

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED 30 JUNE 2010**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

| | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|--|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 203,670 | 211,317 | 448,922 | 426,797 |
| Cost of sales | (146,395) | (148,625) | (327,141) | (308,407) |
| Gross profit | 57,275 | 62,692 | 121,781 | 118,390 |
| Other income | 6,522 | 5,770 | 10,816 | 11,502 |
| Distribution costs | (4,992) | (4,608) | (9,959) | (7,353) |
| Administrative expenses | (21,715) | (22,277) | (42,272) | (43,664) |
| Other operating expenses | (28,407) | (23,311) | (56,339) | (53,583) |
| Profit from operations | 8,683 | 18,266 | 24,027 | 25,292 |
| Exceptional items (refer Note A4) | 4,634 | (4,619) | 9,117 | 5,228 |
| Finance cost | (13,976) | (14,809) | (27,101) | (32,501) |
| Share of results of associates | 6,151 | 2,121 | 6,794 | 1,604 |
| Profit/(Loss) before taxation | 5,492 | 959 | 12,837 | (377) |
| Tax expense | (1,419) | (3,074) | (7,648) | (3,814) |
| Profit/(Loss) for the financial period | 4,073 | (2,115) | 5,189 | (4,191) |
| Profit/(Loss) attributable to: | | | | |
| Equity holders of the Company | 1,547 | (9,198) | 538 | (18,904) |
| Minority interests | 2,526 | 7,083 | 4,651 | 14,713 |
| Profit/(Loss) for the financial period | 4,073 | (2,115) | 5,189 | (4,191) |
| Earning/(Loss) per share attributable to equity holders of the Company:- | Sen | Sen | Sen | Sen |
| Basic | 0.08 | (0.47) | 0.03 | (0.97) |
| Fully diluted | 0.05 | N/A | 0.02 | 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 2009 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 COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

| | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|--|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit/(Loss) for the financial period | 4,073 | (2,115) | 5,189 | (4,191) |
| Other comprehensive income/(loss), net of tax: | | | | |
| Foreign currency translation differences for foreign subsidiaries | (8,371) | 19,343 | (44,482) | 36,302 |
| Fair value of available-for-sale investments | 4,573 | - | 5,084 | - |
| Share of other comprehensive (loss)/income of associates | (319) | (764) | (1,245) | 297 |
| Other comprehensive (loss)/income for the financial period | (4,117) | 18,579 | (40,643) | 36,599 |
| Total comprehensive (loss)/income for the financial period | (44) | 16,464 | (35,454) | 32,408 |
| Total comprehensive (loss)/income attributable to: | | | | |
| Equity holders of the Company | (2,494) | 7,523 | (37,981) | 15,077 |
| Minority interests | 2,450 | 8,941 | 2,527 | 17,331 |
| Total comprehensive (loss)/income for the financial period | (44) | 16,464 | (35,454) | 32,408 |

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 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 FINANCIAL POSITION

