

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2008**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2008**

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.06.2008 RM'000	30.06.2007 RM'000	30.06.2008 RM'000	30.06.2007 RM'000
Revenue	222,617	132,116	451,591	278,831
Cost of sales	(155,221)	(95,426)	(316,214)	(213,560)
Gross profit	67,396	36,690	135,377	65,271
Other income	8,103	8,229	17,213	16,665
Distribution costs	(3,753)	(3,558)	(7,475)	(9,214)
Administrative expenses	(25,412)	(25,682)	(50,622)	(59,149)
Other operating expenses	(28,295)	(3,509)	(54,143)	(8,896)
Profit from operations	18,039	12,170	40,350	4,677
Exceptional items (refer Note A5)	(14,538)	14,583	(20,360)	19,388
Finance cost	(26,102)	(26,307)	(52,085)	(50,100)
Share of results of associated companies	1,862	4,746	3,590	8,549
(Loss) / Profit before taxation	(20,739)	5,192	(28,505)	(17,486)
Tax expense	104	(4,671)	(5,318)	(7,982)
(Loss) / Profit for the financial period	(20,635)	521	(33,823)	(25,468)
Attributable to:				
Equity holders of the Company	(15,733)	(6,792)	(29,934)	(31,393)
Minority interest	(4,902)	7,313	(3,889)	5,925
	(20,635)	521	(33,823)	(25,468)
Loss per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic	(0.81)	(0.35)	(1.54)	(1.62)
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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2008

	30.06.2008	31.12.2007
	RM'000	RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	848,642	863,971
Investment properties	101,207	101,613
Prepaid land lease payments	29,791	29,948
Investments in associates	264,619	292,280
Investments	274,915	293,110
Land held for property development	35,263	35,263
Goodwill on consolidation	221,298	218,155
Deferred tax assets	4,292	4,603
	<hr/>	<hr/>
	1,780,027	1,838,943
Current Assets		
Property development costs	74,625	73,187
Inventories	95,142	96,762
Trade and other receivables	359,314	332,590
Government securities and bonds	47,528	27,514
Short term investments	28,529	27,503
Tax recoverable	4,300	4,167
Deposits, bank balances and cash	673,909	723,814
	<hr/>	<hr/>
	1,283,347	1,285,537
Assets Classified As Held For Sale	43,327	43,377
	<hr/>	<hr/>
	1,326,674	1,328,914
	<hr/>	<hr/>
TOTAL ASSETS	3,106,701	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	(1,894,013)	(1,855,864)
	<hr/>	<hr/>
	782,998	821,147
Minority Interest	289,358	301,314
	<hr/>	<hr/>
Total Equity	1,072,356	1,122,461
	<hr/>	<hr/>
Non-Current Liabilities	925,809	793,121
Current Liabilities		
Trade and other payables	226,154	229,674
Provisions	73,261	68,260
Bank borrowings	752,085	900,234
Tax liabilities	20,370	21,339
Reserves for unearned premium	36,666	32,768
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	1,108,536	1,252,275
	<hr/>	<hr/>
Total Liabilities	2,034,345	2,045,396
	<hr/>	<hr/>
TOTAL EQUITY AND LIABILITIES	3,106,701	3,167,857
	<hr/>	<hr/>
	RM	RM
Net Assets Per Share Attributable to Equity Holders of The Company	0.40	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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 June 2008

6 months	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	
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	-	-	(146)	-	-	(146)	(1,511)	(1,657)
Difference on translation of net assets of overseas subsidiary and associated companies	-	-	(8,069)	-	-	(8,069)	-	(8,069)
Net expense recognised directly in equity	-	-	(8,215)	-	-	(8,215)	(1,511)	(9,726)
Share buyback by subsidiaries	-	-	-	-	-	-	(1,389)	(1,389)
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	(691)	(691)
Dividends paid to minority interest	-	-	-	-	-	-	(4,476)	(4,476)
Loss for the financial period	-	-	-	-	(29,934)	(29,934)	(3,889)	(33,823)
At 30 June 2008	1,940,532	736,479	366,768	25,258	(2,286,039)	782,998	289,358	1,072,356
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	-	-	(3,365)	-	-	(3,365)	935	(2,430)
Effect of changes in tax rate	-	-	682	-	-	682	-	682
Net expense recognised directly in equity	-	-	(2,683)	-	-	(2,683)	935	(1,748)
Deconsolidation of subsidiary company	-	-	-	-	-	-	(319)	(319)
Dividends paid to minority interest	-	-	-	-	-	-	(3,140)	(3,140)
(Loss) / Profit for the financial period	-	-	-	-	(31,393)	(31,393)	5,925	(25,468)
At 30 June 2007	1,940,532	736,479	406,531	25,258	(2,291,142)	817,658	283,245	1,100,903

