

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT THIRD QUARTER ENDED 30 SEPTEMBER 2012

(The figures are unaudited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	174,793	175,123	472,331	481,985
Cost of sales	(110,470)	(112,310)	(299,191)	(310,303)
Gross profit	64,323	62,813	173,140	171,682
Other income	4,524	3,411	10,261	8,945
Distribution costs	(3,855)	(3,221)	(10,508)	(8,377)
Administrative expenses	(18,417)	(19,186)	(58,068)	(60,771)
Other operating expenses	(24,983)	(24,841)	(68,879)	(69,817)
Profit from operations	21,592	18,976	45,946	41,662
Exceptional items (refer Note A4)	(39,889)	(5,755)	(39,440)	3,891
Finance cost	(14,409)	(15,058)	(44,179)	(46,551)
Share of results of associates	4,162	4,559	12,524	8,497
(Loss)/Profit before taxation	(28,544)	2,722	(25,149)	7,499
Tax expense	(6,025)	(6,003)	(12,235)	(12,595)
Loss for continuing operations	(34,569)	(3,281)	(37,384)	(5,096)
Discontinued operation				
Profit/(Loss) before taxation	167,800	(3,853)	176,348	9,780
Tax income/(expense)	296	1,064	(1,962)	(2,535)
Profit/(Loss) from discontinued operation, net of tax	168,096	(2,789)	174,386	7,245
Profit/(Loss) for the financial period	133,527	(6,070)	137,002	2,149
Profit/(Loss) attributable to:-				
Equity holders of the Company	51,970	(5,479)	49,362	(4,668)
Non-controlling interests	81,557	(591)	87,640	6,817
Profit/(Loss) for the financial period	133,527	(6,070)	137,002	2,149
Earnings/(Loss) per share attributable to equity holders of the Company:-				
	Sen	Sen	Sen	Sen
Continuing operations				
Basic	(5.32)	(0.13)	(6.01)	(0.59)
Fully diluted	N/A	N/A	N/A	N/A
Discontinued operation				
Basic	7.70	(0.14)	8.38	0.36
Fully diluted	5.78	N/A	6.21	0.25

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) for the financial period	133,527	(6,070)	137,002	2,149
Other comprehensive (loss)/income, net of tax:-				
Foreign currency translation differences for foreign subsidiaries	(12,469)	21,929	(9,063)	15,933
Fair value of available-for-sale investments				
- Loss on fair value changes	(143)	(12,781)	(1,491)	(15,947)
- Transfer to profit or loss upon disposal	(4,464)	-	(7,817)	-
Other comprehensive (loss)/income for the financial period	(17,076)	9,148	(18,371)	(14)
Total comprehensive income for the financial period	116,451	3,078	118,631	2,135
Total comprehensive income/(loss) attributable to:-				
Equity holders of the Company	37,816	8,470	34,991	1,715
Non-controlling interests	78,635	(5,392)	83,640	420
Total comprehensive income for the financial period	116,451	3,078	118,631	2,135

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	30.09.2012	31.12.2011
	RM'000	RM'000 (Audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	626,371	631,944
Investment properties	79,686	80,286
Investment in associates	446,669	454,023
Other investments	51,155	65,520
Land held for property development	35,263	35,263
Goodwill on consolidation	181,340	220,408
Deferred tax assets	1,842	1,903
Other receivable	54,384	54,384
	1,476,710	1,543,731
Current Assets		
Property development costs	84,484	81,632
Inventories	101,732	89,894
Trade and other receivables	189,779	211,730
Reinsurance assets	-	215,850
Held-to-maturity investments	20,280	30,110
Other investments	4,637	58,793
Current tax assets	4,847	1,718
Deposits, bank balances and cash	538,001	554,012
	943,760	1,243,739
Non-current assets held for sale	4,500	36,943
	948,260	1,280,682
TOTAL ASSETS	2,424,970	2,824,413
EQUITY AND LIABILITIES		
Equity Attributable To Equity Holders Of The Company		
Share capital	2,208,268	2,029,773
ICULS [#]	714,482	850,927
Reserves	(2,182,861)	(2,175,853)
	739,889	704,847
Non-controlling interests	390,718	308,733
Total Equity	1,130,607	1,013,580
Non-Current Liabilities	756,480	756,753
Current Liabilities		
Trade and other payables	180,451	209,297
Borrowings	351,710	403,825
Current tax liabilities	5,722	7,261
Insurance contract liabilities	-	433,697
	537,883	1,054,080
Total Liabilities	1,294,363	1,810,833
TOTAL EQUITY AND LIABILITIES	2,424,970	2,824,413
	RM	RM
Net assets per share attributable to equity holders of the Company	0.36	0.35

