



Hume Industries (Malaysia)

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
Revenue	187,066	159,994	547,951	493,555
Cost of sales	(147,622)	(123,977)	(434,096)	(380,969)
Gross Profit	39,444	36,017	113,855	112,586
Operating expenses	(31,406)	(24,847)	(87,966)	(76,255)
Other (expense)/income	(2,157)	(1,756)	(200)	43,642
Interest income	1,151	1,121	3,503	2,883
Interest expense	(577)	(468)	(1,798)	(1,479)
Share of profit of associates	42,270	5,436	88,230	34,706
Profit before taxation	48,725	15,503	115,624	116,083
Taxation	(1,834)	(941)	(5,093)	(5,536)
Profit for the period	46,891	14,562	110,531	110,547
Attributable to:				
Equity holders of the parent	47,244	15,016	112,161	110,906
Minority interests	(353)	(454)	(1,630)	(359)
Profit for the period	46,891	14,562	110,531	110,547
Earnings per ordinary share (sen):-				
(a) Basic	26.60	8.45	63.14	62.03
(b) Fully diluted	N/A	N/A	N/A	N/A

Certain comparative figures have been reclassified to conform with the current year presentation.

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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HUME INDUSTRIES (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008

	As at end of current quarter	As at preceding financial year end
	31/03/2008 RM'000	30/06/2007 RM'000
Non-current assets		
Property, plant and equipment	199,962	213,966
Prepaid lease payments	61,933	62,901
Investments in associated companies	333,161	252,125
Other investments	10,864	24,254
Goodwill on consolidation	52,799	52,799
Deferred tax assets	12,411	14,641
	671,130	620,686
Current assets		
Inventories	109,342	97,974
Trade and other receivables	127,902	115,402
Tax recoverable	3,254	1,295
Deposits, cash and bank balances	131,161	115,204
	371,659	329,875
TOTAL ASSETS	1,042,789	950,561
Equity attributable to equity holders of the parent		
Share capital	191,216	191,216
Reserves	675,857	582,187
Treasury shares – at cost	(40,469)	(40,466)
	826,604	732,937
Minority interests	8,468	10,098
TOTAL EQUITY	835,072	743,035
Non-current liabilities		
Borrowings	0	3,121
Retirement benefits	3,300	3,063
Deferred tax liabilities	7,730	7,833
	11,030	14,017
Current liabilities		
Trade and other payables	143,040	124,136
Short term borrowings and overdraft	51,603	67,152
Taxation	2,044	2,221
	196,687	193,509
TOTAL LIABILITIES	207,717	207,526
TOTAL EQUITY AND LIABILITIES	1,042,789	950,561
Net assets per share attributable to ordinary equity holders of the parent (RM)	4.66	4.13

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

HUME INDUSTRIES (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED
31 MARCH 2008

	Share capital	Attributable to equity holders of the parent				Treasury shares	Total	Minority interest	Total equity
		Share premium	Other reserves	Reserve for own shares	Retained profits				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended									
31 March 2008									
At 1 July 2007	191,216	35,208	22,150	(15,744)	540,573	(40,466)	732,937	10,098	743,035
Net profit for the period	-	-	-	-	112,161	-	112,161	(1,630)	110,531
Dividend	-	-	-	-	(8,881)	-	(8,881)	-	(8,881)
Share of reserve of associates	-	-	(4,821)	-	(3,791)	-	(8,612)	-	(8,612)
Purchase of treasury shares	-	-	-	-	-	(3)	(3)	-	(3)
Purchase of own shares for ESOS	-	-	-	(998)	-	-	(998)	-	(998)
At 31 March 2008	191,216	35,208	17,329	(16,742)	640,062	(40,469)	826,604	8,468	835,072

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2008

	Share capital	Attributable to equity holders of the parent				Treasury shares	Total	Minority interest	Total equity
		Share premium	Other reserves	Reserve for own shares	Retained profits				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 31 March 2007									
At 1 July 2006 As previously reported	191,216	35,208	17,701	-	432,736	(40,460)	636,401	11,076	647,477
Prior year adjustments:									
Effects of adoption of IC Interpretation 112	-	-	-	(2,381)	-	-	(2,381)	-	(2,381)
At 1 July 2006, restated	191,216	35,208	17,701	(2,381)	432,736	(40,460)	634,020	11,076	645,096
Net profit for the period	-	-	-	-	110,906	-	110,906	(359)	110,547
Dividend	-	-	-	-	(16,858)	-	(16,858)	-	(16,858)
Realisation of foreign currency translation reserve	-	-	(1,087)	-	-	-	(1,087)	-	(1,087)
Share of reserve of associates	-	-	317	-	-	-	317	-	317
Purchase of treasury shares	-	-	-	-	-	(1)	(1)	-	(1)
Effect of adoption of IC Interpretation 112	-	-	-	(13,363)	-	-	(13,363)	-	(13,363)
At 31 March 2007	191,216	35,208	16,931	(15,744)	526,784	(40,461)	713,934	10,717	724,651