AT 30 JUNE 2010

| | 30.06.2010 | 31.12.2009 |
|---|-------------------|------------------------------------|
| | RM'000 | RM'000 (restated) |
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 470,277 | 517,234 |
| Investment properties | 97,879 | 90,036 |
| Investments in associates | 269,434 | 280,984 |
| Other investments | 279,412 | 257,271 |
| Land held for property development | 35,263 | 35,263 |
| Goodwill on consolidation | 226,096 | 225,996 |
| Deferred tax assets | 2,505 | 2,547 |
| | 1,380,866 | 1,409,331 |
| Current Assets | | |
| Property development costs | 77,113 | 76,555 |
| Inventories | 104,955 | 102,744 |
| Trade and other receivables | 319,189 | 327,817 |
| Held-to-maturity investments | 40,079 | 45,024 |
| Other investments | 65,288 | 59,589 |
| Tax recoverable | 2,640 | 1,851 |
| Deposits, bank balances and cash | 452,377 | 483,518 |
| | 1,061,641 | 1,097,098 |
| Assets Classified As Held For Sale | 229,894 | 256,702 |
| | 1,291,535 | 1,353,800 |
| TOTAL ASSETS | 2,672,401 | 2,763,131 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable To Equity Holders Of The Company | | |
| Share capital | 2,028,957 | 1,940,532 |
| ICULS# | 663,086 | 736,479 |
| Reserves | (2,018,019) | (1,982,241) |
| | 674,024 | 694,770 |
| Minority Interest | 292,655 | 296,175 |
| Total Equity | 966,679 | 990,945 |
| Non-Current Liabilities | 727,192 | 784,977 |
| Current Liabilities | | |
| Trade and other payables | 237,582 | 244,347 |
| Provisions | 111,193 | 102,755 |
| Borrowings | 549,173 | 568,918 |
| Tax liabilities | 13,042 | 15,180 |
| Reserves for unearned premium | 67,540 | 56,009 |
| | 978,530 | 987,209 |
| Total Liabilities | 1,705,722 | 1,772,186 |
| TOTAL EQUITY AND LIABILITIES | 2,672,401 | 2,763,131 |
| | RM | RM |
| Net Assets Per Share Attributable to Equity Holders of The Company | 0.33 | 0.36 |

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

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

| CUMULATIVE 6 MONTHS | Attributable to Equity Holders of the Company | | | | | Minority Interests | 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 | RM'000 |
| At 1 January 2010 | | | | | | | | |
| As previously stated | 1,940,532 | 736,479 | 325,454 | 25,257 | (2,329,172) | 698,550 | 296,395 | 994,945 |
| - effect of adopting IC Int. 13 | - | - | - | - | (3,780) | (3,780) | (220) | (4,000) |
| - effect of adopting FRS 139 | - | - | 13,956 | - | 45 | 14,001 | 8,787 | 22,788 |
| As restated | 1,940,532 | 736,479 | 339,410 | 25,257 | (2,332,907) | 708,771 | 304,962 | 1,013,733 |
| Total comprehensive (loss)/income for the financial period | - | - | (38,519) | - | 538 | (37,981) | 2,527 | (35,454) |
| Conversion of Class AI ICULS to ordinary shares | 88,425 | (88,425) | - | - | - | - | - | - |
| Discount on Class AI ICULS upon issuance debited to accumulated losses upon conversion | - | 15,032 | - | - | (15,032) | - | - | - |
| Accretion of interest in a subsidiary | - | - | 3,234 | - | - | 3,234 | (3,234) | - |
| Dividends paid to minority interest | - | - | - | - | - | - | (11,600) | (11,600) |
| At 30 June 2010 | 2,028,957 | 663,086 | 304,125 | 25,257 | (2,347,401) | 674,024 | 292,655 | 966,679 |
| At 1 January 2009 | | | | | | | | |
| As previously stated | 1,940,532 | 736,479 | 299,562 | 25,257 | (2,330,246) | 671,584 | 276,518 | 948,102 |
| - effect of adopting IC Int. 13 | - | - | - | - | (3,780) | (3,780) | (220) | (4,000) |
| As restated | 1,940,532 | 736,479 | 299,562 | 25,257 | (2,334,026) | 667,804 | 276,298 | 944,102 |
| Total comprehensive income/(loss) for the financial period | - | - | 33,981 | - | (18,904) | 15,077 | 17,331 | 32,408 |
| Acquisition of additional interest in a subsidiary | - | - | - | - | - | - | (555) | (555) |
| Disposal of interest in a subsidiary | - | - | - | - | - | - | 456 | 456 |
| At 30 June 2009 | 1,940,532 | 736,479 | 333,543 | 25,257 | (2,352,930) | 682,881 | 293,530 | 976,411 |

