

PAN MALAYSIAN INDUSTRIES BERHAD

Company No : 5138 - W
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOURTH QUARTER ENDED 31 MARCH 2009**

(The figures are unaudited)

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.03.2009 RM'000	31.03.2008 RM'000 (Restated)	31.03.2009 RM'000	31.03.2008 RM'000 (Audited)
Continuing Operations				
Revenue	971	54	1,013	274
Operating expenses	(847)	(222)	(2,643)	(2,438)
Profit/(Loss) from operations	124	(168)	(1,630)	(2,164)
Exceptional items (refer to Note A4)	-	19,732	-	(126,464)
Profit/(Loss) from operations after exceptional items	124	19,564	(1,630)	(128,628)
Finance cost	(2,538)	(3,495)	(13,220)	(20,534)
Share of results of associated companies	(1,570)	(2,703)	(13,930)	1,748
(Loss)/Profit before tax	(3,984)	13,366	(28,780)	(147,414)
Tax expense	(50)	-	(50)	-
(Loss)/Profit for the financial period from continuing operations	(4,034)	13,366	(28,830)	(147,414)
Discontinued Operations				
Profit from discontinued operations	-	-	-	1,808
Gain on disposal of discontinued operations	-	-	-	129,472
	-	-	-	131,280
(Loss)/Profit for the financial period	(4,034)	13,366	(28,830)	(16,134)
Attributable to:				
Equity holders of the Company	(4,034)	13,366	(28,830)	(16,313)
Minority interest	-	-	-	179
	(4,034)	13,366	(28,830)	(16,134)
	Sen	Sen	Sen	Sen
(Loss)/Basic earnings per share attributable to equity holders of the Company:-				
- from continuing operations	(0.33)	1.08	(2.33)	(11.89)
- from discontinued operations	-	-	-	10.58
	(0.33)	1.08	(2.33)	(1.31)
Diluted earnings per share	N/A	N/A	N/A	N/A

N/A - Not applicable as the exercise price of the warrants under the assumed exercise of the warrants is higher than the average market price of the shares.

The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIAN INDUSTRIES BERHAD

Company No: 5138-W
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2009**

	31.3.2009	31.3.2008
	RM'000	RM'000
		(Audited)
ASSETS		
Non-Current Asset		
Investment properties	38,914	-
Associated companies	137,750	159,207
Development property	10,004	-
Goodwill on consolidation	2,269	-
	<hr/>	<hr/>
	188,937	159,207
Current Assets		
Other receivables	1,663	4,869
Deposits, bank balances and cash	8,574	4,392
	<hr/>	<hr/>
	10,237	9,261
Non-current assets held for sale	-	139,159
	<hr/>	<hr/>
	10,237	148,420
TOTAL ASSETS	<hr/>	<hr/>
	199,174	307,627
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	123,966	123,966
Reserves	(72,732)	(36,398)
Total Equity	<hr/>	<hr/>
	51,234	87,568
Non-Current Liability		
Deferred tax liability	2,273	-
	<hr/>	<hr/>
Current Liabilities		
Other payables	16,302	14,021
Bank borrowings	129,315	206,038
Tax liability	50	-
	<hr/>	<hr/>
	145,667	220,059
Total Liabilities	<hr/>	<hr/>
	147,940	220,059
TOTAL EQUITY AND LIABILITIES	<hr/>	<hr/>
	199,174	307,627
	Sen	Sen
Net assets per 10 sen share attributable to equity holders of the Company	4.13	7.06

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIAN INDUSTRIES BERHAD
Company No: 5138-W
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	Attributable to Equity Holders of the Company				Minority Interest	Total Equity	
	Share Capital RM'000	Non-distributable Reserves RM'000	Distributable Reserves RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
CUMULATIVE 12 MONTHS							
At 1 April 2008	123,966	83,942	-	(120,340)	87,568	-	87,568
Group's share of post-acquisition reserves in associated companies, recognised directly in equity	-	(7,504)	-	-	(7,504)	-	(7,504)
Loss for the period	-	-	-	(28,830)	(28,830)	-	(28,830)
Total recognised expense	-	(7,504)	-	(28,830)	(36,334)	-	(36,334)
Disposal of shares in associated companies	-	(54,339)	-	54,339	-	-	-
At 31 March 2009	123,966	22,099	-	(94,831)	51,234	-	51,234
At 1 April 2007	1,239,662	445,947	3,948	(1,726,243)	(36,686)	12,806	(23,880)
Group's share of post-acquisition reserves in associated companies, recognised directly in equity	-	(3,765)	-	(1,342)	(5,107)	-	(5,107)
Loss for the financial period	-	-	-	(16,313)	(16,313)	179	(16,134)
Total recognised income and expense	-	(3,765)	-	(17,655)	(21,420)	179	(21,241)
Disposal of a subsidiary company	-	(417)	-	417	-	(12,311)	(12,311)
Preference shares issued by a subsidiary company	-	143,550	-	-	143,550	1,450	145,000
Par value reduction	(1,115,696)	-	-	1,115,696	-	-	-
Share premium reduction	-	(265,625)	-	265,625	-	-	-
Voluntary winding up of subsidiary company	-	(210,171)	-	212,295	2,124	(2,124)	-
Transfer of reserves to accumulated losses	-	(25,577)	(3,948)	29,525	-	-	-
At 31 March 2008	123,966	83,942	-	(120,340)	87,568	-	87,568

