

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 31 MARCH 2008**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Revenue	228,974	146,715	228,974	146,715
Cost of sales	(160,993)	(118,134)	(160,993)	(118,134)
Gross profit	67,981	28,581	67,981	28,581
Other income	9,110	8,436	9,110	8,436
Distribution costs	(3,722)	(5,656)	(3,722)	(5,656)
Administrative expenses	(25,210)	(33,467)	(25,210)	(33,467)
Other operating expenses	(25,848)	(5,387)	(25,848)	(5,387)
Exceptional items (refer Note A5)	(5,822)	4,805	(5,822)	4,805
Finance cost	(25,983)	(23,793)	(25,983)	(23,793)
Share of results of associated companies	1,728	3,803	1,728	3,803
Loss before taxation	(7,766)	(22,678)	(7,766)	(22,678)
Tax expense	(5,422)	(3,311)	(5,422)	(3,311)
Loss for the financial period	(13,188)	(25,989)	(13,188)	(25,989)
Attributable to:				
Equity holders of the Company	(14,201)	(24,601)	(14,201)	(24,601)
Minority interest	1,013	(1,388)	1,013	(1,388)
	(13,188)	(25,989)	(13,188)	(25,989)
Loss per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic	(0.73)	(1.27)	(0.73)	(1.27)
Fully diluted	N/A	N/A	N/A	N/A

N/A - Not applicable

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
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CONDENSED CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2008

	31.03.2008	31.12.2007
	RM'000	RM'000
		(Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	837,030	863,971
Investment properties	101,355	101,613
Prepaid land lease payments	29,867	29,948
Investments in associates	278,242	292,280
Investments	284,161	293,110
Land held for property development	35,263	35,263
Goodwill on consolidation	220,123	218,155
Deferred tax assets	4,502	4,603
	1,790,543	1,838,943
Current Assets		
Property development costs	74,290	73,187
Inventories	84,029	96,762
Trade and other receivables	343,148	332,590
Government securities and bonds	42,555	27,514
Short term investments	29,696	27,503
Tax recoverable	4,043	4,167
Deposits, bank balances and cash	684,146	723,814
	1,261,907	1,285,537
Assets Classified As Held For Sale	43,260	43,377
	1,305,167	1,328,914
TOTAL ASSETS	3,095,710	3,167,857
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	1,940,532	1,940,532
ICULS #	736,479	736,479
Reserves	(1,890,705)	(1,855,864)
	786,306	821,147
Minority Interest	299,116	301,314
Total Equity	1,085,422	1,122,461
Non-Current Liabilities	860,743	793,121
Current Liabilities		
Trade and other payables	212,223	229,674
Provisions	70,885	68,260
Bank borrowings	812,084	900,234
Tax liabilities	20,628	21,339
Reserves for unearned premium	33,725	32,768
	1,149,545	1,252,275
Total Liabilities	2,010,288	2,045,396
TOTAL EQUITY AND LIABILITIES	3,095,710	3,167,857
	RM	RM
Net Assets Per Share Attributable to Equity Holders of The Company	0.41	0.42

ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks stated net of discount

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

	Attributable to Equity Holders of the Company					Minority Interest	Total Equity	
	Share Capital RM'000	ICULS [#] RM'000	Non-Distributable Reserves RM'000	Distributable Reserves RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	
3 months								
At 1 January 2008	1,940,532	736,479	374,983	25,258	(2,256,105)	821,147	301,314	1,122,461
Group's share of post-acquisition reserves of associated companies	-	-	(460)	-	-	(460)		(460)
Difference on translation of net assets of overseas subsidiary and associated companies	-	-	(20,180)	-	-	(20,180)	(2,523)	(22,703)
Net expense recognised directly in equity	-	-	(20,640)	-	-	(20,640)	(2,523)	(23,163)
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(688)	(688)
Loss for the financial period	-	-	-	-	(14,201)	(14,201)	1,013	(13,188)
At 31 March 2008	1,940,532	736,479	354,343	25,258	(2,270,306)	786,306	299,116	1,085,422
At 1 January 2007	1,940,532	736,479	409,214	25,258	(2,259,749)	851,734	279,844	1,131,578
Difference on translation of net assets of overseas subsidiary and associated companies	-	-	(15,201)	-	-	(15,201)	(1,191)	(16,392)
Effect of changes in tax rate	-	-	682	-	-	682	-	682
Net expense recognised directly in equity	-	-	(14,519)	-	-	(14,519)	(1,191)	(15,710)
Loss for the financial period	-	-	-	-	(24,601)	(24,601)	(1,388)	(25,989)
At 31 March 2007	1,940,532	736,479	394,695	25,258	(2,284,350)	812,614	277,265	1,089,879

ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks stated net of discount.