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
31 MARCH 2008

	Current Year- To-Date 31/03/2008 RM'000	Preceding Year Corresponding Period 31/03/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	115,624	116,083
Adjustments for:-		
Depreciation and amortisation	21,331	23,508
Share of profit after tax of associated companies	(88,230)	(34,706)
Non cash items	(760)	(48,109)
Net interest income	(1,705)	(1,405)
Operating profit before changes in working capital	46,260	55,371
Changes in working capital		
Net change in current assets	(23,794)	(17,347)
Net change in current liabilities	18,913	20
Net income taxes paid	(5,103)	(6,900)
Retirement benefits paid	(87)	(156)
Dividend received	11,972	44
Net interest income	1,705	1,405
Net cash generated from operating activities	49,866	32,437
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	-	56,380
Other investments	(5,357)	(14,647)
Net cash used in investing activities	(5,357)	41,733
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(8,881)	(16,858)
Purchase of treasury shares	(3)	(1)
Purchase of Company's shares by the ESOS Trust	(998)	(13,363)
Net repayment of borrowings	(18,737)	(61,447)
Net cash used in financing activities	(28,619)	(91,669)
NET CHANGE IN CASH AND CASH EQUIVALENTS	15,890	(17,499)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	115,204	109,745
CASH & CASH EQUIVALENTS AT END OF PERIOD	131,094	92,246

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	31/03/2008 RM'000	31/03/2007 RM'000
Deposits, cash and bank balances	131,161	92,246
Bank overdraft	(67)	-
	131,094	92,246

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2007.

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2007.

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2007 except for the changes in accounting policies and presentation resulting from the adoption of applicable FRSs adopted by the Malaysian Accounting Standards Board that are effective for the financial period beginning after 1 October 2006 and 1 July 2007 as follows:-

Standard/Interpretation		Effective date
FRS 107	Cash Flow Statements	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 117	Leases	1 October 2006
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 124	Related Party Disclosures	1 October 2006
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007

The adoption of FRSs 107, 112, 118, 119, 124, 137 and Amendment to FRS 121 do not have any significant financial impact on the Group.

The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land are classified as prepaid lease payments and are amortised on a straight-line basis over the remaining lease term of the land. Where the leasehold land had been previously revalued, the unamortized revalued amount of leasehold land is retained as surrogate carrying amount of the prepaid lease payments as allowed by the transitional provisions of FRS 117.

Prior to 1 July 2007, leasehold land were classified as property, plant and equipment and were stated at cost / valuation less accumulated depreciation and accumulated impairment.

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1. **Basis of preparation (Cont'd)**

The following comparatives have been restated due to the adoption of FRS 117 which has an retrospective impact on the preceding period's financial statements:-

Condensed Consolidated Balance Sheet

	At 30 June 2007		
	As Previously Reported RM'000	Adoption of FRS 117 RM'000	As Restated RM'000
Property, plant and equipment	276,867	(62,901)	213,966
Prepaid lease payments	-	62,901	62,901

2. **Qualification of audit report of the preceding annual financial statements**

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

3. **Seasonality or cyclicity of interim operations**

The Group's operation is not affected materially by any seasonal / cyclical factors.

4. **Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence during the current financial year-to-date.

5. **Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in the prior financial years.

6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

- (a) There was no share bought back during the quarter under review. During the financial year-to-date, the Company bought back 1,000 of its own shares from the open market for a total cash consideration of RM3,607. The total number of shares bought back as at 31 March 2008 was 8,278,800 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

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6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)

- (b) There were no share options granted during the quarter under review and financial year-to-date to eligible executives of the Group pursuant to the Executive Share Option Scheme ("ESOS") of the Company which was established on 23 January 2006, subject to the achievement of certain performance criteria over an option performance period.
- (c) During the quarter under review and financial year-to-date, 292,300 shares were purchased by the trust set up for the ESOS ("ESOS Trust"). The total number of shares purchased by the ESOS Trust as at 31 March 2008 was 5,592,900 shares.

There was no issuance of shares, share cancellation, resale of treasury shares nor repayment of debt or equity securities during the current quarter under review and financial year-to-date.