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

PAN MALAYSIAN INDUSTRIES BERHAD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	CUMULATIVE 12 MONTHS	
	31.03.2009	31.03.2008
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax:		
- from continuing operations	(28,780)	(147,414)
- from discontinued operations	-	132,405
	(28,780)	(15,009)
Adjustments for :-		
Continuing operations		
Depreciation	87	-
Finance cost	13,220	20,534
Interest income	(222)	(274)
Impairment of investment in an associated company	-	123,998
Share of results of associated companies	13,930	(1,748)
Other non-cash items	24	719
Discontinued operations	-	(126,168)
Operating (loss)/profit before working capital changes	(1,741)	2,052
Continuing operations		
Net change in current assets	3,201	(4,653)
Net change in current liabilities	1,145	(25,987)
Interest expenses paid	(10,942)	(18,369)
Interest income received	222	274
Tax refund	-	6,997
Discontinued operations	-	(3,658)
Net cash used in operating activities	(8,115)	(43,344)
Cash Flows From Investing Activities		
Continuing operations		
Proceeds from disposal of share in associated companies	139,159	-
Acquisition of investment property	(39,000)	-
Net cash flow on acquisition of subsidiary company	(9,299)	-
Net cash flow from disposal of a subsidiary company	-	253,449
Discontinued operations	-	(2,375)
Net cash from investing activities	90,860	251,074
Cash Flows From Financing Activities		
Continuing operations		
Interest expenses paid	(1,840)	(1,788)
Repayment of borrowings	(63,489)	(225,716)
Discontinued operations	-	(129)
Net cash used in financing activities	(65,329)	(227,633)
Net increase/(decrease) in cash and cash equivalents	17,416	(19,903)
Effects of exchange rate fluctuations on cash held	-	(15)
Cash and cash equivalents at beginning of the financial period	(30,443)	(10,525)
Cash and cash equivalents at end of the financial period	(13,027)	(30,443)
Cash and cash equivalents consist of the following:-		
Continuing operations		
Deposits, bank balances and cash	8,574	4,392
Bank overdrafts	(21,601)	(34,835)
	(13,027)	(30,443)

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

A. EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements for the financial period ended 31 March 2009 are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The significant accounting policies and methods of computation applied in this unaudited interim financial report are consistent with those adopted in the audited annual financial statements for the financial year ended 31 March 2008 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 April 2008:

FRS 107	Cash flow statements
FRS 111	Construction contracts
FRS 112	Income taxes
FRS 118	Revenue
FRS 120	Accounting for government grants and disclosure of government assistance
Amendments to FRS 121	Effects of changes in foreign exchange rates - net investments in foreign operation
FRS 134	Interim financial reporting
FRS 137	Provisions, contingent liabilities and contingent assets

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

A2. Audit Report of Preceding Annual Financial Statements

The audit report of the preceding annual financial statements was not qualified.

A3. Seasonal or Cyclical Factors

The businesses of the Group's associated companies where seasonal or cyclical factors would have some effects on the operations are as follows:-

- (a) The retailing operations in Malaysia have seasonal peaks in tandem with the year end school holidays, various festive seasons and during sales promotions. The retailing operations in United Kingdom normally record better sales in the third quarter of the financial year due to Christmas season;
- (b) The hotel operations in United Kingdom normally 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 will normally record better sales during the various festive seasons.

