

# MUI PROPERTIES BERHAD

Company No : 6113-W  
(Incorporated in Malaysia)

## INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2016

(The figures are unaudited)

### CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS For the Financial Period Ended 30 June 2016

	QUARTER ENDED		CUMULATIVE
	30/06/2016	30/06/2015	18 MONTHS
	RM'000	RM'000	30/06/2016 RM'000
Revenue	10,598	9,944	79,396
Cost of sales	(8,032)	(6,045)	(54,715)
Gross profit	2,566	3,899	24,681
Other income	1,486	267	3,008
Administrative expenses	(3,146)	(2,632)	(14,839)
Other expenses	(199)	(326)	(1,632)
Exceptional items (refer note A5)	9,541	(93)	8,403
Finance costs	(43)	(48)	(262)
(Loss)/Profit before taxation	10,205	1,067	19,359
Income tax expense	(445)	(637)	(4,946)
Profit for the financial period	9,760	430	14,413
(Loss)/Profit for the financial period attributable to:			
Equity holders of the Company	9,903	(302)	10,247
Non-controlling interest	(143)	732	4,166
	9,760	430	14,413
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Earnings/(Loss) per share attributable to equity holders of the Company:			
- Basic / Diluted	1.34	(0.04)	1.38

Note: There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 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 2016**

	QUARTER ENDED		CUMULATIVE
	30/06/2016	30/06/2015	18 MONTHS
	RM'000	RM'000	30/06/2016
			RM'000
Profit for the financial period	9,760	430	14,413
Foreign currency translation differences for foreign operations	2,633	4,155	5,257
Fair value changes of available-for-sale financial assets	435	(436)	(1)
Total comprehensive (loss)/income for the financial period	<u>12,828</u>	<u>4,149</u>	<u>19,669</u>
Total comprehensive (loss)/ income attributable to:			
Equity holders of the Company	12,971	3,417	15,503
Non-controlling interest	(143)	732	4,166
	<u>12,828</u>	<u>4,149</u>	<u>19,669</u>

Note: There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)



**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 30 June 2016**

	30/06/2016	31/12/2014
	RM'000	Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	8,740	6,687
Investment properties	31,126	30,780
Land held for property development	35,263	35,263
Investments	68,321	75,142
Deferred tax assets	1,176	1,204
	<u>144,626</u>	<u>149,076</u>
<b>Current assets</b>		
Property development costs	86,453	82,071
Inventories	14,356	22,537
Investments	49	343
Trade and other receivables	21,694	7,278
Tax recoverable	963	1,102
Deposits, bank balances and cash	69,937	53,197
	<u>193,452</u>	<u>166,528</u>
<b>TOTAL ASSETS</b>	<u>338,078</u>	<u>315,604</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	152,812	152,812
Treasury shares, at cost	(6,301)	(6,301)
Reserves	102,554	87,051
	<u>249,065</u>	<u>233,562</u>
<b>Non-controlling interest</b>	71,990	71,424
<b>Total equity</b>	<u>321,055</u>	<u>304,986</u>
<b>Non-current liabilities</b>		
Trade and other payables	1,864	1,473
Employee benefits	14	144
	<u>1,878</u>	<u>1,617</u>
<b>Current liabilities</b>		
Borrowings	1,303	811
Trade and other payables	13,759	8,186
Provision for taxation	83	4
	<u>15,145</u>	<u>9,001</u>
<b>Total liabilities</b>	<u>17,023</u>	<u>10,618</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>338,078</u>	<u>315,604</u>
	<b>RM</b>	<b>RM</b>
Net assets per share attributable to equity holders of the Company	0.43 *	0.41 *

\* 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 2014 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 2016**

	Attributable to Equity Holders of the Company					Total	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Non-Distributable		Distributable			
			Other Reserves	General Reserves	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>18 months ended 30 June 2016</b>								
At 1 January 2015	152,812	(6,301)	19,528	10,649	56,874	233,562	71,424	304,986
Total comprehensive income/(loss) for the financial period	-	-	5,256	-	10,247	15,503	4,166	19,669
Dividend paid to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	(3,600)	(3,600)
<b>At 30 June 2016</b>	<b>152,812</b>	<b>(6,301)</b>	<b>24,784</b>	<b>10,649</b>	<b>67,121</b>	<b>249,065</b>	<b>71,990</b>	<b>321,055</b>
<b>12 months ended 31 December 2014</b>								
At 1 January 2014	152,812	(6,301)	20,788	10,649	71,285	249,233	69,050	318,283
Total comprehensive (loss) / income for the financial year	-	-	(1,260)	-	(14,411)	(15,671)	2,374	(13,297)
<b>At 31 December 2014</b>	<b>152,812</b>	<b>(6,301)</b>	<b>19,528</b>	<b>10,649</b>	<b>56,874</b>	<b>233,562</b>	<b>71,424</b>	<b>304,986</b>