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 30 JUNE 2008**

	CUMULATIVE 6 MONTHS	
	30.06.2008	30.06.2007
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before taxation	(28,505)	(17,486)
Net adjustments	75,383	29,184
Operating profit before working capital changes	46,878	11,698
Net change in working capital	(84,290)	(11,305)
Net cash (used in) / from operating activities	(37,412)	393
Cash Flows From Investing Activities		
Dividends received	24,979	17,980
Proceeds from disposal of property, plant and equipment	253	70,006
Proceeds from disposal of investments	10,497	33,245
Purchase of government bonds and securities	(19,995)	-
Purchase of investments	(2,354)	(1,400)
Purchase of property, plant and equipment	(9,195)	(14,440)
Acquisition of additional interest in a subsidiary	(1,484)	-
Net cash inflow from deconsolidation of a subsidiary company	-	6,450
Net cash from investing activities	2,701	111,841
Cash Flows From Financing Activities		
Net repayment of bank borrowings	(27,645)	(105,491)
Share buy back by a subsidiary company	(625)	-
Dividend paid to minority shareholders of subsidiaries	(4,476)	(3,140)
Net cash used in financing activities	(32,746)	(108,631)
Effects of exchange rate changes	(3,057)	(1,442)
Net (decrease) / increase in cash and cash equivalents	(70,514)	2,161
Cash and cash equivalents at 1 January		
As previously reported	659,759	533,276
Effects of exchange rate changes on cash and cash equivalents	(699)	(1,923)
As restated	659,060	531,353
Cash and cash equivalents at 30 June	588,546	533,514

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
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 30 June 2008 other than the exceptional items as follows:-

Exceptional items	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
(Allowance) / Writeback of allowance for diminution in value of investments	(15,417)	(227)	(18,844)	1,344
Gain on disposal of investments	46	442	1,963	5,655
Gain / (Loss) on disposal of property, plant and equipment	32	(5,774)	32	(754)
Gain / (Loss) on foreign exchange	562	1,530	(4,238)	388
Inventories written down	(577)	-	(721)	(366)
Impairment of property, plant and equipment	-	-	-	(1,666)
Provision for contingent liabilities	-	-	-	(2,659)
Negative goodwill recognised	763	-	763	-
Surplus arising from deconsolidation of a subsidiary	-	19,180	-	19,180
Writeback of allowance / (Allowance) for doubtful debts	53	(568)	685	(1,734)
	<u>(14,538)</u>	<u>14,583</u>	<u>(20,360)</u>	<u>19,388</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 30 June 2008.

A7 Dividend Paid

No dividend was paid by the Company during the financial period ended 30 June 2008 (30 June 2007 : Nil).

A8 Segment Information

The analysis of the Group's operations for the financial period ended 30 June 2008 is as follows:-

	Retailing	Hotels	Food & Confectionery	Financial Services	Property	Travel & Tourism	Investment Holding	Total
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross revenue	392,005 *	106,142	56,542	101,892	18,559	6,321	12,263	693,724
Inter-segment revenue	-	(37)	-	(1,531)	(987)	(1,295)	(463)	(4,313)
Net	392,005	106,105	56,542	100,361	17,572	5,026	11,800	689,411
Less: Group's share of associated companies' revenue								(237,820)
								<u>451,591</u>
RESULTS								
Segment results	7,465	13,671	4,746	4,505	5,436	57	(8,840)	27,040
Interest income	626	306	169	3,542	200	-	8,467	13,310
Exceptional items	(1,471)	1	-	(2,959)	-	-	(15,931)	(20,360)
Finance costs	(189)	(676)	(246)	-	-	(38)	(50,936)	(52,085)
Share of results of associated companies	4,133 *	-	-	(4)	-	-	(539)	3,590
Profit/(Loss) before taxation	10,564	13,302	4,669	5,084	5,636	19	(67,779)	(28,505)

* 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 30 June 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 30 June 2008.