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHADCompany No: 3809-W
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008**

	CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit / (Loss) before taxation	(7,766)	(22,678)
Net adjustments	31,336	24,806
Operating profit before working capital changes	23,570	2,128
Net change in working capital	(47,323)	(11,061)
Net cash used in operating activities	(23,753)	(8,933)
Cash Flows From Investing Activities		
Dividends received	8,330	223
Proceeds from disposal of property, plant and equipment	111	43,701
Proceeds from disposal of investments	6,837	29,921
Purchase of government bonds and securities	(15,031)	-
Purchase of investments	(1,175)	(725)
Purchase of property, plant and equipment	(3,985)	(3,109)
Acquisition of additional interest in a subsidiary	(1,482)	-
Net cash (used in) / from investing activities	(6,395)	70,011
Cash Flows From Financing Activities		
Net repayment of bank borrowings	(3,607)	(37,174)
Net cash used in financing activities	(3,607)	(37,174)
Effects of exchange rate changes	(1,376)	(6,633)
Net (decrease) / increase in cash and cash equivalents	(35,131)	17,271
Cash and cash equivalents at 1 January		
As previously reported	659,759	533,276
Effects of exchange rate changes on cash and cash equivalents	(6,718)	(2,507)
As restated	653,041	530,769
Cash and cash equivalents at 31 March	617,910	548,040

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

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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". The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies, methods of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following revised Financial Reporting Standards ("FRS") which are relevant to the Group effective for financial period beginning 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 121	Amendments to FRS 121, Effect of changes in foreign exchange rates - net investment in foreign operation
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRS does not have any significant financial impact on the Group.

A2 Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2007 was not qualified.

A3 Seasonal or Cyclical Factors

The Group's businesses where seasonal or cyclical factors, other than economic factors, would have some effects on operations are as follows:-

- The retailing operations in United Kingdom normally record better sales in the fourth quarter of the financial year due to the Christmas season. Similarly, the retail operations in Malaysia have seasonal peaks in tandem with the various festive seasons and during sales promotions;
- The hotel operations in United Kingdom normally will experience low trading after Christmas, New Year and Easter due to the after effects of the holiday seasons. Additionally, winter periods will also experience a decline in trading; and
- The food and confectionery operations in Malaysia, Singapore and Hong Kong normally record better sales during the various festive seasons.

A4 Changes in estimates

There were no significant changes in estimates of the amounts reported in prior financial years which have a material effect in the current financial period.

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 in the financial period ended 31 March 2008 other than the exceptional items as follows:-

Exceptional items	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
(Allowance) / Writeback of allowance for diminution in value of investments	(3,427)	1,571	(3,427)	1,571
(Allowance) / Writeback of allowance for doubtful debts	632	(1,166)	632	(1,166)
Gain on disposal of investments	1,917	5,213	1,917	5,213
Gain on disposal of property, plant and equipment	-	5,020	-	5,020
Inventories written down	(144)	(366)	(144)	(366)
Impairment of property, plant and equipment	-	(1,666)	-	(1,666)
Provision for contingent liabilities	-	(2,659)	-	(2,659)
Unrealised loss on foreign exchange	(4,800)	(1,142)	(4,800)	(1,142)
	<u>(5,822)</u>	<u>4,805</u>	<u>(5,822)</u>	<u>4,805</u>

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A6 Issuances or Repayments of Debts and Equity Securities

There were no issuances or repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares by the Company for the financial period ended 31 March 2008.

A7 Dividend Paid

No dividend was paid by the Company during the financial period ended 31 March 2008 (31 March 2007 : Nil).

A8 Segment Information

The analysis of the Group's operations for the financial period ended 31 March 2008 is as follows:-

REVENUE	Retailing RM'000	Hotels RM'000	Food & Confectionery RM'000	Financial Services RM'000	Property RM'000	Travel & Tourism RM'000	Investment Holding RM'000	Total RM'000
Gross revenue	174,480*	49,345	30,233	52,163	10,101	8,515	898	325,735
Inter-segment revenue	-	(36)	-	(1,068)	(493)	(1,815)	(216)	(3,628)
Net	174,480	49,309	30,233	51,095	9,608	6,700	682	322,107
Less: Group's share of associated companies' revenue								(93,133)
								<u>228,974</u>
RESULTS								
Segment results	6,173	3,385	2,844	3,924	2,756	55	(3,838)	15,299
Interest income	355	287	83	1,772	152	-	4,363	7,012
Exceptional items	(144)	1	(34)	(852)	-	-	(4,793)	(5,822)
Finance costs	(95)	(338)	(133)	-	-	(17)	(25,400)	(25,983)
Share of results of associated companies	2,088*	(4)	-	152	(95)	215	(628)	1,728
Profit/(Loss) before taxation	8,377	3,331	2,760	4,996	2,813	253	(30,296)	(7,766)

* Includes estimated results in an associated company

A9 Property, Plant and Equipment

The valuations of land and buildings have 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 end of the financial period ended 31 March 2008 that have not been reflected in the financial statements for the said period as at the date of this report.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2008.