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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 31 March 2009. The exceptional items for the financial period ended 31 March 2008 were as follow:

	FOURTH QUARTER 31.03.2008 RM'000	CUMULATIVE 12 MONTHS 31.03.2008 RM'000
Continuing operations		
Reversal/(Impairment) of investment in associated company	19,713	(126,483)
Loss on foreign exchange	(719)	(719)
Surplus arising from deconsolidation of subsidiary companies	738	738
	19,732	(126,464)
Discontinued operations		
Gain on disposal of a subsidiary company	-	129,472
	-	129,472

A5. Changes in Estimates Reported in Prior Interim Periods

There were no changes in estimates of amounts reported in prior financial year which may have a material effect in the financial period ended 31 March 2009.

A6. Issuance or Repayment of Debts and Equity Securities

There was no issuance or repayment of debt and equity securities, share buyback, share cancellation and resale of treasury shares in the financial period ended 31 March 2009.

A7. Dividends Paid

There was no dividend paid in the financial period ended 31 March 2009.

A8. Segment Information

With the completion of the acquisition of the Office Building and Two Holdings Sdn Bhd on 30 January 2009 as detailed in Note B8, the Group's operations now include Property.

The analysis of the Group's operations for the 12 months ended 31 March 2009 is as follows:-

	Investment Holding RM'000	Property RM'000	Elimination RM'000	Group RM'000
REVENUE				
External revenue	222	791	-	1,013
Inter-segments revenue	356	-	(356)	-
	578	791	(356)	1,013
RESULTS				
Segment results	(1,657)	27		(1,630)
Finance costs	(13,220)	-		(13,220)
Share of results of associated companies	(13,930)	-		(13,930)
(Loss)/Profit before tax	(28,807)	27		(28,780)
Tax expense	-	(50)		(50)
Loss for the financial period	(28,807)	(23)		(28,830)

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A9. Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the financial period ended 31 March 2009 and up to date of this report that have not been reflected in the financial statements.

A11. Changes in the Composition of the Group

On 21 January 2009, the Group completed the disposal of 25.56% equity interest comprising 515,405,240 ordinary shares of RM1.00 each in Malayan United Industries Berhad ("MUI") via the Restricted Offer for Sale. With the disposal, the equity interest in MUI held by the Group reduced from 46.56% to 20.00%.

On 30 January 2009, the Group completed its acquisition of the entire issued and paid up capital comprising 385,000 shares of RM1.00 each in Two Holdings Sdn Bhd ("THSB") from MUI Properties Berhad. THSB became a wholly-owned subsidiary of the Group.

Further details of the above Restricted Offer for Sale and the acquisition of THSB are disclosed in Note B8.

Other than the above, there were no changes in the composition of the Group during the financial period ended 31 March 2009.

A12. Discontinued Operations

On 31 October 2006, the Company and its wholly-owned subsidiary company, Excelton Sdn Bhd ("Excelton"), entered into an agreement with Libertyray (M) Sdn Bhd ("LMSB"), a wholly-owned subsidiary of Malayan United Industries Berhad, to dispose a total of 113,751,983 ordinary shares of RM1.00 each representing an equity interest of approximately 91.06% in Metrojaya Berhad ("MJB") to LMSB ("Disposal"). The Disposal was subsequently completed on 14 August 2007. Accordingly, MJB was classified as a disposal group held for sale in the previous year corresponding period.

The revenue, results and cash flows of MJB Group for the financial period ended 31 March 2008 (after eliminating inter-company transactions) were as follows:-

	Cumulative 12 months 31.03.2008 Up to date of disposal RM'000
Revenue	110,677
Profit from operations	3,062
Finance cost	(129)
Profit before tax	2,933
Tax expense	(1,125)
	1,808
Gain on disposal of discontinued operations	129,472
Profit for the financial period	131,280
Cash flows from operating activities	2,579
Cash flows used in investing activities	(2,375)
Cash flows used in financing activities	(129)
Net increase in cash and cash equivalents	75

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A13. Non-Current Assets Held For Sale

On 14 September 2007, the Company announced the divestment of 26.56% equity interest comprising 515,405,240 shares of RM1.00 each in Malayan United Industries Berhad ("MUI") ("MUI Shares) held by the Group via the Restricted Offer for Sale. The MUI Shares under the Restricted Offer for Sale have been reclassified under non-current assets held for sale until the completion of the disposal on 21 January 2009. Further details of the Restricted Offer for Sale are disclosed in Note B8.

A14. Contingent Liabilities

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

A15. Capital Commitments

The Group has no material capital commitments as at 31 March 2009.