[#] 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 Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012**

CUMULATIVE 9 MONTHS	Attributable to Equity Holders of the Company					Non-controlling 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	
At 1 January 2012	2,029,773	850,927	285,407	25,257	(2,486,517)	704,847	308,733	1,013,580
Total comprehensive (loss)/income for the financial year	-	-	(14,371)	-	49,362	34,991	83,640	118,631
Conversion of ICULS to ordinary shares	178,495	(178,495)	-	-	-	-	-	-
Amortisation of discount on ICULS	-	13,517	-	-	(13,517)	-	-	-
Armortisation of A3 ICULS	-	28,533	-	-	(28,533)	-	-	-
Repurchase of shares by a subsidiary	-	-	-	-	-	-	(18)	(18)
Effect of change in stake	-	-	-	-	51	51	(51)	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,586)	(1,586)
	178,495	(136,445)	-	-	(41,999)	51	(1,655)	(1,604)
At 30 September 2012	2,208,268	714,482	271,036	25,257	(2,479,154)	739,889	390,718	1,130,607
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)	-	-	-
Armortisation of A3 ICULS	-	26,176	-	-	(26,176)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,585)	(3,585)
	-	38,895	-	-	(38,895)	-	(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

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 Statements of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	CUMULATIVE 9 MONTHS	
	30.09.2012 RM'000	30.09.2011 RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before taxation from :-		
- Continuing operations	(25,149)	7,499
- Discontinued operation	176,348	9,780
	151,199	17,279
Net adjustments	(92,224)	50,241
	58,975	67,520
Operating profit before working capital changes		
Net change in working capital	(13,642)	27,532
	45,333	95,052
Cash generated from operations		
Employee benefits paid	(552)	(220)
Interest paid	(2,223)	(1,268)
Interest received	2,431	2,346
Net tax paid	(19,125)	(19,053)
	25,864	76,857
Cash Flows From Investing Activities		
Dividends received	15,827	15,492
Interest received	9,604	9,779
Proceeds from disposal of property, plant and equipment	133	516
Proceeds from disposal of non-current assets held for sale	32,443	-
Proceeds from disposal of other investments	79,684	7,277
Proceeds from maturity of investments in government bonds and securities	9,816	9,967
Purchase of additional interests in an associate	(1,885)	-
Purchase of investments	(10,020)	(23,420)
Purchase of property, plant and equipment	(5,377)	(5,397)
Net cash outflow on disposal of discontinued operation	(73,724)	-
	56,501	14,214
Cash Flows From Financing Activities		
Dividends paid to non-controlling interests of subsidiaries	(1,586)	(3,585)
Interest paid	(41,956)	(45,283)
Net repayments of bank borrowings	(62,339)	(24,858)
Share repurchased by a subsidiary	(18)	-
	(105,899)	(73,726)
Net cash flows used in financing activities		
Effects of exchange rate changes	984	(832)
	(22,550)	16,513
Net (decrease)/increase in cash and cash equivalents		
Cash and cash equivalents at 1 January		
As previously reported	507,897	457,858
Effects of exchange rate changes on cash and cash equivalents	(1,238)	2,598
As restated	506,659	460,456
Cash and cash equivalents at 30 September	484,109	476,969

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

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 2011. 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 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011 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 2012:-

FRS 124	Related Party Disclosures
Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7	Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax : Recovery of Underlying Assets
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

The Directors expect that the standards and interpretations above will have no material impact on the financial statements of the Group.