(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 2014 and the accompanying explanatory notes attached to the interim financial statements)



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For The Financial Period Ended 30 June 2016**

	<b>CUMULATIVE</b>
	<b>18 MONTHS</b>
	<b>30/06/2016</b>
	<b>RM'000</b>
<b>Cash Flows From Operating Activities</b>	
Profit before taxation	19,359
Adjustments for:	
Non-cash items	(9,529)
Non-operating items	-
	<hr/>
Operating profit before working capital changes	9,830
Net changes in working capital	(4,794)
	<hr/>
Cash generated from operations	5,036
Interest paid	(262)
Interest received	1,129
Net tax paid	(4,678)
	<hr/>
Net cash generated from operating activities	1,225
	<hr/>
<b>Cash Flows From Investing Activities</b>	
Additional cost for investment properties	(387)
Purchase of property, plant and equipment	(2,279)
Proceeds from disposal of property, plant and equipment	18
Redemption of preference shares of an investment	19,872
	<hr/>
Net cash generated from investing activities	17,224
	<hr/>
<b>Cash Flows From Investing Activities</b>	
Dividend paid to non-controlling shareholder of a subsidiary	(3,600)
	<hr/>
Net cash used in investing activities	(3,600)
	<hr/>
Net increase in cash and cash equivalents	14,849
Foreign exchange differences	1,399
Cash and cash equivalents at 1 January 2015	52,386
	<hr/>
<b>Cash and cash equivalents at 30 June 2016</b>	<b>68,634</b>
	<hr/>

Note : There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements)

## A. NOTES TO THE INTERIM FINANCIAL REPORT

### A1. Change In Financial Year End

The Company has changed its financial year end from 31 December to 30 June. As a result of this change, the next audited financial statements of the Company shall be for a period of 18 months from 1 January 2015 to 30 June 2016 and thereafter 30 June for each subsequent year.

### A2. Basis Of Preparation

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 2014. 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 2014.

### A3. Significant Accounting Policies

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act 1965 in Malaysia.

During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

#### FRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities  
 Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities  
 Amendments to FRS 136: Recoverable Amount Disclosures 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 accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.

The Group has not applied in advance the following accounting standards and 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 period:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to FRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 Cycle	1 January 2016



### A3. Significant Accounting Policies (cont'd)

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

#### FRS 9 (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Group's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of FRS 9. The Group is currently assessing the financial impact of adopting FRS 9.

#### Amendments to FRS 119: Employee Contributions

The amendments to FRS 119 simplify the accounting treatment of contributions from employees and third parties to defined benefit plans. Contributions that are independent of the number of years of service shall be recognised as a reduction in the service cost in the period in which the related service is rendered. For contributions that are dependent on the number of years of service, the Group is required to attribute those contributions to periods of service using either based on the plan's contribution formula or on a straight-line basis, as appropriate.

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 announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Group has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 30 June 2018. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

### A4. 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.

### A5. 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 during the financial period ended 30 June 2016 other than the exceptional items as follows:-

Exceptional items	QUARTER ENDED		CUMULATIVE
	30/06/2016	30/06/2015	18 MONTHS
	RM'000	RM'000	30/06/2016
			RM'000
Net gain/(loss) on foreign exchange	1,224	(93)	86
Impairment loss on available-for-sale investment	(1,346)	-	(1,346)
Reversal of impairment loss on investment	9,663	-	9,663
	<u>9,541</u>	<u>(93)</u>	<u>8,403</u>

### A6. 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 2016.

### A7. Issuances or Repayments of Debts and Equity Securities

As at 30 June 2016, 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 2016.

### A8. Dividend Paid

There was no dividend paid by the Company during the financial period ended 30 June 2016 (31 December 2014: Nil).



## A9. Operating Segments

For the 18 months ended 30 June 2016

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

	Properties RM'000	Investment Holding RM'000	Total RM'000
External revenue	78,267	1,129	79,396
<b>Segment results</b>	14,107	5,514	19,621
Interest expense	(100)	(162)	(262)
Profit/(Loss) before tax	14,007	5,352	19,359
Income tax expense	(4,900)	(46)	(4,946)
Profit/(Loss) for the period	9,107	5,306	14,413
<b>Segment assets</b>	228,819	107,121	335,940
Unallocated assets			2,138
			338,078

## A10. Property, Plant and Equipment

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

## A11. Events Subsequent to the End of the Interim Reporting Period

There are no material events subsequent to the financial period ended 30 June 2016 that have not been reflected in the financial statements for the said period as at the date of this report.

## A12. Contingent Liabilities

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

## A13. Changes in the Composition of the Group

During the financial period, the following dormant/inactive wholly-owned subsidiaries of the Group were placed under members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 ("Winding-Up"):-

- Delray Sdn Bhd;
- Polacre Sdn Bhd; and
- Resort & Leisure Homes Sdn Bhd

The Winding-Up of subsidiaries is part of the Group's continuing rationalisation effort to improve efficiency within the Group and to save future costs associated with maintaining these subsidiaries.