7. Dividend

The Company has paid the following dividends during the current financial year-to-date:-

	RM'000
Gross dividend of 5 sen per share tax exempt paid on 18 December 2007	<u>9,147</u>

8. Segmental reporting

The Group's segmental report for the current financial year-to-date are as follows:-

	Building Boards	Concrete Products	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Total external revenue	303,332	205,250	39,369	-	547,951
Inter-segment revenue	896	-	-	(896)	-
Total segment revenue	<u>304,228</u>	<u>205,250</u>	<u>39,369</u>	<u>(896)</u>	<u>547,951</u>

Results

Segment results	<u>23,199</u>	<u>10,643</u>	<u>(3,391)</u>	-	30,451
Unallocated expenses					(4,762)
Share of profit of equity accounted associates					88,164
- Steel products					66
- Others					<u>113,919</u>
Interest expense					(1,798)
Interest income					<u>3,503</u>
Profit before taxation					115,624
Taxation					<u>(5,093)</u>
Profit after taxation					<u>110,531</u>

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9. Valuations of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

10. Material events not reflected in the financial statements

There are no material subsequent events to be disclosed as at the date of this report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

12. Contingent liabilities or contingent assets

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

13. Review of performance

The Group registered a revenue of RM187.1 million for the quarter under review as compared with RM160.0 million achieved in the preceding year's corresponding quarter, mainly due to higher sales recorded in the concrete and building boards business segments.

The Group's profit before taxation ("PBT") for the quarter under review closed at RM48.7 million as compared with RM15.5 million registered in the preceding year's corresponding quarter. The improvement was mainly due to Southern Steel Berhad ("SSB") which reported a better profit because of higher volume and prices.

14. Material changes in PBT against the immediate preceding quarter

For the quarter under review, the Group recorded a PBT of RM48.7 million as compared with a PBT of RM34.7 million for the preceding quarter as a consequence of a better SSB performance.

15. Prospects

Barring any unforeseen circumstances, the Board expects the Group's performance to be satisfactory for the financial year ending 30 June 2008.

16. Profit forecast / profit guaranteed

This note is not applicable.

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17. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2008 RM'000	31/03/2007 RM'000	31/03/2008 RM'000	31/03/2007 RM'000
Current tax				
- current	1,658	1,802	2,853	6,287
- prior years	104	(438)	112	(438)
Deferred tax				
- current	102	(423)	2,158	(333)
- prior years	(30)	-	(30)	20
	<u>1,834</u>	<u>941</u>	<u>5,093</u>	<u>5,536</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to non-assessable income and incentives/allowances granted to certain subsidiaries.

18. **Sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the current quarter and year-to-date.

19. **Quoted securities**

(a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the current quarter and year-to-date.

(b) Particulars of investments in quoted securities as at 31 March 2008:

At cost:	RM'000
- Associated Company	182,840
- Others	10,217
	<u>193,057</u>
At book value:	
- Associated Company	332,829
- Others	10,217
	<u>343,046</u>
At market value:	
- Associated Company	341,038
- Others	20,737
	<u>361,775</u>

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20. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

21. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 March 2008 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	51,603
(ii) Unsecured long term borrowings	-
	<u>51,603</u>

There are no foreign currency borrowings as at 31 March 2008.

22. Financial instruments with off balance sheet risk

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The financial instruments with off balance sheet risk as at 20 May 2008 are as follows:

	Contract amount RM'000
▪ Foreign exchange forward contracts	<u>45,179</u>

The above contracts are maturing within a period of 6 months.

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange forward contracts are recognised in the income statements upon realisation.

23. Changes in material litigation

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

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24. Dividend

- (a) The Board has declared a gross second interim dividend of 10 sen per share tax exempt for the quarter ended 31 March 2008 of the financial year ending 30 June 2008 (2006/2007: 9 sen per share less tax) to be paid on 23 June 2008 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 10 June 2008.

This is to inform that a Depositor shall qualify for the entitlement only in respect of :-

- (i) shares transferred into the Depositor's securities account before 4.00 p.m. on 10 June 2008 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.
- (b) For the financial year-to-date, a total gross dividend of 15 sen per share tax exempt has been declared (2006/2007: 22 sen per share less tax).

25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter is calculated by dividing the Group's profit attributable to equity holders of the parent of RM47,244,000 (2006/2007 : RM15,016,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,614,000 (2006/2007: 177,638,000).

The calculation of basic earnings per ordinary share for the current year-to-date is calculated by dividing the Group's profit attributable to equity holders of the parent of RM112,161,000 (2006/2007 : RM110,906,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,629,000 (2006/2007: 178,795,000).

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2008 '000	31/03/2007 '000	31/03/2008 '000	31/03/2007 '000
Issued ordinary shares at beginning of period	177,637	177,658	177,637	182,146
Effect of purchase of treasury shares	-	-	-	-
Effect of shares purchased by ESOS Trust	(23)	(20)	(8)	(3,351)
Weighted average number of ordinary shares	177,614	177,638	177,629	178,795

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Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current quarter / year-to-date and preceding year corresponding quarter / period as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.

By Order of the Board
Hume Industries (Malaysia) Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
26 May 2008