Malaysia Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards ("MASB") issues a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

MUI Properties Berhad, a subsidiary of the Company falls within the scope of definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. As a result, the Group also temporarily deferred the adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirement of the MFRS Framework for the financial year ending 31 December 2014.

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Company No: 3809-W
(Incorporated in Malaysia)

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 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 September 2012 other than the exceptional items as follows:-

Exceptional items	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Gain on disposal of property, plant & equipment	57	146	64	473
Gain/(Loss) on foreign exchange	1,753	(5,293)	2,830	(2,940)
Loss on disposal of non-current investments	(2,602)	-	(2,602)	-
Inventories written off	(168)	(718)	(1,197)	(1,935)
Impairment on goodwill	(39,068)	-	(39,068)	-
Impairment on investments	-	-	(22)	(1,681)
Reversal of impairment on receivables	139	110	555	9,974
	(39,889)	(5,755)	(39,440)	3,891
Discontinued operation				
Gain on disposal of discontinued operation	167,589	-	167,589	-
Loss on foreign exchange	-	(2)	(27)	(49)
Impairment on receivables	(2,534)	(83)	(2,839)	(324)
	165,055	(85)	164,723	(373)
	125,166	(5,840)	125,283	3,518

A5 Issuances, Repurchases and Repayments of Debts and Equity Securities

During the period under review, the Company issued the followings:-

- 67,829,165 ordinary shares of RM1.00 each arising from the conversion of the Class A1 ICULS with nominal value totalling RM67,829,165 exercised by the holders of the Class A1 ICULS;
- 82,386,792 ordinary shares of RM1.00 each arising from the conversion of the Class A2 ICULS with nominal value totalling RM82,386,792 exercised by the holders of the Class A2 ICULS;
- 28,279,483 ordinary shares of RM1.00 each arising from the conversion of the Class A3 ICULS with nominal value totalling RM28,279,483 exercised by the holders of the Class A3 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 September 2012.

A6 Dividend Paid

No dividend was paid by the Company during the financial period ended 30 September 2012 (30 September 2011 : Nil).

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

A7 Operating Segments

The analysis of the Group's operations for the financial period ended 30 September 2012 is as follows:-

(a) Revenue

	External Customers RM'000	Inter- segment RM'000	Total Revenue RM'000	Share of Associates' Revenue RM'000	Net Revenue RM'000
Continuing Operations :-					
Retailing	591,304	-	591,304	(327,205) *	264,099
Hotels	123,812	(24)	123,788	-	123,788
Foods & Confectionery	56,387	-	56,387	-	56,387
Financial Services	6,050	-	6,050	(6,050)	-
Property	26,083	-	26,083	-	26,083
Others	10,499	(512)	9,987	(8,013)	1,974
	814,135	(536)	813,599	(341,268)	472,331
Discontinued Operation:-					
Financial Services	163,920	(1,242)	162,678	-	162,678
Total	978,055	(1,778)	976,277	(341,268)	635,009

(b) Results

	Profit from Operations RM'000	Exceptional Items RM'000	Finance Costs RM'000	Share of Associates' Results RM'000	Profit/(Loss) Before Taxation RM'000
Continuing Operations :-					
Retailing	15,061	92	(1,561)	11,883 *	25,475
Hotels	27,138	32	(964)	-	26,206
Foods & Confectionery	4,101	(1,600)	(22)	-	2,479
Financial Services	-	-	-	(533)	(533)
Property	6,620	-	(82)	-	6,538
Others	(6,974)	(37,964)	(41,550)	1,174	(85,314)
	45,946	(39,440)	(44,179)	12,524	(25,149)
Discontinued Operation:-					
Financial Services	11,625	164,723	-	-	176,348
Total	57,571	125,283	(44,179)	12,524	151,199