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 2009 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 30 JUNE 2010

| | CUMULATIVE 6 MONTHS | |
|--|----------------------|----------------------|
| | 30.06.2010 RM'000 | 30.06.2009 RM'000 |
| Cash Flows From Operating Activities | | |
| Profit/(Loss) before taxation | 12,837 | (377) |
| Net adjustments | 27,584 | 35,027 |
| | 40,421 | 34,650 |
| Operating profit before working capital changes | 40,421 | 34,650 |
| Net change in working capital | 2,849 | (2,808) |
| | 43,270 | 31,842 |
| Cash Flows From Investing Activities | | |
| Acquisition of additional interest in a subsidiary | (100) | (2,115) |
| Cost incurred on investment properties | - | (5) |
| Cost incurred on non-current assets held for sale | (807) | - |
| Dividends received | 1,799 | 429 |
| Interest received | 4,387 | 5,522 |
| Proceeds from disposal of property, plant and equipment | 167 | 2,928 |
| Proceeds from disposal of non-current assets held for sale | - | 39,000 |
| Proceeds from disposal of investments | 8,168 | 9,464 |
| Proceeds from disposal of interest in a subsidiary | - | 9,300 |
| Proceeds from disposal of government bonds and securities | 4,963 | 7,471 |
| Purchase of investments | (12,616) | (48,575) |
| Purchase of property, plant and equipment | (6,589) | (9,469) |
| | (628) | 13,950 |
| Cash Flows From Financing Activities | | |
| Dividends paid to minority shareholders of subsidiaries | (11,600) | - |
| Interest paid | (25,710) | (31,590) |
| Net repayments of bank borrowings | (35,254) | (203,322) |
| | (72,564) | (234,912) |
| Effects of exchange rate changes | 4,757 | (3,078) |
| | (25,165) | (192,198) |
| Net decrease in cash and cash equivalents | | |
| Cash and cash equivalents at 1 January | | |
| As previously reported | 431,408 | 581,617 |
| Effects of exchange rate changes on cash and cash equivalents | (11,271) | 8,091 |
| As restated | 420,137 | 589,708 |
| Cash and cash equivalents at 30 June | 394,972 | 397,510 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2009 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 statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 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 for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations with effect from 1 January 2010:-

| | |
|-----------------------------------|---|
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements (Revised 2009) |
| FRS 123 | Borrowing Costs (Revised) |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2: Group and Treasury Share Transactions |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| Amendments to FRS 7 | Financial Instruments: Disclosures |
| Amendments to FRS 127 | Consolidated and Separate Financial Statements |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to IC Interpretation 9 | Reassessment of Embedded Derivatives |

Improvements to FRSs issued in 2009 in respect of various FRSs including Amendments to FRS 117: Leases

Other than for the adoption of FRS 8, FRS 101, FRS 139, Amendments to FRS 117 and IC Interpretation 13, the adoption of the above FRSs, Amendments to FRSs and IC Interpretation did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group.

(a) FRS 8: Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting has been presented based on the internal reporting to the senior management who makes decisions on the allocation of resources and assess the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

(b) FRS 101: Presentation of Financial Statements

This Standard introduces the titles "statement of financial position" and "statement of cash flows" to replace the current titles "balance sheet" and "cash flow statement" respectively. A new statement known as the "statement of comprehensive income" is also introduced in this Standard whereby all non-owner changes in equity are required to be presented in either one statement of comprehensive income or in two statements (i.e. a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity.

This Standard also introduces a new requirement to present a statement of financial position as at the beginning of the earliest comparative period if there are applications of retrospective restatements that are defined in FRS 108, or when there are reclassifications of items in the financial statements.

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Additionally, FRS 101 requires the disclosure of reclassification adjustments and income tax relating to each component of other comprehensive income, and the presentation of dividends recognised as distributions to owners together with the related amounts per share in the statement of changes in equity or in the notes to the financial statements.

