

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
THIRD QUARTER ENDED 30 SEPTEMBER 2011**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011**

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	230,489	238,448	673,746	687,370
Cost of sales	(158,647)	(165,455)	(475,114)	(492,596)
Gross profit	71,842	72,993	198,632	194,774
Other income	6,722	5,785	18,308	16,601
Distribution costs	(3,221)	(4,661)	(8,377)	(14,620)
Administrative expenses	(19,352)	(23,952)	(61,258)	(66,224)
Other operating expenses	(40,783)	(23,454)	(95,490)	(79,793)
Profit from operations	15,208	26,711	51,815	50,738
Exceptional items (refer Note A4)	(5,840)	22,884	3,518	32,001
Finance cost	(15,058)	(14,947)	(46,551)	(42,048)
Share of results of associates	4,559	13,478	8,497	20,272
(Loss)/Profit before taxation	(1,131)	48,126	17,279	60,963
Tax expense	(4,939)	(9,155)	(15,130)	(16,803)
(Loss)/Profit for the financial period	(6,070)	38,971	2,149	44,160
(Loss)/Profit attributable to:				
Equity holders of the Company	(5,479)	33,042	(4,668)	33,580
Minority interests	(591)	5,929	6,817	10,580
(Loss)/Profit for the financial period	(6,070)	38,971	2,149	44,160
(Loss)/Earnings per share attributable to equity holders of the Company:-	Sen	Sen	Sen	Sen
Basic	(0.27)	1.63	(0.23)	1.66
Fully diluted	N/A	1.13	N/A	1.15

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 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Company No: 3809-W
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the financial period	(6,070)	38,971	2,149	44,160
Other comprehensive income/(loss), net of tax:				
Foreign currency translation differences for foreign subsidiaries	21,929	(3,878)	15,933	(48,360)
Fair value of available-for-sale investments	(12,781)	379	(15,947)	5,463
Share of other comprehensive loss of associates	-	(3,435)	-	(4,680)
Other comprehensive income/(loss) for the financial period	9,148	(6,934)	(14)	(47,577)
Total comprehensive income/(loss) for the financial period	3,078	32,037	2,135	(3,417)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	8,470	26,933	1,715	(11,048)
Minority interests	(5,392)	5,104	420	7,631
Total comprehensive income/(loss) for the financial period	3,078	32,037	2,135	(3,417)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 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
AS AT 30 SEPTEMBER 2011

	30.09.2011	31.12.2010
	RM'000	RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	673,790	672,231
Investment properties	102,796	103,599
Investments in associates	440,520	429,862
Other investments	59,524	79,666
Land held for property development	35,263	35,263
Goodwill on consolidation	220,896	220,896
Deferred tax assets	2,891	735
Other receivable	54,384	54,334
	1,590,064	1,596,586
Current Assets		
Property development costs	79,914	75,264
Inventories	90,582	104,461
Trade and other receivables	223,984	218,919
Held-to-maturity investments	30,318	40,134
Other investments	51,570	50,162
Tax recoverable	3,486	2,545
Deposits, bank balances and cash	520,266	506,543
	1,000,120	998,028
TOTAL ASSETS	2,590,184	2,594,614
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	2,029,773	2,029,773
ICULS#	837,961	799,066
Reserves	(2,195,988)	(2,158,808)
	671,746	670,031
Minority Interest	301,392	304,557
Total Equity	973,138	974,588
Non-Current Liabilities	678,777	662,993
Current Liabilities		
Trade and other payables	214,465	203,612
Provisions	139,100	133,614
Borrowings	509,554	543,506
Tax liabilities	10,022	10,198
Reserves for unearned premium	65,128	66,103
	938,269	957,033
Total Liabilities	1,617,046	1,620,026
TOTAL EQUITY AND LIABILITIES	2,590,184	2,594,614
	RM	RM
Net assets per share attributable to equity holders of the Company	0.33	0.33

ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks stated net of discount and Class A3, 2 ½-year Irredeemable Convertible Unsecured Loan Stocks

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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Company No: 3809-W
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2011