B. ADDITIONAL INFORMATION PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of Performance

The Group recorded a net loss of RM28.8 million for the 12 months ended 31 March 2009 compared with RM16.1 million in the previous year corresponding period. The higher loss was mainly due to the share of losses in associated companies as their results were affected by the global economic and financial crisis. However, these were partly mitigated by the reduction in finance cost following the substantial loan repayments from the proceeds of the disposal of Metrojaya Berhad in the previous financial year and from the Restricted Offer for Sale in the current financial year.

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

The Group recorded a net loss of RM4.0 million for the current quarter compared with the loss of RM14.3 million in the preceding quarter. The lower loss in the current quarter was mainly due to share of lower losses of associated companies and lower expenses incurred in respect of corporate exercises.

B3. Prospects for Financial Year Ending 31 March 2010

The Group completed the disposal of Metrojaya Berhad in the previous financial year and the Restricted Offer for Sale, the Office Building Acquisition and the Land Company Acquisition in the current financial year. These exercises enabled the Group to raise significant proceeds to repay its bank borrowings substantially, and improved the financial position of the Group and at the same time reduced interest expense. The new businesses acquired are expected to generate positive returns to the Group. These are in addition to the Group's existing substantial interest in the associated company, Malayan United Industries Berhad. However, the Group remains cautious of the general trading environment for the financial year ending 31 March 2010 in view of the continuing global unfavourable economic conditions.

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B4 Variance of Actual Profit from Forecast Profit

The Company has included profit forecasts for the financial years ended/ending 31 March 2009 to 2013 in its Prospectus dated 22 December 2008 issued in relation to the Restricted Offer for Sale.

The variances of the actual results for the financial year ended 31 March 2009 as compared with the forecast are detailed in Appendix I.

B5. Taxation

Taxation comprises:-

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	RM'000	RM'000	RM'000	RM'000
Tax expense				
- Continuing operations	(50)	-	(50)	-
- Discontinued operations	-	-	-	(1,125)
	<u>(50)</u>	<u>-</u>	<u>(50)</u>	<u>(1,125)</u>

B6. Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments or properties in the financial period ended 31 March 2009.

B7. Quoted Securities

There were no purchases or disposals of quoted securities in the financial period ended 31 March 2009 other than the disposal of shares in the associated company, Malayan United Industries Berhad, as detailed in Note B8.

B8. Status of Corporate Proposals

Restricted Offer for Sale; Office Building Acquisition; and Land Company Acquisition.

The Group has completed the following Corporate Exercises:-

- the renounceable restricted offer for sale of 26.56% equity interest comprising 515,405,240 ordinary shares of RM1.00 each in Malayan United Industries Berhad ("Offer Shares") by the Company and its subsidiaries to the entitled shareholders of the Company at an offer price of RM0.27 per Offer Share;
- the acquisition of a 15-storey office building located at No. 2, Jalan Changkat Ceylon, Kuala Lumpur by the Company from Pan Malaysia Holdings Berhad ("PMH") for a cash consideration of RM39.0 million ("Office Building Acquisition"); and
- the acquisition of the entire issued and paid-up share capital of Two Holdings Sdn Bhd ("THSB") by the Company from MUI Properties Berhad for a cash consideration of RM9.3 million ("Land Company Acquisition"). The main asset of THSB is a piece of vacant freehold land held for development.

The above exercises were announced in an announcement dated 14 September 2007 by the Company, and were approved by the Securities Commission on 28 April 2008 and by the shareholders of the Company at an Extraordinary General Meeting held on 7 August 2008. The Restricted Offer for Sale was completed on 21 January 2009 while the Office Building Acquisition and Land Company Acquisition were both completed on 30 January 2009.

The Restricted Offer for Sale raised proceeds totalling RM139.2 million. The proceeds were utilised mainly to repay bank borrowings and finance the Office Building Acquisition and Land Company Acquisition.

With the completion of the above exercises, Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 6 February 2009 noted that the Company has regularised its financial position and no longer triggers the criteria under paragraph 2.1 of Practice Note 17/2005 of the Listing Requirements of Bursa Securities. Consequently, the Company is no longer classified as an affected listed issuer.

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B9. Group Borrowings

As at 31 March 2009, Group borrowings amounted to RM129.3 million which are short term and unsecured. There are no borrowings denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risk as at the date of this report.

B11. Material Litigation

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

B12. Dividend

No dividend has been declared by the Board during the financial period ended 31 March 2009.