This Standard introduces a new requirement to disclose information on the objective, policies and processes for managing capital based on information provided internally to key management personnel as defined in FRS 124: Related Party Disclosures. Additional disclosures are also required for puttable financial instruments classified as equity instruments.

(c) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effect arising from the adoption of this Standard has been accounted for by adjusting the opening balances of reserves/retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below.

Other Investments

(i) Available-for-sale investments

Prior to 1 January 2010, the Group classified its investments which were held for non-trading purposes as long term investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale investments and accordingly are stated at their fair values as at that date. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of reserves as at 1 January 2010. Investments whose fair value cannot be reliably measured continued to be carried at cost less impairment losses as at 1 January 2010.

(ii) Investments at fair value through profit or loss

Prior to 1 January 2010, the Group categorised its short term investments into short term investments and held-for-trading investments. Upon adoption of FRS 139, these investments are designated at 1 January 2010 as Investments at fair value through profit or loss upon initial recognition and held-for-trading investments.

(a) Designated as Investments at fair value through profit or loss upon initial recognition

The Group classified its quoted investments, except for the investments held by insurance subsidiary, which were held for short term as short term investments. Such investments were carried at the lower of cost and market value. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as investment at fair value through profit or loss. As the previous year carrying amounts of these investments have been stated at market value, no adjustments to their previous year carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

(b) Held-for-trading investments

The Group classified its quoted investments held by insurance subsidiary, which were held for trading purposes as held-for-trading investments in accordance with the Risk-Based Capital Framework issued by Bank Negara Malaysia. Such investments were stated at fair values, determined based on active market using quoted market prices as representing actual market transactions on an arm's length basis. Upon the adoption of FRS 139, these investments continued to be designated as held-for-trading investments. As the previous year carrying amounts of these investments have been stated at fair value, no adjustments to their previous year carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

Held-to-maturity investments

Prior to 1 January 2010, investments in Government securities and bonds are measured at amortised cost using the effective interest method in accordance with the Risk-Based Capital Framework issued by Bank Negara Malaysia. Upon the adoption of FRS 139, these investments continued to be designated as held-to-maturity investments. As the previous year carrying amounts of these investments have been stated at amortised cost using the effective interest method, no adjustments to their previous year carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010.

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Borrowings

Prior to 1 January 2010, the Group's non-current fixed rate borrowings were carried at cost. Upon adoption of FRS 139, borrowings are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains and losses arising from the derecognition of the borrowings, effective interest rate amortisation and impairment losses are recognised in the income statement.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparative figures of the Group as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following balances in the statement of financial position as at 1 January 2010.

| | ← At 1 January 2010 → | | |
|--------------------------|-----------------------------------|---------------------------------|--------------------------|
| | As previously stated RM'000 | Effects of FRS 139 RM'000 | As restated RM'000 |
| Assets | | | |
| Other investments | 257,271 | 23,332 | 280,603 |
| Investment in associates | 280,984 | 40 | 281,024 |
| Liabilities | | | |
| Non-current liabilities | 784,977 | (28) | 784,949 |
| Equity | | | |
| Other reserves | 325,454 | 13,956 | 339,410 |
| Accumulated losses | (2,332,952) * | 45 | (2,332,907) |
| Minority interest | 296,175 * | 8,787 | 304,962 |
| | | | |

* Figures stated after the adoption of IC Interpretation 13: Customer Loyalty Programmes

(d) Amendments to FRS 117: Leases

The Group has adopted the amendments to FRS 117. The Group has reassessed and determined that all leasehold land are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The reclassification does not affect the basic and diluted earnings per ordinary share for the current and prior periods.

