

MUI PROPERTIES BERHAD

Company No : 6113-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 31 MARCH 2018
(The figures are unaudited)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.3.2018 RM'000	31.3.2017 RM'000	31.3.2018 RM'000	31.3.2017 RM'000
Revenue	14,096	10,574	26,726	26,670
Cost of sales	(6,794)	(5,421)	(13,840)	(16,483)
Gross profit	7,302	5,153	12,886	10,187
Other income	351	357	1,157	894
Administrative expenses	(2,771)	(2,122)	(6,934)	(6,073)
Other expenses	(330)	(91)	(797)	(594)
Exceptional items (refer Note A4)	359	170	748	(489)
Finance costs	(57)	(33)	(212)	(86)
Profit before taxation	4,854	3,434	6,848	3,839
Income tax expense	(1,550)	(1,390)	(2,256)	(2,390)
Profit for the financial period	3,304	2,044	4,592	1,449
Profit/ (Loss) attributable to:-				
Equity holders of the Company	1,758	978	2,094	(349)
Non-controlling interests	1,546	1,066	2,498	1,798
Profit for the financial period	3,304	2,044	4,592	1,449
Profit per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic/ Diluted	0.24	0.13	0.28	(0.05)

The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	QUARTER ENDED		CUMULATIVE 9 MONTHS	
	31.3.2018	31.3.2017	31.3.2018	31.3.2017
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	3,304	2,044	4,592	1,449
Foreign currency translation differences for foreign operations	(8,730)	(997)	(13,125)	9,608
Fair value changes of available- for-sale financial assets	(164)	239	(244)	122
Total comprehensive (expenses)/ income for the financial period	(5,590)	1,047	(8,533)	11,057
Total comprehensive (expenses)/income attributable to:				
Equity holders of the Company	(7,136)	(19)	(11,031)	9,259
Non-controlling interests	1,546	1,066	2,498	1,798
	(5,590)	1,047	(8,533)	11,057

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements.

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Company No : 6113-W
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	31.3.2018 RM'000	30.6.2017 RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	8,597	9,054
Investment properties	31,170	31,190
Land held for property development	35,263	35,263
Investments	64,780	74,485
Deferred tax assets	740	961
	<u>140,550</u>	<u>150,953</u>
Current Assets		
Property development costs	99,516	94,698
Inventories	11,053	11,585
Investments	44	50
Trade and other receivables	13,412	15,531
Tax recoverable	428	1,600
Deposits, bank balances and cash	78,732	81,855
	<u>203,185</u>	<u>205,319</u>
TOTAL ASSETS	<u>343,735</u>	<u>356,272</u>
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	162,468	162,468
Treasury shares, at cost	(6,301)	(6,301)
Reserves	91,308	102,583
	<u>247,475</u>	<u>258,750</u>
Non-Controlling Interests	77,423	74,925
Total equity	<u>324,898</u>	<u>333,675</u>
Non-Current Liabilities		
Employee benefits	14	14
Current Liabilities		
Borrowings	960	701
Trade and other payables	17,863	21,859
Provision for taxation	-	23
	<u>18,823</u>	<u>22,583</u>
Total Liabilities	<u>18,837</u>	<u>22,597</u>
TOTAL EQUITY AND LIABILITIES	<u>343,735</u>	<u>356,272</u>
	RM	RM
Net assets per share attributable to equity holders of the Company	0.33	0.35

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 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 PERIOD ENDED 31 MARCH 2018

