign currency translation differences for overseas subsidiaries	3,296	(497)	(2,224)	793
Fair value for available-for-sale investments	519	5,514	952	(97)
Total comprehensive (loss)/income for the financial period/year	(5,217)	5,445	(13,913)	8,396
Total comprehensive (loss)/income attributable to:				
Equity holders of the Company	(4,733)	4,500	(16,153)	5,375
Non-controlling interest	(484)	945	2,240	3,021
	(5,217)	5,445	(13,913)	8,396

(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 31 December 2014

	31/12/2014	31/12/2013
	RM'000	Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,687	6,922
investment properties	30,779	29,919
Land held for property development	35,263	35,263
Investments	75,152	78,189
Deferred tax assets	1,456	1,316
Goodwill on consolidation	-	5,000
	<u>149,337</u>	<u>156,609</u>
Current assets		
Property development costs	75,220	82,077
Inventories	24,097	26,690
Investments	343	5,299
Trade and other receivables	8,351	13,702
Tax recoverable	679	376
Deposits, bank balances and cash	53,163	43,665
	<u>161,853</u>	<u>171,809</u>
TOTAL ASSETS	<u>311,190</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	86,569	102,722
	<u>233,080</u>	<u>249,233</u>
Non-controlling interest	71,290	69,050
Total equity	<u>304,370</u>	<u>318,283</u>
Non-current liabilities		
Trade and other payables	1,473	1,865
Employee benefits	144	183
	<u>1,617</u>	<u>2,048</u>
Current liabilities		
Borrowings	811	-
Trade and other payables	4,388	7,231
Provision for taxation	4	856
	<u>5,203</u>	<u>8,087</u>
Total liabilities	<u>6,820</u>	<u>10,135</u>
TOTAL EQUITY AND LIABILITIES	<u>311,190</u>	<u>328,418</u>
	RM	RM
Net assets per share attributable to equity holders of the Company	0.4100 *	0.4300 *

* 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)



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Financial Year Ended 31 December 2014**

	CUMULATIVE 12 MONTHS						Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable			Total RM'000		
			Other Reserves RM'000	General Reserves RM'000	Retained Profits RM'000			
12 months ended 31 December 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 year			(1,272)		(14,881)	(16,153)	2,240	(13,913)
At 31 December 2014	152,812	(6,301)	19,516	10,649	56,404	233,080	71,290	304,370
12 months ended 31 December 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 year			(5,756)		11,131	5,375	3,021	8,396
At 31 December 2013	152,812	(6,301)	20,788	10,649	71,285	249,233	69,050	318,283

(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 Year Ended 31 December 2014

	CUMULATIVE 12 MONTHS	
	31/12/2014	31/12/2013
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation	(10,795)	9,532
Net adjustments		
Others	8,941	827
Operating (loss)/profit before working capital changes	(1,854)	10,359
Net changes in working capital	12,352	65
Cash generated from operations	10,498	10,424
Interest paid	(165)	(230)
Interest received	2,099	981
Income tax paid	(3,152)	(2,885)
Employee benefits paid	-	(48)
Net cash generated from operating activities	9,280	8,242
Cash Flows From Investing Activities		
Additional cost for investment properties	(886)	(40)
Purchase of property, plant and equipment	(159)	(214)
Proceeds from sale of investments	-	13,949
Advance to related companies	-	(43)
Net cash (used in)/ generated from investing activities	(1,045)	13,652
Cash Flows From Financing Activities		
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents	8,235	21,894
Cash and cash equivalents at 1 January		
As previously reported	43,665	20,184
Effects of exchange rate changes on cash and cash equivalents	452	1,587
As restated	44,117	21,771
Cash and cash equivalents at 31 December	52,352	43,665

(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 Year Ended 31 December 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 2014 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 year ended 31 December 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 year ended 31 December 2014.

A6. Issuances or Repayments of Debts and Equity Securities

As at 31 December 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 year ended 31 December 2014.

A7. Dividend Paid

There was no dividend paid by the Company during the financial year ended 31 December 2014 (31 December 2013: Nil).

A8. Operating Segments

For the 12 months ended 31 December 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	32,702	-	32,702
Segment results	3,361	(13,992)	(10,630)
Interest expense	(107)	(58)	(165)
(Loss)/Profit before tax	3,254	(14,050)	(10,795)
Income tax expense	(1,759)	(87)	(1,846)
(Loss)/Profit for the year	1,495	(14,137)	(12,641)
Segment assets	216,955	92,101	309,056
Unallocated assets			2,134
			311,190



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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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2014, the Group recorded revenue of RM32.7 million and pre-tax loss of RM10.8 million compared with the previous year corresponding period revenue of RM48.1 million and pre-tax profit of RM9.5 million.