The following comparative figures have been restated following the adoption of the amendments to FRS 117:

| | ← At 31 December 2009 → | | |
|-------------------------------|-----------------------------------|---------------------------------|--------------------------|
| | As previously stated RM'000 | Effects of FRS 117 RM'000 | As restated RM'000 |
| Group | | | |
| Cost | | | |
| Property, plant and equipment | 470,714 | 46,520 | 517,234 |
| Prepaid land lease payments | 46,520 | (46,520) | - |
| | | | |

(e) IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 13: Customer Loyalty Programmes applies to entities that operate or otherwise, participate in customer loyalty programme under which the customers are entitled to receive award credits as part of the sales transaction.

IC Interpretation 13 requires such transactions to be accounted for as a separately identifiable component of the sales transaction(s) in which they are granted. Part of the fair value of the consideration received relating to the customer loyalty awards is deferred and subsequently recognised over the period in which the awards are redeemed. This change in accounting policy has been applied retrospectively.

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The following comparative figures have been restated following the adoption of the IC Interpretation 13:

| Group | ← At 31 December 2009 → | | |
|---------------------|-----------------------------------|------------------------------------|--------------------------|
| | As previously stated RM'000 | Effects of IC Int. 13 RM'000 | As restated RM'000 |
| Liabilities | | | |
| Current liabilities | 240,347 | 4,000 | 244,347 |
| Equity | | | |
| Accumulated losses | (2,329,172) | (3,780) | (2,332,952) |
| Minority interest | 296,395 | (220) | 296,175 |
| | | | |

A2 Seasonal or Cyclical Factors

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

- (a) 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;
- (b) 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
- (c) The food and confectionery operations in Malaysia, Singapore and Hong Kong normally record better sales during the various festive seasons.

A3 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.

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 in the financial period ended 30 June 2010 other than the exceptional items as follows:-

| Exceptional items | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|---|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Bad debts recovered | 1,089 | - | 1,089 | - |
| Gain on disposal of investments | - | 51 | - | 1,495 |
| Gain on disposal of a subsidiary | - | - | - | 7,844 |
| Gain on disposal of property, plant & equipment | 24 | 823 | 67 | 834 |
| Gain/(Loss) on foreign exchange | (745) | (4,992) | 3,500 | (4,197) |
| Inventories writeback/(written down) | 67 | (542) | 366 | (1,102) |
| Negative goodwill recognised | - | - | - | 340 |
| Writeback of allowance for doubtful debts | 4,199 | 41 | 4,095 | 14 |
| | | | | |
| | 4,634 | (4,619) | 9,117 | 5,228 |

A5 Issuances, Repurchases and Repayments of Debts and Equity Securities

During the financial period ended 30 June 2010, the Company issued 88,425,197 ordinary shares of RM1.00 each arising from the conversion of the Class A1 ICULS with nominal value totalling RM88,425,197 exercised by the holders of the Class A1 ICULS.

Other than the above, 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 2010.

Subsequent to the financial period ended 30 June 2010, the Company has issued the following:-

- (a) 816,029 new ordinary shares of RM1.00 each arising from further conversion of Class A1 ICULS just prior to the expiry of the First Conversion Period on 30 June 2010 with nominal value totalling RM816,029.
- (b) Class A3 ICULS with nominal value totalling RM104,705,354 as compensation on the outstanding Class A1 ICULS and Class A2 ICULS as at 30 June 2010 in accordance with the terms of the trust deed.

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A6 Dividend Paid

No dividend was paid by the Company during the financial period ended 30 June 2010 (30 June 2009 : Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 30 June 2010 is as follows:-