	Attributable to Equity Holders of the Company					Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable		Distributable			
			Other Reserves RM'000	General Reserves RM'000	Retained Profits RM'000			
CUMULATIVE 9 MONTHS								
At 1 July 2017	162,468	(6,301)	23,406*	10,649	68,528	258,750	74,925	333,675
Other comprehensive income:								
Profit for the financial period	-	-	-	-	2,094	2,094	2,498	4,592
Foreign currency translation differences for foreign operation	-	-	(13,125)	-	-	(13,125)	-	(13,125)
Fair value changes of available- for-sale financial assets	-	-	(244)	-	-	(244)	-	(244)
Total comprehensive (expenses)/ income for the financial period	-	-	(13,369)	-	2,094	(11,275)	2,498	(8,777)
At 31 March 2018	162,468	(6,301)	10,037	10,649	70,622	247,475	77,423	324,898
CUMULATIVE 9 MONTHS								
At 1 July 2016	152,812	(6,301)	24,784	10,649	67,811	249,755	72,450	322,205
Other comprehensive income:								
(Loss)/ Profit for the financial period	-	-	-	-	(349)	(349)	1,798	1,449
Foreign currency translation differences for foreign operation	-	-	9,608	-	-	9,608	-	9,608
Fair value changes of available- for-sale financial assets	-	-	122	-	-	122	-	122
Total comprehensive income/ (expenses) for the financial period	-	-	9,730	-	(349)	9,381	1,798	11,179
	152,812	(6,301)	34,514	10,649	67,462	259,136	74,248	333,384
Adjustment of effects of * Companies Act 2016	9,656	-	(9,656)	-	-	-	-	-
At 31 March 2017	162,468	(6,301)	24,858	10,649	67,462	259,136	74,248	333,384

* On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	CUMULATIVE 9 MONTHS	
	31.3.2018	31.3.2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	6,848	3,839
Net adjustments	(2,028)	(305)
Operating profit before working capital changes	4,820	3,534
Net changes in working capital	(6,781)	7,471
Cash (for)/ generated from operations	(1,961)	11,005
Interest paid	(212)	(86)
Interest received	1,728	1,120
Net tax paid	(936)	(2,053)
Net cash (used in)/ generated from operating activities	(1,381)	9,986
Cash Flows From Investing Activities		
Additional cost for investment property	-	(90)
Purchase of property, plant and equipment	(299)	(61)
Net cash used for investing activities	(299)	(151)
Cash Flows From Financing Activities		
Net cash used in financing activities	-	-
Net (decrease)/ increase in cash and cash equivalents	(1,680)	9,835
Foreign exchange differences	(1,702)	1,856
Cash and cash equivalents at 1 July	81,154	68,539
Cash and cash equivalents at 31 March	77,772	80,230

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2017 and the accompanying explanatory notes attached to the interim financial statements

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A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. 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 30 June 2017. 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 financial year ended 30 June 2017.

A2. 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 2016 in Malaysia.

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

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

Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRS Standards 2014 - 2016 Cycles: - Amendments to FRS 12: Clarification of the Scope of Standard	1 January 2017

The adoption of the above accounting standards and/ or interpretations (including the consequential amendments, if any) did not have any material impact on the Group financial statements.

The Group has not applied in advance the following accounting standards and/ or interpretation(s) (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 year:

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 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 4: Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018

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A2. Significant Accounting Policies (Cont'd)

Amendments to FRS 140 - Transfers of Investment Property	1 January 2018
Annual Improvements to FRS Standards 2014 - 2016 Cycles:	
- Amendments to FRS 1: Deletion of Short-term Exemptions for First-time Adopters	
- Amendments to FRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019

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 28 October 2015, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2018.

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 2019. The Group is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

A3. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal factors.

A4. 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 31 March 2018 other than the exceptional items as follows:-

Exceptional item	QUARTER ENDED		Changes %	CUMULATIVE 9 MONTHS		Changes %
	31.3.2018 RM'000	31.3.2017 RM'000		31.3.2018 RM'000	31.3.2017 RM'000	
Net gain/ (loss) on foreign exchange	359	170	111.2	748	(489)	253.0

A5. Changes in Estimates of Amounts Reported Previously

There were no significant changes in estimates of amounts reported in prior financial periods which have a material effect in the financial period ended 31 March 2018.

A6. Issuances or Repayments of Debts and Equity Securities

As at 31 March 2018, 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 31 March 2018.

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A7. Dividend Paid

No dividend was paid by the Company during the financial period ended 31 March 2018 (31 March 2017: Nil).