B13. (Loss)/Earnings Per Share

(a) (Loss)/Basic earnings per share

The (loss)/basic earnings per share is calculated by dividing the (loss)/profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	FOURTH QUARTER		CUMULATIVE 12 MONTHS	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit attributable to equity holders of the Company:				
- from continuing operations	(4,034)	13,366	(28,830)	(147,414)
- from discontinued operations	-	-	-	131,101
Total	(4,034)	13,366	(28,830)	(16,313)
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	1,239,662	1,239,662 *	1,239,662	1,239,662 *
	Sen	Sen	Sen	Sen
(Loss)/Basic earnings per share:				
- from continuing operations	(0.33)	1.08	(2.33)	(11.89)
- from discontinued operations	-	-	-	10.58
Total	(0.33)	1.08	(2.33)	(1.31)

* The weighted average number of ordinary shares has taken into account the share consolidation undertaken by the Company that was completed on 8 January 2008.

(b) Diluted earnings per share

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

**On behalf of the Board
PAN MALAYSIAN INDUSTRIES BERHAD**

**LEONG PARK YIP
Company Secretary
29 May 2009**

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Appendix I

VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT FOR FINANCIAL YEAR ENDED 31 MARCH 2009

The Company had included profit forecasts for the financial years ended/ending 31 March 2009 to 2013 in its Prospectus dated 22 December 2008 issued in relation to the Restricted Offer for Sale undertaken by the Company.

The variances of the actual unaudited results for the financial year ended 31 March 2009 as compared with the forecast are as follows:

	Financial year ended 31 March 2009			
	Actual	Forecast	Variance	
	(Unaudited)			
	RM'000	RM'000	RM'000	%
Loss of the Company and its subsidiaries after tax	(14,900)	(15,219)	319	2
Share of (loss)/profit of associated company	(13,930)	615	(14,545)	(2,365)
Loss after taxation	<u>(28,830)</u>	<u>(14,604)</u>	<u>(14,226)</u>	<u>(97)</u>

The major variance of actual unaudited profit from forecast profit for the financial year ended 31 March 2009 is in respect of the share of losses of an associated company with an adverse variance of approximately RM14.5 million. The associated company relates to Malayan United Industries Berhad ("**MUI**"). As mentioned in the Prospectus dated 22 December 2008, MUI is listed on the Main Board of Bursa Securities Malaysia Berhad ("**Bursa Securities**") and there are constraints on a public listed company with regard to the disclosure of price sensitive information to any shareholder on an exclusive basis. Consequently, the share of results of the MUI Group that have been forecasted by the directors of the Company are based on their best estimation and their knowledge of the MUI Group's businesses by reference to historical data, economic reports and other publicly available information.

The forecasts were prepared in the fourth (4th) quarter of 2008 when there were tremendous uncertainties caused by the global financial turmoil and economic downturn on a scale that was quite unprecedented. As such, the forecasts were prepared under very difficult circumstances. Due to the financial and economic crises which worsened in the fourth (4th) quarter of 2008, the results of the MUI Group were drastically affected as its fourth (4th) quarter is normally the most profitable quarter. Based on reports by the MUI Group, its results for the financial year ended 31 December 2008 were affected in the following areas:

1. UK operations

The UK operations of the MUI Group comprised retailing under Laura Ashley Holdings Plc ("**Laura Ashley**"), a 35%-owned associated company, and hotels under Corus Hotels Limited ("**Corus UK**"), a 100% subsidiary company. The UK economy deteriorated drastically towards the last quarter of 2008 which affected consumer confidence. This coupled with the much lower exchange rate of Sterling saw a significant reduction in contribution from the MUI's UK operations. Laura Ashley reported its profit before tax dropped by 48% to £10.2 million (RM63.0 million) for its financial year ended 31 January 2009 compared with £19.8 million (RM136.3 million) in the previous year. Similarly, the MUI Group reported that Corus UK's operations were affected and the profit before tax of the MUI Group's hotel operations dropped by 45% to RM23.5 million for its financial year ended 31 December 2008 compared with RM42.5 million in the previous year.

2. Financial services operations

The financial services operations of the MUI Group under MUI Continental Insurance Berhad ("**MCI**"), like most insurance companies, were significantly affected by the sharp drop in the market prices of shares on Bursa Securities due to the global financial turmoil. This resulted in the MUI Group reporting that the profit before tax of its financial services operations under MCI dropped significantly by 73% to RM4.1 million for its financial year ended 31 December 2008 compared with RM15.2 million in the previous year.

3. Exceptional items

In the fourth (4th) quarter of 2008, the MUI Group reported exception losses totaling RM32.8 million. These losses mainly comprise allowances for diminution in value of investments, loss on foreign exchange, allowances for doubtful debts and losses on disposal of investments, and were largely due to the impact of the financial turmoil towards the last quarter of 2008.