CUMULATIVE 9 MONTHS	Attributable to Equity Holders of the Company					Minority	Total	
	Share Capital RM'000	ICULS [#] RM'000	Non- Distributable Reserves RM'000	Distributable Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Interests RM'000	Equity RM'000
At 1 January 2011	2,029,773	799,066	268,171	25,257	(2,452,236)	670,031	304,557	974,588
Total comprehensive (loss)/income for the financial year	-	-	6,383	-	(4,668)	1,715	420	2,135
Amortisation of discount on ICULS	-	12,719	-	-	(12,719)	-	-	-
Amortisation of A3 ICULS	-	26,176	-	-	(26,176)	-	-	-
Dividends paid to minority interest	-	-	-	-	-	-	(3,585)	(3,585)
At 30 September 2011	2,029,773	837,961	274,554	25,257	(2,495,799)	671,746	301,392	973,138
At 1 January 2010	1,940,532	830,757	338,639	25,257	(2,434,206)	700,979	305,192	1,006,171
Total comprehensive income/(loss) for the financial year	-	-	(38,519)	-	538	(37,981)	2,527	(35,454)
Conversion of Class A1 ICULS to ordinary shares	89,241	(89,241)	-	-	-	-	-	-
Discount on Class A1 ICULS upon issuance debited to accumulated losses upon conversion	-	15,171	-	-	(15,171)	-	-	-
Issuance of Class A3 2 ½-year ICULS at RM1.00 nominal value as compensation	-	104,705	-	-	(104,705)	-	-	-
Accretion of interest in a subsidiary	-	-	3,234	-	-	3,234	(3,234)	-
Dividends paid to minority interest	-	-	-	-	-	-	(10,321)	(10,321)
At 30 September 2010	2,029,773	861,392	303,354	25,257	(2,553,544)	666,232	294,164	960,396

ICULS refers to Class A1 and Class A2, 8-year Irredeemable Convertible Unsecured Loan Stocks stated net of discount and Class A3, 2 ½-year Irredeemable Convertible Unsecured Loan Stocks.

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 2010 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 SEPTEMBER 2011

	CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	17,279	60,963
Net adjustments	50,241	15,091
	67,520	76,054
Operating profit before working capital changes		
Net change in working capital	9,337	(21,339)
	76,857	54,715
Cash Flows From Investing Activities		
Cost incurred on non-current assets held for sale	-	(1,275)
Dividends received	15,492	13,144
Interest received	9,779	6,753
Proceeds from distribution arising from an investment in associate	-	37,891
Proceeds from disposal of property, plant and equipment	516	189
Proceeds from disposal of investments	7,277	18,849
Proceeds from disposal of government bonds and securities	9,967	4,964
Purchase of investments	(23,420)	(17,275)
Purchase of property, plant and equipment	(5,397)	(15,336)
	14,214	47,904
Cash Flows From Financing Activities		
Dividends paid to minority shareholders of subsidiaries	(3,585)	(10,321)
Interest paid	(45,283)	(39,853)
Net repayments of bank borrowings	(24,858)	(63,782)
Payment from a subsidiary not consolidated	-	5,292
	(73,726)	(108,664)
Effects of exchange rate changes	(832)	3,907
Net increase/(decrease) in cash and cash equivalents	16,513	(2,138)
Cash and cash equivalents at 1 January		
As previously reported	457,858	431,408
Effects of exchange rate changes on cash and cash equivalents	2,598	(14,798)
As restated	460,456	416,610
Cash and cash equivalents at 30 September	476,969	414,472

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2010 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, other than for financial instruments, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to FRS 139 Financial Instrument : Recognition and Measurement.

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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2011:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives: Embedded derivatives

Improvements to FRSs issued in 2010 in respect of various FRSs.

Other than the disclosures under the amendments to FRS 7, 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.

A2 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.

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 year.