A12 Contingent Liabilities

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

A13 Capital Commitments

As at 30 June 2008, the Group has commitments in respect of capital expenditure as follows:-

	RM'000
Contracted but not provided for	29,735
Authorised but not contracted for	443
	<u>30,178</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 6 months ended 30 June 2008, the Group's operating profit grew significantly to RM40.4 million from RM4.7 million recorded in the same period last year. This was achieved on a 62.0% growth in Group revenue to RM451.6 million compared with RM278.8 million last year, mainly due to the inclusion of Metrojaya Berhad ("MJB") which became a subsidiary of the Group in August 2007. All the business segments of the Group achieved positive results for the period under review. The results of the Group were affected by the current bearish stock market condition and the Group has made the necessary allowances for diminution in value of quoted investments. As a result, the Group recorded a loss before tax of RM28.5 million for the six months ended 30 June 2008 compared with a loss of RM17.5 million in the same period last year.

In retailing, Laura Ashley Holdings plc in UK reported that its total retail sales for the 7 weeks to 15 March 2008 increased by 5.2%. In Malaysia, MJB performed satisfactorily in the face of a slowdown in consumer spending.

The Group's hotel operations in Malaysia recorded better results with strong occupancy and higher average room rates. Trading conditions for hotels in UK have shown improvements but remain competitive.

Under the financial services division, the weak performance on Bursa Securities affected the revenue of the universal broking operation. The insurance operation was similarly affected by the weak performance of the equity market, but its results were satisfactory under the circumstances.

The food & confectionery operations which are now concentrated in Malaysia, Singapore and Hong Kong, improved on their results following a series of measures taken to counter 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 RM222.6 million and loss before tax of RM20.7 million for the current quarter compared to revenue of RM229.0 million and loss before tax of RM7.8 million in the preceding quarter. The allowance for diminution in value of quoted investments as mentioned above was the primary reason for the higher loss this 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 businesses. However, increasing operating costs and the effects of a slowdown in the US and global economy and inflationary concerns on the domestic front will continue to put pressure on the Group's performance. 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:-

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysia	536	1,561	4,780	1,561
- foreign	392	6,002	789	6,002
Deferred taxation	(1,061)	(4,252)	(291)	(4,252)
	(133)	3,311	5,278	3,311
Under provision in respect of prior years	29	-	40	-
	(104)	3,311	5,318	3,311

The tax provision of the Group for the financial period ended 30 June 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 sale of investments and/or properties for the financial period ended 30 June 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 30 June 2008 other than those of the insurance subsidiary.
- (b) Total investments in quoted securities by the Group as at 30 June 2008, other than those by the insurance subsidiary, are as follows:-

	RM'000
At cost	292,132
Less: Allowance for diminution in value	<u>246,885</u>
At book value	<u>45,247</u>
Market value	<u>52,703</u>

B8 Status of Corporate Proposals

(a) MUI Properties Berhad ("MPB")

On 14 September 2007, MPB entered into an agreement with Pan Malaysian 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 approvals from the Securities Commission ("SC") on 28 April 2008 and its shareholders on 7 August 2008 for the transaction. The transaction is pending completion.

(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 transaction on 28 April 2008. Approvals for the transaction were obtained from the shareholders of PMI and PM Holdings on 7 August 2008 and 19 June 2008 respectively. The transaction is pending completion.

(c) Pan Malaysia Corporation Berhad ("PMC")

On 17 July 2008, Network Foods Industries Sdn Bhd, a 81.54% owned subsidiary of PMC, entered into a sale and purchase agreement with Malaysia Plastics Sdn Bhd to acquire a piece of property held under H.S. (D) 167496 (Lot No.614), Mukim Damansara, District of Petaling, Selangor Darul Ehsan with buildings erected thereon for a cash consideration of RM17.0 million. The acquisition is pending completion.

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 30 June 2008 are as follows:-

	RM'000
<i>Long Term Borrowings</i>	
- Secured	<u>906,006</u>
<i>Short Term Borrowings</i>	
- Secured	86,957
- Unsecured	<u>665,128</u>
	<u>752,085</u>

- (b) Foreign borrowings in Ringgit equivalent as at 30 June 2008 included in (a) above are as follows:-

Currency	RM'000
Sterling Pounds	507,575
Hong Kong Dollars	108
US Dollars	<u>79</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 30 June 2008 (30 June 2007 : Nil).

B13 Earnings / (Loss) Per Share

(a) Basic earnings / (loss) per share

	SECOND QUARTER		CUMULATIVE 6 MONTHS	
	30.06.2008	30.06.2007	30.06.2008	30.06.2007
	RM'000	RM'000	RM'000	RM'000
Loss for the financial period attributable to equity holders of the Company	(15,733)	(6,792)	(29,934)	(31,393)
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)	(0.81)	(0.35)	(1.54)	(1.62)

(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 August 2008