



Hume Industries (Malaysia)

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Revenue	208,306	188,405	208,306	188,405
Cost of sales	(162,787)	(147,816)	(162,787)	(147,816)
Gross profit	45,519	40,589	45,519	40,589
Operating expenses	(33,653)	(29,341)	(33,653)	(29,341)
Other income/(expense)	66,640	1,350	66,640	1,350
Operating profit	78,506	12,598	78,506	12,598
Interest income	657	1,204	657	1,204
Interest expense	(510)	(664)	(510)	(664)
Share of profit of associates	27,221	19,024	27,221	19,024
Profit before taxation	105,874	32,162	105,874	32,162
Taxation	(15,643)	(2,159)	(15,643)	(2,159)
Profit for the period	90,231	30,003	90,231	30,003
Attributable to:				
Equity holders of the parent	90,197	30,563	90,197	30,563
Minority interests	34	(560)	34	(560)
Profit for the period	90,231	30,003	90,231	30,003
Earnings per ordinary share (sen):-				
(a) Basic	50.89	17.21	50.89	17.21
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2008.

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2008

	As at end of current quarter 30/09/2008 RM'000	As at preceding financial year end 30/06/2008 RM'000
Non-current assets		
Property, plant and equipment	108,294	109,821
Prepaid lease payments	57,906	58,194
Investments in associated companies	456,521	414,363
Other investments	648	10,864
Goodwill on consolidation	14,800	46,757
Deferred tax assets	12,298	13,080
	650,467	653,079
Current assets		
Inventories	81,213	85,527
Trade and other receivables	121,684	108,740
Assets classified as held for sale	-	149,629
Tax recoverable	137	1,494
Other investments	98,500	52,000
Deposits, cash and bank balances	199,068	102,659
	500,602	500,049
TOTAL ASSETS	1,151,069	1,153,128
Equity attributable to equity holders of the parent		
Share capital	191,216	191,216
Reserves	849,491	759,294
Treasury shares – at cost	(40,474)	(40,474)
	1,000,233	910,036
Minority interests	8,223	8,189
TOTAL EQUITY	1,008,456	918,225
Non-current liabilities		
Borrowings	-	-
Retirement benefits	2,645	2,613
Deferred tax liabilities	2,263	2,264
	4,908	4,877
Current liabilities		
Trade and other payables	108,063	108,419
Liabilities classified as held for sale	-	76,622
Short term borrowings and overdraft	24,668	42,320
Taxation	4,974	2,665
	137,705	230,026
TOTAL LIABILITIES	142,613	234,903
TOTAL EQUITY AND LIABILITIES	1,151,069	1,153,128
Net assets per share attributable to ordinary equity holders of the parent (RM)	5.64	5.13

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2008.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 SEPTEMBER 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 30 September 2008									
At 1 July 2008	191,216	35,208	17,329	(17,078)	723,835	(40,474)	910,036	8,189	918,225
Net profit for the period	-	-	-	-	90,197	-	90,197	34	90,231
Transfer of revaluation reserve	-	-	(705)	-	705	-	-	-	-
At 30 September 2008	<u>191,216</u>	<u>35,208</u>	<u>16,624</u>	<u>(17,078)</u>	<u>814,737</u>	<u>(40,474)</u>	<u>1,000,233</u>	<u>8,223</u>	<u>1,008,456</u>

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30 SEPTEMBER 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 30 September 2007									
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	-	-	-	-	30,563	-	30,563	(560)	30,003
Share of reserve of associates	-	-	222	-	-	-	222	-	222
At 30 September 2007	<u>191,216</u>	<u>35,208</u>	<u>22,372</u>	<u>(15,744)</u>	<u>571,136</u>	<u>(40,466)</u>	<u>763,722</u>	<u>9,538</u>	<u>773,260</u>

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 2008.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2008