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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 September 2011 other than the exceptional items as follows:-

Exceptional items	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	32	-	1,121
Gain on disposal of investments	-	5,997	-	5,997
Gain on disposal of property, plant & equipment	146	38	473	105
(Loss)/Gain on foreign exchange	(5,295)	51	(2,989)	3,551
Inventories written off	(718)	(1,226)	(1,935)	(860)
Reversal of Impairment/(Impairment) on investments	-	75	(1,681)	75
Reversal of impairment in an associate	-	17,984	-	17,984
Reversal of impairment on receivables	27	(67)	9,650	4,028
	(5,840)	22,884	3,518	32,001

A5 Issuances, Repurchases and 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 September 2011.

A6 Dividend Paid

No dividend was paid by the Company during the financial period ended 30 September 2011 (30 September 2010 : Nil).

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 30 September 2011 is as follows:-

	Retailing	Hotels	Food & Confectionery	Financial Services	Property	Travel & Tourism	Investment Holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE								
Gross revenue	585,854*	125,479	52,386	199,762	25,402	1,194	11,249	1,001,326
Inter-segment revenue	-	(62)	-	(1,503)	-	(24)	(603)	(2,192)
Net	585,854	125,417	52,386	198,259	25,402	1,170	10,646	999,134
Less: Group's share of associates' revenue								(325,388)
								673,746
RESULTS								
Segment results	15,709	25,114	1,300	4,118	7,296	(210)	(11,726)	41,601
Interest income	661	34	-	7,537	411	9	1,562	10,214
Exceptional items	(1,904)	-	(1,694)	(373)	110	296	7,083	3,518
Finance cost	(763)	(1,003)	(22)	-	(106)	(10)	(44,647)	(46,551)
Share of results of associates	10,018*	-	-	(1,469)	-	-	(52)	8,497
Profit/(Loss) before taxation	23,721	24,145	(416)	9,813	7,711	85	(47,780)	17,279
ASSETS								
Segment assets	366,892	475,531	172,076	428,597	210,460	695	489,036	2,143,287
Investments in associates	154,406	-	-	55,245	-	-	230,869	440,520
Unallocated corporate assets								6,377
								2,590,184

* Includes estimated results in an associate

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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 September 2011 that have not been reflected in the financial statements for the said period as at the date of this report.

A9 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2011.

A10 Contingent Liabilities

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

A11 Capital Commitments

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

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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 9 months ended 30 September 2011, the Group recorded revenue of RM673.7 million and profit before tax ("PBT") of RM17.3 million compared with revenue of RM687.4 million and PBT of RM61.0 million for the same period last year. The lower results were mainly due to lower exceptional gains and share of results of associates.

In retailing, Laura Ashley Holdings plc ("Laura Ashley") reported that its PBT including exceptional items for the 26 weeks to 30 July 2011 was £7.0 million (RM34.2 million) compared with £10.5 million (RM52.8 million) in the same period last year. Total UK sales up by 0.1% to £135.3 million compared with the previous period of £135.1 million. For 31 weeks to 3 September 2011, total UK like-for-like sales were maintained at the first half level of +3.5%. In Malaysia, Metrojaya achieved better performance with a 9% increased in PBT in the current period under review compared with the same period last year.

The Group's hotel operations in Malaysia continued to perform well. The hotel operations in UK registered better performance due to improvement in hotel revenue and positive impact from the cost control programme.

Under the financial services division, the insurance operation registered a better performance in its underwriting operations, but recorded lower earnings from its investment activities for the period due to changes in fair value of its investments. The universal broking operation remained challenging.

The food & confectionery business remain challenging in view of higher raw material costs. Nevertheless, the operations will continue with its competitive strategy of further developing its own brands to enhance its market position and to improve the productivity as well as margin.

The property development operations achieved higher revenue and profitability due to higher contribution from Bandar Springhill development project. The development of a university campus as well as an international school have progressed further and has helped accelerate the township development.

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

The Group recorded revenue of RM230.5 million and loss before tax of RM1.1 million for the current quarter compared with revenue of RM213.6 million and PBT of RM8.8 million in the preceding quarter. The results in the current quarter are affected by the changes in fair value of investments recorded by insurance division and net exceptional loss recorded by the Group.

B3 Prospects for the year 2011

Despite an increasing challenging business environment and significant global debt concerns, the Group expects the performance of its various business operations to remain positive in year 2011. In the UK, trading conditions are expected to remain challenging.