The Winding-Up of the above subsidiaries does not have any material financial or operational effect on the Group for the financial period ended 30 June 2016.

Other than the above, there are no changes in the composition of the Group during the financial period ended 30 June 2016.

## A14. Capital Commitments

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





## B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

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

For the current quarter under review, the Group recorded revenue of RM10.6 million and profit before tax of RM10.2 million compared with revenue of RM10.0 million and profit before tax of RM1.0 million in the quarter ended 30 June 2015. The higher profit before tax in the current quarter was mainly attributed to reversal of impairment loss on investment in respect of redemption of preference shares. Gross profit in the current quarter was lower compared with previous year corresponding quarter due to recognition in the current quarter of the remaining property development costs relating to previous completed projects.

For the cumulative 18 months financial period, the profit before tax of RM 19.4 million was mainly derived from property development projects in Bandar Springhill and reversal of impairment loss on investment.

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

For the current quarter, the Group recorded lower revenue of RM10.6 million and profit before tax of RM10.2 million, compared with revenue of RM19.5 million and profit before tax of RM3.7 million in the preceding quarter. The profit before tax in the current quarter was mainly attributed to reversal of impairment loss on investment. The higher revenue in the preceding quarter was mainly attributed to higher percentage of completion of projects in Bandar Springhill.

### B3. Prospects for Year 2016

Bank Negara Malaysia projected the Malaysian economy to record a real Gross Domestic Product growth rate of between 4% and 5% in 2016.

Near term prospects of the property market in Malaysia remain challenging due to poor sentiment, as well as stringent lending policies by end financing banks. However, there is continuing demand for quality and affordable terrace houses. Hence, in response to this continuing demand, Bandar Springhill is planning to launch new phases by the fourth quarter of 2016. In view of the uncertainties of the local and global economies, the Group is cautious on the outlook of its property development business.

### B4. Variance of Actual Profit from Forecast Profit

Not applicable.

### B5. Profit before Tax

Included in the profit before tax are the following:-

	Quarter Ended		Cumulative
	30/06/2016	30/06/2015	18 Months
	RM'000	RM'000	30/06/2016
Depreciation/amortisation	(89)	(71)	(458)
Interest income	536	255	1,129
Impairment loss on financial assets through profit or loss	7	1	(309)
Impairment loss on other receivables	(387)	-	(387)
Gain/(Loss) on disposal of property, plant and equipment	-	5	(27)
Write back of provision for employee benefits	20	-	23

### B6. Income Tax Expense

Taxation comprises :-

	Quarter Ended		Cumulative
	30/06/2016	30/06/2015	18 Months
	RM'000	RM'000	30/06/2016
Current taxation	445	637	4,349
Overprovision for prior years	-	-	548
Deferred taxation	-	-	49
	445	637	4,946

The current tax charge for the financial period ended 30 June 2016 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:-

	<b>30/06/2016</b>	<b>31/12/2014</b>
	<b>RM'000</b>	<b>Audited RM'000</b>
Realised	155,147	148,702
Unrealised	10,662	6,664
	<u>165,809</u>	<u>155,366</u>
Less: Consolidation adjustments	<u>(98,688)</u>	<u>(98,492)</u>
	<u>67,121</u>	<u>56,874</u>

#### B9. Borrowings

Total group borrowings as at 30 June 2016 are as follows:

- Borrowings (Unsecured)	<u>1,303</u>
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#### B10. Derivative Financial Instruments

There are no derivative financial instruments as at 30 June 2016.

#### B11. Fair Value Changes of Financial Liabilities

As at 30 June 2016, the Group does not have any financial liabilities measured at fair value through profit or loss.

#### B12. Material Litigation

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

#### B13. Dividend

No dividend has been declared by the Board for the financial period ended 30 June 2016 (31 December 2014: 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 period attributable to equity holders of the Company with the weighted average number of shares in issue during the year as follows:-

	<u>Quarter Ended</u>		<u>Cumulative 18 Months</u>
	<u>30/06/2016</u>	<u>30/06/2015</u>	<u>30/06/2016</u>
Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000)	9,903	(302)	10,247
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	740,915
Earnings/(Loss) per share (sen)	<u>1.34</u>	<u>(0.04)</u>	<u>1.38</u>

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



MUI Properties Berhad  
6113-W  
Incorporated in Malaysia

#### **B15. Comparative Figures**

There are no comparative figures for the cumulative 18 months period ended 30 June 2016 due to the Company's change of financial year end to 30 June 2016.

#### **B16. Auditors' Report**

The auditors' report on the financial statements for the financial year ended 31 December 2014 was not qualified.

**BY ORDER OF THE BOARD  
MUI PROPERTIES BERHAD**

**Lee Chik Siong  
Chin Suan Yong  
Joint Company Secretaries**

**Date: 29 August 2016**