The lower revenue was attributed to the lower sales of the group's property development project in Bandar Springhill and the one off revenue from the disposal of development land at Port Dickson in 2013 of RM11.6 million.

Pre-tax loss for the financial year was mainly attributed to the impairment loss on investments, goodwill and legal claim settlement amounting to RM11.2 million compared with the one off gain on the disposal of development land of RM6.0 million at Port Dickson in 2013. Gross profit margin declined to 33% for the current year as compared with 40% in the previous year. Gross profit margin of property development in Bandar Springhill declined from 34% to 27% in the current financial year whilst gross profit margin the sale of palm oil fruits increased marginally from 64% to 65% in the current financial year.

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

For the current quarter, the group recorded revenue of RM5.7 million and pre-tax loss of RM9.6 million, compared with the revenue of RM6.3 million and pre-tax loss of RM2.9 million in the preceding quarter. The lower revenue for the current quarter was mainly attributed to the lower sales of the group's property development project in Bandar Springhill. However, the higher loss before tax for the current quarter was mainly attributed to the impairment loss on investments, goodwill and legal claim settlement.

B3. Prospects for Year 2015

The Ministry of Finance projected the Malaysia economy to grow between 4.5% and 5.5% in 2015 in terms of gross domestic product. Growth in both domestic demand and external demand is expected to be the main drivers of the projected economic growth.

More aggressive marketing activities are planned for financial year 2015 to improve sales performance of Bandar Springhill. Improved accessibility from the completed overhead bridge connecting both the eastern and western sectors of the town ship, will further complement the planned launches of new projects in the western sector.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Loss/Profit before Tax

Included in the loss/profit before tax are the following:-

	Fourth Quarter		Cumulative 12 months	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Interest income	348	395	2,099	1,028
Write back of provision for employee benefits	40	13	40	13
Reversal of amount owing to trade payable	630	-	630	-
Legal claims settlement	(26)	-	(3,271)	-
Impairment loss on other receivables	-	(170)	-	(170)
Impairment loss on investments	(1,309)	(817)	(1,309)	(817)
Impairment of goodwill	(5,000)	-	(5,000)	-
Unrealised loss on financial assets at fair value through profit or loss	(3,963)	-	(4,944)	-
Loss on foreign exchange	(823)	(917)	(750)	(1,965)
Depreciation	(73)	(79)	(292)	(320)

B6. Income Tax Expense

Taxation comprises :-

	Fourth Quarter		Cumulative 12 months	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Current taxation	394	(784)	(1,998)	(2,505)
Overprovision for prior years	2	189	2	189
Deferred taxation	150	483	150	484
	546	(112)	(1,846)	(1,832)

The current tax charge for the financial year ended 31 December 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:-

	31/12/2014	31/12/2013
	RM'000	Audited RM'000
Realised	168,085	180,052
Unrealised	6,630	6,630
	<u>174,715</u>	<u>186,682</u>
Less: Consolidation adjustments	<u>(118,311)</u>	<u>(115,397)</u>
	<u>56,404</u>	<u>71,285</u>

B9. Borrowings

Total group borrowings as at 31 December 2014 are as follows:

	RM'000	RM'000
- Borrowings (Unsecured)	<u>811</u>	<u>-</u>

B10. Derivative Financial Instruments

There are no derivative financial instruments as at 31 December 2014.

B11. Fair Value Changes of Financial Liabilities

As at 31 December 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, RM3.3 million was provided for the legal claims settlement in the financial year ended 31 December 2014.

B13. Dividend

No dividend has been declared by the Board for the financial year ended 31 December 2014 (31 December 2013: Nil).

B14. (Loss)/Earnings Per Share

(a) Basic (loss)/earnings per share

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

	Fourth Quarter		Cumulative 12 months	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
(Loss)/Profit for the financial year attributable to equity holders of the Company (RM'000)	(8,548)	(517)	(14,881)	4,679
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	740,915	740,915
(Loss)/Earnings per share (sen)	<u>(1.15)</u>	<u>(0.07)</u>	<u>(2.01)</u>	<u>0.63</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: 18 February 2015