	Current Year- To-Date 30/09/2008 RM'000	Preceding Year Corresponding Period 30/09/2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	105,874	32,162
Adjustments for:-		
Depreciation and amortisation	5,983	7,701
Share of profit after tax of associated companies	(27,221)	(19,024)
Non cash items	(67,857)	(47)
Net interest income	(147)	(540)
Operating profit before changes in working capital	16,632	20,252
Changes in working capital		
Net change in current assets	(6,498)	(14,927)
Net change in current liabilities	(29,128)	2,468
Net income taxes paid	(94)	(1,818)
Retirement benefits paid	(16)	(41)
Dividend received	586	-
Net interest income	147	540
Net cash (used in)/generated from operating activities	(18,371)	6,474
CASH FLOWS FROM INVESTING ACTIVITIES		
Equity investments	(73,230)	-
Other investments	207,208	(2,307)
Net generated from/(cash used) in investing activities	133,978	(2,307)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(19,198)	(6,965)
Net cash used in financing activities	(19,198)	(6,965)
NET CHANGE IN CASH AND CASH EQUIVALENTS	96,409	(2,798)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	102,659	115,204
CASH & CASH EQUIVALENTS AT END OF PERIOD	199,068	112,406

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

	30/09/2008 RM'000	30/09/2007 RM'000
Deposits, cash and bank balances	199,068	112,996
Bank overdraft	-	(590)
	199,068	112,406

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2008.

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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 2008.

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 2008.

The Malaysian Accounting Standards Board announced that FRS 139, Financial Instruments: Recognition and Measurement will be effective for annual periods beginning on or after 1 January 2010 hence the Group and the Company plan to adopt FRS 139 for the financial year ending 30 June 2011.

The effects resulting from the adoption of FRS 139 upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors are not disclosed by virtue of the exemption given in the standard.

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 were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 September 2008 was 8,279,800 shares and the shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.
- (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) There were no additional shares purchased by the trust set up for the ESOS ("ESOS Trust") during the quarter under review and financial year-to-date. The total number of shares purchased by the ESOS Trust as at 30 September 2008 was 5,691,000 shares.

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

There was no issuance of shares, share cancellation, resale of treasury shares or repayment of debt or equity securities during the quarter under review and financial year-to-date.

7. **Dividend**

There were no dividend paid during the current financial year-to-date.

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	108,929	89,971	9,406	-	208,306
Inter-segment revenue	217	-	-	(217)	-
Total segment revenue	<u>109,146</u>	<u>89,971</u>	<u>9,406</u>	<u>(217)</u>	<u>208,306</u>

Results

Segment results	<u>68,469</u>	<u>6,406</u>	<u>3,631</u>	<u>-</u>	<u>78,506</u>
Share of profit of equity accounted associates					
- Steel products					27,238
- Others					(17)
					<u>105,727</u>
Interest expense					(510)
Interest income					657
Profit before taxation					<u>105,874</u>
Taxation					(15,643)
Profit after taxation					<u><u>90,231</u></u>

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

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11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations other than as mentioned below:

The Company's indirect subsidiary, Hume Furniture Industries Sdn Bhd, had incorporated a wholly-owned subsidiary in the Republic of Singapore known as Hume Furniture (Singapore) Pte. Ltd. ["Hume Furniture (Singapore)"]. The intended principal activity of Hume Furniture (Singapore) is to supply furniture and provide interior fit-out services for the hospitality industry in the Republic of Singapore. The initial paid-up share capital of Hume Furniture (Singapore) is SGD1.00.

12. Contingent liabilities or contingent assets

The proposed disposal of the medium density fibreboard business as stated in note 20 was completed on 25 September 2008. At the date of completion, net liabilities of RM35.1 mil were not novated and Evergreen Fibreboard (Nilai) Sdn Bhd has undertaken to fully indemnify Hume Fibreboard Sdn Bhd for these amounts.

13. Review of performance

The Group registered a revenue of RM208.3 million for the quarter under review as compared with RM188.4 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 RM105.9 million as compared with RM32.2 million registered in the preceding year's corresponding quarter. The improvement was mainly due to the recognition of gain arising from the completion of the disposal of Hume Fibreboard Sdn Bhd's business, and partially set off by goodwill impairment and marked to market loss on quoted securities.

14. Material changes in PBT against the immediate preceding quarter

For the quarter under review, the Group recorded a PBT of RM105.9 million as compared with a PBT of RM88.1 million for the preceding quarter mainly attributed to the reasons explained in note 13 and partially offset by lower contribution from Southern Steel Berhad.