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

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Taxation

Taxation comprises:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Malaysia	5,794	5,996	15,558	13,123
- foreign	2,204	2,101	2,713	2,403
Deferred taxation	(2,849)	176	(2,809)	216
	5,149	8,273	15,462	15,742
Under/(Over) provision in respect of prior years	(210)	882	(332)	1,061
	4,939	9,155	15,130	16,803

The tax provision of the Group for the financial period ended 30 September 2011 is higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses are available.

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B6 Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the financial period ended 30 September 2011 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 September 2011, other than those of the insurance subsidiary, are as follows:-

	RM'000
(i) Total purchases	4,155
(ii) Total disposals	-
Total gain/(loss) on disposals (net)	<u>-</u>

(b) Total investments in quoted securities by the Group as at 30 September 2011, other than those by the insurance subsidiary, are as follows:-

	RM'000
At cost	163,362
Less: Allowance for diminution in value	<u>105,322</u>
At book value	<u>58,040</u>
Market value	<u>58,040</u>

B8 Status of Corporate Proposals

On 16 August 2011, the Company announced that Natloyal (M) Sdn Bhd, a wholly-owned subsidiary of Creative Vest (M) Sdn Bhd, which is in turn a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI") entered into an agreement with MUI Continental Insurance Berhad, a 52.21% owned subsidiary of MUI to acquire a piece of freehold land held under Geran 5266 and known as Lot 247 Section 89A, Town and District of Kuala Lumpur, together with the building thereon whose current address is No. 191, Jalan Ampang, 50450 Kuala Lumpur at a consideration of RM25.0 million ("Acquisition"). Barring any unforeseen circumstances, the Acquisition is expected to be completed by the fourth quarter of 2011.

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 September 2011 are as follows:-

	RM'000
<i>Long Term Borrowings</i>	
- Secured	635,592
- Unsecured	<u>25,700</u>
	<u>661,292</u>
<i>Short Term Borrowings</i>	
- Secured	142,500
- Unsecured	<u>367,054</u>
	<u>509,554</u>

(b) Foreign borrowings in Ringgit equivalent as at 30 September 2011 included in (a) above are as follows:-

Currency	RM'000
Sterling Pounds	<u>400,788</u>

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

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 September 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

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B12 Realised and Unrealised Profits/(Losses)

The accumulated losses of the Group comprised the following:-

	At 30.09.2011 RM'000	At 31.12.2010 RM'000
Total accumulated losses of the Company and its subsidiaries:-		
Realised losses	(2,506,682)	(2,406,669)
Unrealised profits/(losses)	24,616	(23,335)
	(2,482,066)	(2,430,004)
Total accumulated losses of associates:-		
Realised losses	(13,733)	(22,232)
Total accumulated losses	(2,495,799)	(2,452,236)

B13 Material Litigation

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

B14 Dividend

No dividend has been declared by the Board for the financial period ended 30 September 2011 (30 September 2010: Nil).

B15 Basic earnings Per Share

(a) Earnings per share

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Profit for the financial period attributable to equity holders of the Company (RM'000)	(5,479)	33,042	(4,668)	33,580
Weighted average number of ordinary shares in issue ('000)	2,029,773	2,029,771	2,029,773	2,017,758
Earnings per share (sen)	(0.27)	1.63	(0.23)	1.66

(b) Diluted earnings per share

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Profit for the financial period attributable to equity holders of the Company (RM'000)	(5,479)	33,042	(4,668)	33,580
Number of ordinary shares in issue ('000)	2,029,773	2,133,662	2,029,773	2,133,662
Effect of dilution :-				
Irredeemable convertible unsecured loan stocks	902,788	798,899	902,788	798,899
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,932,561	2,932,561	2,932,561	2,932,561
Diluted earnings per share (sen)	*	1.13	*	1.15

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

B16 Auditors' Report

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not qualified.

On behalf of the Board

MALAYAN UNITED INDUSTRIES BERHAD

Leong Park Yip
Company Secretary

Date: 21 November 2011