A8. Operating Segments

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

For the 9 Months Ended 31 March 2018

	Properties RM'000	Investment Holding RM'000	Total RM'000
External revenue	25,872	854	26,726
Segment results	7,861	(801)	7,060
Finance costs	(139)	(73)	(212)
Profit/ (Loss) before tax	7,722	(874)	6,848
Income tax expense	(2,172)	(84)	(2,256)
Profit/ (Loss) for the period	5,550	(958)	4,592
Segment assets	249,725	92,842	342,567
Unallocated assets			1,168
			343,735

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 Period

There are no material events subsequent to the financial period ended 31 March 2018 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

On 21 July 2017, the Company announced that AIGM Sdn Bhd ('AIGM'), a wholly-owned subsidiary of the Company, has been struck-off from the register of the Companies Commission of Malaysia pursuant to the final notice issued under Section 308(4) of the Companies Act, 1965 (now superseded by the Companies Act 2016) which was published in the Gazette dated 13 July 2017. As such, AIGM has ceased to be the subsidiary of the Company. The struck-off of AIGM did not have any material effect on the earnings and net assets of the Group for the financial period ended 31 March 2018.

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A12. Changes in the Composition of the Group (Cont'd)

On 18 September 2017, the Company announced that Polacre Sdn Bhd ('PSB'), a wholly-owned subsidiary of Malayan United Realty Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, which was placed under members' voluntary winding-up on 11 March 2016, has been dissolved on 18 September 2017 pursuant to Section 272(5) of the Companies Act, 1965 (now superseded by the Companies Act 2016). The dissolution of PSB did not have any material effect on the earnings and net assets of the Group for the financial period ended 31 March 2018.

On 23 March 2018, the Company announced that Lembaran Makmur Sdn Bhd ('LMSB'), a wholly-owned subsidiary of the Company, was placed under members' voluntary winding-up pursuant to Section 439 (1) (b) of Companies Act 2016. The winding-up of LMSB did not have any material financial or operational effect on the earnings and net assets of the Group for the financial period ended 31 March 2018.

Other than the above, there were no changes in the composition of the Group during the financial period ended 31 March 2018.

A13. Capital Commitments

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

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

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

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.3.2018	31.3.2017	%	31.3.2018	31.3.2017	%
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Property	13,498	10,456	29.1	25,872	26,362	(1.9)
Investment	598	118	406.8	854	308	177.3
	14,096	10,574	33.3	26,726	26,670	0.2
Profit/ (Loss) before tax ("PBT/ LBT")						
Property	5,071	3,772	34.4	7,722	6,088	26.8
Investment	(217)	(338)	35.8	(874)	(2,249)	61.1
	4,854	3,434	41.4	6,848	3,839	78.4

Quarter Ended 31 March 2018 vs Quarter Ended 31 March 2017

For the current quarter under review, the Group recorded revenue of RM14.1 million and PBT of RM4.9 million compared with revenue of RM10.6 million and PBT of RM3.4 million in the previous year corresponding quarter. The higher revenue for the current quarter ended 31 March 2018 was mainly attributed to higher percentage of completion in the current project in Bandar Springhill. Higher PBT recorded for quarter ended 31 March 2018 was mainly due to higher revenue and higher gross profit margin of current project in Bandar Springhill.

9 Months Financial Period Ended 31 March 2018 vs 9 Months Financial Period Ended 31 March 2017

The revenue of RM26.7 million for the 9 months financial period ended 31 March 2018 remained the same as previous year corresponding period. For the 9 months financial period ended 31 March 2018, the Group recorded PBT of RM6.8 million compared with RM3.8 million in the previous year corresponding period. Higher PBT recorded for the 9 months financial period ended 31 March 2018 was mainly attributed to higher gross profit margin of current project in Bandar Springhill and unrealised foreign exchange translation gain arising from the strengthening of Ringgit Malaysia against Hong Kong Dollar on translation of financial assets of a foreign subsidiary.

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

	QUARTER ENDED		Changes
	31.3.2018	31.12.2017	%
	RM'000	RM'000	
Revenue			
Property	13,498	5,860	130.3
Investment	598	125	378.4
	14,096	5,985	135.5
Profit/ (Loss) before tax ("PBT/ LBT")			
Property	5,071	1,423	256.4
Investment	(217)	(264)	17.8
	4,854	1,159	318.8

Quarter Ended 31 March 2018 vs Quarter Ended 31 December 2017

For the current quarter, the Group recorded revenue of RM14.1 million and PBT of RM4.9 million, compared with revenue of RM6.0 million and PBT of RM1.2 million in the preceding quarter. The increase in revenue was mainly attributed to higher percentage of completion in the current project in Bandar Springhill. Higher PBT recorded for the quarter ended 31 March 2018 was in tandem with the increase in revenue.