| | 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 |
|--|---------------------|------------------|-----------------------------------|---------------------------------|--------------------|-------------------------------|---------------------------------|------------------|
| REVENUE | | | | | | | | |
| Gross revenue | 387,294* | 79,910 | 37,122 | 131,612 | 13,253 | 4,507 | 18,375 | 672,073 |
| Inter-segment revenue | - | (109) | - | (1,484) | - | (831) | (384) | (2,808) |
| Net | <u>387,294</u> | <u>79,801</u> | <u>37,122</u> | <u>130,128</u> | <u>13,253</u> | <u>3,676</u> | <u>17,991</u> | <u>669,265</u> |
| Less: Group's share of associates' revenue | | | | | | | | (220,343) |
| | | | | | | | | <u>448,922</u> |
| RESULTS | | | | | | | | |
| Segment results | 6,895 | 10,528 | (3,116) | 9,096 | 3,890 | (8) | (7,909) | 19,376 |
| Interest income | 309 | 26 | 150 | 3,282 | 167 | 3 | 714 | 4,651 |
| Exceptional items | 109 | - | 321 | (111) | 257 | - | 8,541 | 9,117 |
| Finance cost | (368) | (651) | (26) | - | (42) | (14) | (26,000) | (27,101) |
| Share of results of associates | 5,904* | - | - | (782) | - | - | 1,672 | 6,794 |
| Profit/(Loss) before taxation | <u>12,849</u> | <u>9,903</u> | <u>(2,671)</u> | <u>11,485</u> | <u>4,272</u> | <u>(19)</u> | <u>(22,982)</u> | <u>12,837</u> |
| ASSETS | | | | | | | | |
| Segment assets | 362,639 | 262,044 | 162,769 | 398,488 | 200,076 | 1,362 | 780,549 | 2,167,927 |
| Non-current assets held for sale | - | 229,894 | - | - | - | - | - | 229,894 |
| Investments in associates | 134,221 | - | - | 50,252 | - | - | 84,961 | 269,434 |
| Unallocated corporate assets | | | | | | | | 5,146 |
| | | | | | | | | <u>2,672,401</u> |

* Includes estimated results in an associate

A8 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 2010 that have not been reflected in the financial statements for the said period as at the date of this report other than as mentioned in Note A5.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2010.

A10 Contingent Liabilities

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

A11 Capital Commitments

As at 30 June 2010, the Group has commitments in respect of capital expenditure as follows:-

| | |
|-----------------------------------|---------------|
| | RM'000 |
| Contracted but not provided for | 5,439 |
| Authorised but not contracted for | <u>45</u> |
| | <u>5,484</u> |

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B. NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1 Review of Performance of the Company and its Principal Subsidiaries

For the 6 months ended 30 June 2010, the Group recorded revenue of RM448.9 million and profit before tax of RM12.8 million compared with revenue of RM426.8 million and loss before tax of RM0.4 million for the same period last year. The better performance by the Group's various business operations and the lower interest expense have contributed to the improvement in the revenue and profitability of the Group.

In retailing, Laura Ashley Holdings plc ("Laura Ashley") reported that for the 17 weeks to 29 May 2010, total UK retail sales increased by 6.2%. Online sales grew strongly over the period. Maximising operational efficiency will continue to be a key focus for Laura Ashley. In Malaysia, the profit of Metrojaya Berhad grew by 154% in the current period under review compared with the same period last year.

The Group's hotel operations in Malaysia continued to perform well with improved profitability on the back of better occupancies and higher room rates. The hotels in UK continued to trade under challenging environment. However, the performance of Corus Hotel Hyde Park in London continued to show improvement.

Under the financial services division, the insurance operation registered a strong performance in its underwriting operations and investment activities with commendable growth in both revenue and profitability. However, the universal broking operation remained challenging under the existing business environment.

The food & confectionery operations recorded higher revenue due to better sales following the major rebranding exercise for several of their products. The rebranding exercise has elevated the products brand positioning and improved market acceptance.

The property development operations continued to perform satisfactorily. Sales performance for the Bandar Springhill development project was encouraging in the current period under review. The development of a university campus as well as an international school will help accelerate the township development. Works on the international school have already started.

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

The Group recorded revenue of RM203.7 million and profit before tax of RM5.5 million for the current quarter compared with revenue of RM245.3 million and profit before tax of RM7.3 million in the preceding quarter. The results in the current quarter are in line with the seasonal nature of some of the Group's business operations.