(c) Assets

	Segment Assets RM'000	Non-current Assets Held For Sale RM'000	Investment In Associates RM'000	Total RM'000
Continuing Operations :-				
Retailing	327,677	4,500	149,138	481,315
Hotels	435,310	-	-	435,310
Foods & Confectionery	174,945	-	-	174,945
Financial Services	-	-	57,669	57,669
Property	216,647	-	-	216,647
Others	812,533	-	239,862	1,052,395
	1,967,112	4,500	446,669	2,418,281
Discontinued Operation:-				
Financial Services	-	-	-	-
	1,967,112	4,500	446,669	2,418,281
Unallocated Corporate Assets				6,689
Total Assets				2,424,970

* Includes estimated results in an associate

MALAYAN UNITED INDUSTRIES BERHAD

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(Incorporated in Malaysia)

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 2012 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 2012.

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.

A12 Discontinued Operation

On 10 April 2012, MUI Continental Berhad (formerly known as MUI Continental Insurance Berhad) ("MCI"), a subsidiary, made an application to Bank Negara Malaysia ("BNM") for its approval in respect of the disposal of MCI's insurance assets and liabilities to Tokio Marine Insurans (Malaysia) Berhad ("TMIM"), for a premium of RM180,228,000 in accordance with the terms and conditions set out in the agreement for the sale and purchase ("the disposal"). The value of the insurance assets to be transferred to TMIM shall be equal to the value of the insurance liabilities assumed by TMIM at the transfer date. The disposal was approved by BNM vide its letter dated 8 May 2012. On 22 May 2012, the Company announced that MCI entered into an agreement for the sale and purchase of assets and liabilities with TMIM. The disposal was approved by the Shareholders of MUI at the extraordinary general meeting held on 27 June 2012. On 17 August 2012, MCI extracted the sealed Court Order obtained on 14 August 2012 confirming the disposal. In accordance with the said Court Order, the transfer date of the disposal was 1 September 2012.

	CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011
<u>An analysis of the results of the discontinued operation was as follows:-</u>	RM'000	RM'000
Revenue	162,678	199,298
Other income	2,038	1,827
Expenses	(153,091)	(190,972)
Profit from operations	11,625	10,153
Exceptional items	(2,866)	(373)
Profit before taxation	8,759	9,780
Tax expense	(1,962)	(2,535)
Profit after taxation	6,797	7,245
Gain on disposal of discontinued operation	167,589	-
Profit for the financial period	174,386	7,245

	CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011
<u>The cashflows attributable to the discontinued operation are as follows:-</u>	RM'000	RM'000
Net cash (used in)/from operating activities	(14,642)	10,615
Net cash from investing activities	270,893	278,371
Effect on cash flows	256,251	288,986

	As at
	30.09.2012
<u>Cash outflow on disposal of discontinued operation:-</u>	RM'000
Consideration received, satisfied in cash	180,228
Cash and cash equivalents disposed of	(253,952)
Net Cash outflow	(73,724)

In view of the disposal, the operation of the insurance business was reclassified as discontinued operation for the financial period ended 30 September 2012.

MALAYAN UNITED INDUSTRIES BERHAD

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(Incorporated in Malaysia)

B. NOTES PER BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

B1 Review of Performance of the Company and its Principal Subsidiaries

For the 9 months period ended 30 September 2012, the Group recorded revenue of RM472.3 million and loss before tax ("LBT") from continuing operations of RM25.1 million compared with revenue of RM482.0 million and profit before tax ("PBT") from continuing operations of RM7.5 million for the same period last year. The LBT for the current period under review was mainly due to impairment made on goodwill. The Group also recorded profit from discontinued operation of RM174.4 million for the current period under review from the disposal of insurance business of MCI.