B3. Prospects for Year 2018

The housing and commercial property market will continue to show lacklustre activity for the remaining months of 2018. However, the Group's township development in Bandar Springhill in Negeri Sembilan has continued to perform profitably. To enhance its attractiveness, Bandar Springhill plans to build a club house, and also to upgrade its lake area. Its focus is to develop affordable, quality homes with modern designs.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Profit before Tax

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

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.3.2018	31.3.2017	%	31.3.2018	31.3.2017	%
	RM'000	RM'000		RM'000	RM'000	
Depreciation/ amortisation	(75)	(76)	1.3	(228)	(232)	1.7
Interest income	879	459	91.5	1,728	1,120	54.3
Property, plant & equipment written off	-	-	-	-	(8)	100.0

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B6. Trade Receivables

Trade receivables are generally on 30 to 90 days terms.

Aging analysis of trade receivables

The aging analysis of trade receivables of the Group is as follows:-

	QUARTER ENDED	
	31.3.2018	31.3.2017
	RM'000	RM'000
Neither past due nor impaired	3,340	2,789
Past due, not impaired		
1 to 30 days	2,894	5,845
31 to 60 days	285	1,015
61 to 90 days	874	1,456
91 to 120 days	1,123	821
More than 120 days	-	207
	8,516	12,133

B7. Income Tax Expense

Taxation comprises :-

	QUARTER ENDED		Changes %	CUMULATIVE 9 MONTHS		Changes %
	31.3.2018	31.3.2017		31.3.2018	31.3.2017	
	RM'000	RM'000		RM'000	RM'000	
Current taxation	1,273	1,002	27.0	1,837	1,692	8.6
Under provision for prior year	249	348	(28.4)	249	348	(28.4)
Deferred taxation	28	40	(30.0)	170	350	(51.4)
	1,550	1,390	11.5	2,256	2,390	(5.6)

The current tax charge for the financial period ended 31 March 2018 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.

B8. Status of Corporate Proposals

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

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B9. Realised and Unrealised Profits

Retained profits of the Group comprise the following:-

	31.3.2018 RM'000	30.6.2017 RM'000 (Audited)	Changes %
Realised	147,460	151,686	(2.8)
Unrealised	6,736	17,425	(61.3)
	154,196	169,111	(8.8)
Less: Consolidation adjustments	(83,574)	(100,583)	16.9
	70,622	68,528	3.1

B10. Group Borrowings

Total Group borrowings as at 31 March 2018 were as follows:-

	31.3.2018 RM'000	31.3.2017 RM'000
Unsecured - Short Term	960	278

There were no bank borrowing denominated in foreign currencies at the end of the financial period.

B11. Derivative Financial Instruments

There are no derivative financial instruments as at the date of this report.

B12. Fair Value Changes of Financial Liabilities

As at 31 March 2018, the Group did not have any financial liabilities measured at fair value through profit or loss.

B13. Material Litigation

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

B14. Dividend

No dividend has been declared by the Board for the financial period ended 31 March 2018 (31 March 2017: Nil).

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B15. 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 financial period as follows:-

	QUARTER ENDED		Changes	CUMULATIVE 9 MONTHS		Changes
	31.3.2018	31.3.2017	%	31.3.2018	31.3.2017	%
Profit/ (Loss) for the financial period attributable to equity holders of the Company (RM'000)	1,758	978	79.8	2,094	(349)	700.0
Weighted average number of ordinary shares in issue ('000)	740,915	740,915	-	740,915	740,915	-
Earnings/ (Loss) per share (sen)	0.24	0.13	79.8	0.28	(0.05)	700.0

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

B16. Auditors' Report

The auditors' report on the financial statements for the financial year ended 30 June 2017 was unmodified.

BY ORDER OF THE BOARD
MUI PROPERTIES BERHAD

Lee Chik Siong
Norlyn Binti Kamal Basha
Joint Company Secretaries

Date: 24 May 2018