B3 Prospects for the current financial year

With the prospect of a generally better domestic business environment, the Group expects the performance of its various business operations to continue improving for the remaining periods in the current financial year.

The Group will continue with the streamlining and rationalisation exercises to further reduce the overall gearing and to further strengthen its financial position.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

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B5 Taxation

Taxation comprises:-

| | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|--|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | | | | |
| - Malaysia | 1,051 | 1,952 | 7,127 | 3,618 |
| - foreign | 302 | 205 | 302 | 572 |
| Deferred taxation | (160) | 889 | 40 | (332) |
| | 1,193 | 3,046 | 7,469 | 3,858 |
| Under/(Over) provision in respect of prior years | 226 | 28 | 179 | (44) |
| | 1,419 | 3,074 | 7,648 | 3,814 |

The tax provision of the Group for the financial period ended 30 June 2010 is higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses are available.

B6 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the financial period ended 30 June 2010 other than as disclosed in Note A4.

B7 Quoted Securities

(a) Total purchases and disposals of quoted securities of the Group for the financial period ended 30 June 2010, other than those of the insurance subsidiary, are as follows:-

| | RM'000 |
|-------------------------------|--------|
| (i) Total purchases | 549 |
| (ii) Total disposals | - |
| Total gain on disposals (net) | - |

(b) Total investments in quoted securities by the Group as at 30 June 2010, other than those by the insurance subsidiary, are as follows:-

| | RM'000 |
|---|---------|
| At cost | 158,971 |
| Less: Allowance for diminution in value | 81,961 |
| At book value | 77,010 |
| Market value | 77,553 |

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.

B9 Group Borrowings

(a) Total Group borrowings as at 30 June 2010 are as follows:-

| | RM'000 |
|------------------------------|---------|
| <i>Long Term Borrowings</i> | |
| - Secured | 706,768 |
| <i>Short Term Borrowings</i> | |
| - Secured | 104,570 |
| - Unsecured | 444,603 |
| | 549,173 |

(b) Foreign borrowings in Ringgit equivalent as at 30 June 2010 included in (a) above are as follows:-

| Currency | RM'000 |
|-----------------|---------|
| Sterling Pounds | 409,023 |

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

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B10 Derivative Financial Instruments

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

B11 Fair Value Changes Of Financial Liabilities

As at 30 June 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

B12 Material Litigation

There is no material litigation involving the Group as at the date of this report.

B13 Dividend

No dividend has been declared by the Board for the financial period ended 30 June 2010 (30 June 2009: Nil).

B14 Earnings/(Loss)Per Share

(a) Basic earnings/(loss) per share

| | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|---|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000) | 1,547 | (9,198) | 538 | (18,904) |
| Weighted average number of ordinary shares in issue ('000) | 2,011,652 | 1,940,532 | 2,011,652 | 1,940,532 |
| Profit/(Loss) per share (sen) | 0.08 | (0.47) | 0.03 | (0.97) |

(b) Diluted earnings/(loss) per share

| | SECOND QUARTER | | CUMULATIVE 6 MONTHS | |
|---|----------------|------------|---------------------|------------|
| | 30.06.2010 | 30.06.2009 | 30.06.2010 | 30.06.2009 |
| Profit/(Loss) for the financial period attributable to equity holders of the Company (RM'000) | 1,547 | (9,198) | 538 | (18,904) |
| Number of ordinary shares in issue ('000) | 2,028,957 | 1,940,532 | 2,028,957 | 1,940,532 |
| Effect of dilution :- Irredeemable convertible unsecured loan stocks | 798,899 | 887,324 | 798,899 | 887,324 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 2,827,856 | 2,827,856 | 2,827,856 | 2,827,856 |
| Diluted earnings per share (sen) | 0.05 | * | 0.02 | * |

* Diluted earnings per share is not disclosed as it is antidilutive.

B15 Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not qualified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Leong Park Yip
Company Secretary

Date: 17 August 2010