In retailing, Laura Ashley Holdings plc ("Laura Ashley") reported that for 32 weeks to 8 September 2012, its UK like-for-like sales grew 4.2%. In Malaysia, Metrojaya recorded lower revenue of RM264.1 million and PBT of RM13.6 million compared to RM275.6 million and RM13.8 million respectively for the same period last year. The lower revenue in the current period under review was mainly due to lower sales from specialty stores, but was partly mitigated by higher sales from departmental stores.

The Group's hotel operations in Malaysia and UK maintained the same level of revenue for the current period under review compared with the same period last year. However, the hotel operations recorded higher PBT mainly due to decrease in operating expenses.

Under the financial services division, the Group disposed of the insurance business during the period under review and recorded an exceptional gain of RM167.6 million. The share of loss of universal stockbroking in the current period under review decreased mainly due to debt recovery.

Higher revenue was recorded in the current period under review by the food & confectionery business mainly due to higher sales of products in the domestic and export market despite global uncertainties. Higher domestic demand was recorded for Crispy and Tango products as a result of more aggressive promotional activities. PBT recorded in the current period was contributed by the higher revenue and margin.

The property development recorded higher revenue but lower PBT for the current period under review. For the current period under review, Bandar Spring Hill project recorded higher revenue of 37.8%, but this was partly offset by lower revenue from sale of oil palm fruits due to lower average CPO price. The lower PBT was also partly contributed by higher administrative expenses, which include sales and marketing expenses incurred for the current period under review. The gross profit margin for the current period under review has declined to 40.5% from 44.2% in the same period last year mainly due to the higher margin from the 2-storey shop offices which were sold and completed last year and the higher average CPO price during the same period last year.

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

The Group recorded higher revenue of RM174.8 million and LBT of RM28.5 million from continuing operations for the current quarter compared with revenue of RM151.6 million and PBT of RM2.8 million from continuing operations in the preceding quarter. The LBT in the current quarter was mainly due to impairment made on goodwill. In the current quarter, the Group also recorded profit from disposal of insurance business of RM167.6 million.

B3 Prospects for the year 2012

Growth prospects for the world economy in 2012 remain subdued due to the ongoing sovereign debt problems in the Euro area. Despite the weak global economic outlook, the Malaysian economy is envisaged to remain resilient and a growth of between 4% and 5% is forecast.

The Group expects its various business operations to improve further for the remaining period of the year. The Group will continue to explore corporate opportunities that will strengthen its financial position.

B4 Variance of Actual Profit from Forecast Profit

Not applicable.

B5 Profit/(Loss) before tax

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

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Interest income	2,661	4,169	12,035	12,125
Depreciation	(5,430)	(6,798)	(17,944)	(20,364)
Fair value loss on investments (current)	(3,033)	(10,981)	(7,436)	(11,352)
Gross dividends received	1,656	1,591	3,707	3,056
Gain on disposal of other investments (current)	2,625	288	8,229	771
Property, plant and equipment written off	(45)	(64)	(164)	(737)

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

B6 Taxation

Taxation comprises:-

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current taxation				
- Malaysia	4,024	4,129	10,602	10,196
- Foreign	1,888	2,204	2,599	2,713
Deferred taxation	(24)	(2,849)	(17)	18
	<u>5,888</u>	<u>3,484</u>	<u>13,184</u>	<u>12,927</u>
Under/(Over) provision in respect of prior years	137	2,519	(949)	(332)
	<u>6,025</u>	<u>6,003</u>	<u>12,235</u>	<u>12,595</u>
Discontinued operation				
Current taxation				
- Malaysia	(1,078)	1,665	2,281	5,362
Deferred taxation	782	(2,729)	(319)	(2,827)
	<u>(296)</u>	<u>(1,064)</u>	<u>1,962</u>	<u>2,535</u>
	<u>5,729</u>	<u>4,939</u>	<u>14,197</u>	<u>15,130</u>

The tax provision of the Group for the financial period ended 30 September 2012 is higher than the statutory rate of tax applicable mainly due to losses by certain subsidiaries where no group relief on losses are available.