A12 Contingent Liabilities

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

A13 Capital Commitments

As at 31 March 2008, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Contracted but not provided for	23,424
Authorised but not contracted for	6,105
	<u>29,529</u>

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B. NOTES PER BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance of the Company and its Principal Subsidiaries

For the three months ended 31 March 2008, the Group's gross profit grew by 137.9% to RM68.0 million from RM28.6 million recorded in the same period last year. This was achieved on a 56.1% growth in Group revenue to RM229.0 million compared with RM146.5 million last year. All the business segments of the Group continued to yield positive results following the implementation of the Group's rationalisation exercise and streamlining of its core businesses. The first quarter of the financial year is normally a low trading period for the various businesses of the Group. It recorded a loss before tax of RM7.8 million for the period under review compared with RM22.7 million last year, a reduction of 65.8%.

In retailing, Laura Ashley Holdings plc ("Laura Ashley") reported improvement in results for its financial year ended 26 January 2008 with a 62.3% increase in profit before tax to £19.8 million (RM136.3 million) and a 5.6% growth in total sales to £237.6 million (RM1.6 billion). Margin rate continued to improve and its cash generation remained strong with an ungeared balance sheet. Laura Ashley was recently awarded "Retailer of the Year" for the second year running by readers of Homes & Gardens magazine in UK. For the 7 weeks to 15 March 2008, Laura Ashley reported that its total retail sales increased by 5.2%.

Metrojaya Berhad ("MJB"), which became a subsidiary of the Group in 2007, continued to perform well despite increasing competition. It achieved improvement in its operating profits and like-for-like sales for the financial period under review.

The Group's hotel operations in Malaysia have also performed well and achieved better results with strong occupancy and higher room rates. Trading conditions for hotels in UK remain competitive. With the asset rationalisation exercise undertaken, the Group's hotel operations in UK have shown improvements.

Under the financial services division, the weak performance on Bursa Securities during the period under review has affected the revenue of the universal broking operation. However, the insurance operation was able to maintain its profitability for the period.

The food & confectionery operations which are now concentrated in Malaysia, Singapore and Hong Kong, managed to achieve improvement in their results despite higher prices of raw materials, fuel and other input costs.

The property development operations have shown improving sales. The agreement by West Synergy Sdn Bhd with UCSI Education Sdn Bhd for the latter to establish an education township at Bandar Springhill, Negeri Sembilan, is expected to enhance the marketability of Bandar Springhill, which is currently the Group's main development project.

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

The Group recorded revenue of RM229.0 million and loss before tax of RM7.8 million for the current quarter compared to revenue of RM278.9 million and profit before tax of RM42.2 million in the preceding quarter. The higher revenue and profit in the preceding quarter was mainly attributable to better results achieved by the Group's various business operations due to the traditionally higher trading season during the said quarter.

B3 Prospects for Current Financial Year

The various operating divisions of the Group are expected to perform better in the later part of the financial year due to the seasonal nature of the Group's business. However, increasing operating costs and the effects of a slowdown in the US economy will continue to pose challenges to the Group's operations. In view of this, the Group remains cautious of the general trading environment for the remaining periods of the current financial year.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Taxation

Taxation comprises:-

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysia	4,244	1,561	4,244	1,561
- foreign	397	6,002	397	6,002
Deferred taxation	770	(4,252)	770	(4,252)
	<u>5,411</u>	<u>3,311</u>	<u>5,411</u>	<u>3,311</u>
Under provision in respect of prior years	11	-	11	-
	<u>5,422</u>	<u>3,311</u>	<u>5,422</u>	<u>3,311</u>

The tax provision of the Group for the financial period ended 31 March 2008 is mainly due to taxable profits of certain subsidiaries and the absence of group relief on losses incurred by other subsidiaries.

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B6 Sale of Investments and/or Properties

There were no gains on sale of investments and/or properties for the financial period ended 31 March 2008 other than as disclosed in Note A5.