15. Prospects

In view of the current worldwide economic slowdown which has resulted in tighter consumer and business spending, the performance of the Group for the financial year ending 30 June 2009 is likely to be challenging. However, the Group will continue to focus on the various cost-down initiatives implemented to minimise the impact. Barring any unforeseen circumstances, the Board expects the performance of the Group to remain satisfactory.

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
	30/09/2008 RM'000	30/09/2007 RM'000	30/09/2008 RM'000	30/09/2007 RM'000
Current tax				
- current	3,735	1,812	3,735	1,812
- prior years	25	8	25	8
Deferred tax				
- current	11,883	339	11,883	339
- prior years	-	-	-	-
	<u>15,643</u>	<u>2,159</u>	<u>15,643</u>	<u>2,159</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 quarter under review and financial 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 quarter under review and financial year-to-date other than as mentioned below:

	Current Year Quarter	Current Year To-Date
	30/09/2008 RM'000	30/09/2008 RM'000
Purchase	<u>43,230</u>	<u>43,230</u>

- (b) Particulars of investments in quoted securities as at 30 September 2008:

	RM'000
At cost:	
- Associated Company	193,057
- Others	43,230
	<u>236,287</u>
At book value:	
- Associated Company	456,125
- Others	16,500
	<u>472,625</u>

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19. **Quoted securities (Cont'd)**

(b) Particulars of investments in quoted securities as at 30 September 2008: (Cont'd)

	RM'000
At market value:	
- Associated Company	336,160
- Others	30,525
	<u>366,685</u>

20. **Corporate proposals**

On 23 June 2008, Hume Industries (Malaysia) Berhad, Hume Fibreboard Sdn Bhd ("HFSB"), Evergreen Fibreboard (Nilai) Sdn Bhd ("EFN") and Evergreen Fibreboard Berhad ("EFB") entered into a Business Transfer Agreement for HFSB to dispose of the assets, liabilities, activity, business and undertaking pertaining to the manufacturing and sale of medium density fibreboard and related products and activities carried on by HFSB and all rights, interests and liabilities relating or attaching thereto or arising therefrom to EFN for a total consideration of RM213.23 million, to be satisfied by way of cash of RM170 million and the balance RM43.23 million by the issue of 33 million new ordinary shares of RM0.25 each in EFB at an issue price of RM1.31 per share. The aforesaid proposal was completed on 25 September 2008.

Apart from the aforesaid, there were no new corporate proposal 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 30 September 2008 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	24,668
(ii) Unsecured long term borrowings	-
	<u>24,668</u>

There are no foreign currency borrowings as at 30 September 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 30 September 2008 are as follows:

	Contract amount RM'000
▪ Foreign exchange forward contracts	<u>27,858</u>

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22. Financial instruments with off balance sheet risk (Cont'd)

The above contracts are maturing within a period of one (1) year.

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.

24. Dividend

(a) The Board has declared a gross interim dividend of 5 sen per share tax exempt for the quarter ended 30 September 2008 of the financial year ending 30 June 2009 (2007/2008: 5 sen per share tax exempt) to be paid on 19 December 2008 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 5 December 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 5 December 2008 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listings Requirements.

(b) For the financial year-to-date, a total gross dividend of 5 sen per share tax exempt has been declared (2007/2008: 5 sen per share tax exempt).

25. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to equity holders of the parent of RM90,197,000 (2007/2008 : RM30,563,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,245,000 (2007/2008: 177,637,000).

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25. Earnings per ordinary share (Cont'd)

Basic earnings per ordinary share (Cont'd)

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
	30/09/2008 '000	30/09/2007 '000	30/09/2008 '000	30/09/2007 '000
Issued ordinary shares at beginning of period	177,245	177,637	177,245	177,637
Effect of purchase of treasury shares	-	-	-	-
Effect of shares purchased by ESOS Trust	-	-	-	-
Weighted average number of ordinary shares	177,245	177,637	177,245	177,637

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.

By Order of the Board
Hume Industries (Malaysia) Berhad

Joanne Leong Wei Yin
Company Secretary

Kuala Lumpur
19 November 2008