B7 Status of Corporate Proposals

On 10 April 2012, MCI, a subsidiary, made an application to BNM for its approval in respect of the disposal of MCI's insurance assets and liabilities to TMIM, for a premium of RM180,228,000 in accordance with the terms and conditions set out in the agreement for the disposal. The value of the insurance assets to be transferred to TMIM shall be equal to the value of the insurance liabilities assumed by TMIM at the transfer date. The disposal was approved by BNM vide its letter dated 8 May 2012. On 22 May 2012, the Company announced that MCI entered into an agreement for the sale and purchase of assets and liabilities with TMIM. The disposal was approved by the Shareholders of MUJ at the extraordinary general meeting held on 27 June 2012. On 17 August 2012, MCI extracted the sealed Court Order obtained on 14 August 2012 confirming the disposal. In accordance with the said Court Order, the transfer date of the disposal was 1 September 2012. The impact from the disposal is disclosed in note A12.

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

B8 Group Borrowings

(a) Total Group borrowings as at 30 September 2012 are as follows:-

	RM'000
<i>Long Term Borrowings</i>	
- Secured	565,996
- Unsecured	171,528
	<u>737,524</u>
<i>Short Term Borrowings</i>	
- Secured	161,316
- Unsecured	190,394
	<u>351,710</u>

(b) Foreign borrowings in Ringgit equivalent as at 30 September 2012 included in (a) above are as follows:-

Currency	RM'000
Sterling Pounds	<u>305,164</u>

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

B9 Derivative Financial Instruments

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

B10 Fair Value Changes Of Financial Liabilities

As at 30 September 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

MALAYAN UNITED INDUSTRIES BERHAD

Company No: 3809-W
(Incorporated in Malaysia)

B11 Realised and Unrealised Profits/(Losses)

The accumulated losses of the Group may be analysed as follows:-

	At 30.09.2012 RM'000	At 31.12.2011 RM'000 (Audited)
Total accumulated losses of the Group:-		
- Realised losses	(2,501,911)	(2,520,808)
- Unrealised profits	8,263	32,322
	<u>(2,493,648)</u>	<u>(2,488,486)</u>
Total share of retained profits from associates:-		
- Realised profits	14,494	1,969
Total accumulated losses	<u>(2,479,154)</u>	<u>(2,486,517)</u>

B12 Material Litigation

There was 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 September 2012 (30 September 2011: Nil).

B14 Basic earnings Per Share

	THIRD QUARTER		CUMULATIVE 9 MONTHS	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Weighted average number of ordinary shares in issue ('000)	2,184,370	2,029,773	2,081,681	2,029,773
Effect of dilution :-				
Irredeemable convertible unsecured loan stocks	724,293	902,788	724,293	902,788
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>2,908,663</u>	<u>2,932,561</u>	<u>2,805,974</u>	<u>2,932,561</u>
(a) Continuing Operations				
Loss for the financial year attributable to equity holders of the Company (RM'000)	(116,126)	(2,690)	(125,024)	(11,913)
Loss per share (sen)	<u>(5.32)</u>	<u>(0.13)</u>	<u>(6.01)</u>	<u>(0.59)</u>
Diluted earnings per share (sen)	*	*	*	*
(a) Discontinued Operation				
Profit/(Loss) for the financial year attributable to equity holders of the Company (RM'000)	168,096	(2,789)	174,386	7,245
Basic Earnings/(Loss) per share (sen)	<u>7.70</u>	<u>(0.14)</u>	<u>8.38</u>	<u>0.36</u>
Diluted earnings per share (sen)	<u>5.78</u>	*	<u>6.21</u>	<u>0.25</u>

* The 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 2011 was not qualified.

On behalf of the Board
MALAYAN UNITED INDUSTRIES BERHAD

Soo-Hoo Siew Hoon
Ho Chun Fuat
Joint Company Secretaries

Date: 28 November 2012