B7 Quoted Securities

- (a) There were no purchases and disposals of quoted securities of the Group for the financial period ended 31 March 2008, other than those of the insurance subsidiary.
- (b) Total investments in quoted securities by the Group as at 31 March 2008, other than those by the insurance subsidiary, are as follows:-

	RM'000
At cost	291,985
Less: Allowance for diminution in value	233,550
At book value	<u>58,435</u>
Market value	<u>64,572</u>

B8 Status of Corporate Proposals

(a) *MUI Properties Berhad ("MPB")*

On 14 September 2007, MPB entered into an agreement with Pan Malaysia Industries Berhad ("PMI") to dispose to PMI the 385,000 ordinary shares of RM1.00 each representing the entire issued and paid-up capital of its wholly owned subsidiary, Two Holdings Sdn Bhd, for a cash consideration of RM9.3 million. PMI has obtained the approval from SC for the proposal on 28 April 2008. The proposal is pending approval to be obtained from the shareholders of PMI.

(b) *Pan Malaysia Holdings Berhad ("PM Holdings")*

On 14 September 2007, PM Holdings entered into an agreement with PMI to dispose to PMI the office building located at No.2, Jalan Changkat Ceylon, Kuala Lumpur for a cash consideration of RM39.0 million. PMI has obtained the approval from SC for the proposal on 28 April 2008. The proposal is pending approval to be obtained from the respective shareholders of PMI and PM Holdings.

Other than the above, the Group has not announced any corporate proposals which have not been completed as at the date of this report.

B9 Group Borrowings

- (a) Total Group borrowings as at 31 March 2008 are as follows:-

	RM'000
<i>Long Term Borrowings</i>	
- Secured	<u>840,754</u>
<i>Short Term Borrowings</i>	
- Secured	143,803
- Unsecured	<u>668,281</u>
	<u>812,084</u>

- (b) Foreign borrowings in Ringgit equivalent as at 31 March 2008 included in (a) above are as follows:-

Currency	RM'000
Sterling Pounds	484,547
Australian Dollars	14,602
Singapore Dollars	907
Hong Kong Dollars	315
US Dollars	<u>111</u>

The foreign borrowings above are taken by the foreign subsidiaries of the Group.

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B10 Off Balance Sheet Financial Instruments

In accordance with the scheme of arrangement of PM Holdings, the indebtedness of the class of creditors referred to as the secured creditors and unsecured guarantee creditors were settled by issuance of new ordinary shares of RM1.00 each in PM Holdings ("New Shares") at par on a Ringgit-to-Ringgit basis. Also, in accordance with the scheme, MUI and a subsidiary, Loyal Design Sdn Bhd ("LDSB"), have on 27 December 1999 entered into put option agreements with the said creditors whereby MUI and LDSB granted put options to buy these New Shares at a maximum price of RM1.00 per share. These New Shares were issued on 29 December 1999. Currently, LDSB has outstanding put options on 25,997,943 New Shares.

Other than the above, the Group does not have any material financial instruments with off balance sheet risk as at the date of this report.

B11 Material Litigation

There is no new material litigation involving the Group since the date of the last interim financial report. For reference purposes, the material litigation of the Group as at the date of this report is as follows:-

A suit was filed on 17 May 1996, in the High Court of Kuala Lumpur by LDSB against PM Holdings and all its then former directors for breach of directors' duties in conducting the affairs of PM Holdings during the period involved with the takeover offer by the Company for PM Holdings. The suit also sought to declare, inter alia, that various options granted by PM Holdings under the PM Holdings' Executive Share Option Scheme ("ESOS") were void. The parties to the suit had agreed to effect a full and final settlement by way of a compromise and a consent order was recorded on 12 January 2006, where upon LDSB discontinued its claim against PM Holdings and all its former directors.

Former employees of PM Holdings with 6,880,000 shares ("Interveners") had rejected the compromise and had filed applications for leave to intervene in the suit. The Interveners had filed respective defences and counterclaim against the Company and PM Holdings, inter alia, for a declaration that the ESOS is valid and binding and for an order that the Company purchases from them the ESOS shares under the said takeover offer. The Group had filed their reply and defences to the counterclaims and this matter is pending trial. The Group's solicitors are of the opinion, based on documents available, that the Interveners' alleged entitlements are doubtful.

B12 Dividend

No dividend has been declared by the Board for the financial period ended 31 March 2008 (31 March 2007 : Nil).

B13 Earnings / (Loss) Per Share

(a) Basic earnings / (loss) per share

	FIRST QUARTER		CUMULATIVE 3 MONTHS	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
	RM'000	RM'000	RM'000	RM'000
Loss for the financial period attributable to equity holders of the Company	(14,201)	(24,601)	(14,201)	(24,601)
Weighted average number of ordinary shares in issue ('000)	1,940,532	1,940,532	1,940,532	1,940,532
Loss per share (sen)	(0.73)	(1.27)	(0.73)	(1.27)

(b) Diluted earnings per share

The diluted earning per share is not disclosed as it is antidilutive.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Leong Park Yip
Company Secretary

Date: 27 May 2008