



Hume Industries (Malaysia)

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2009

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Revenue	118,520	187,066	464,226	547,951
Cost of sales	(88,108)	(147,622)	(355,153)	(434,096)
Gross profit	30,412	39,444	109,073	113,855
Operating expenses	(19,591)	(31,406)	(75,669)	(87,966)
Other (expense)/income	(2,432)	(2,157)	62,637	(200)
Operating profit	8,389	5,881	96,041	25,689
Interest income	127	1,151	1,237	3,503
Interest expense	(201)	(577)	(923)	(1,798)
Share of (loss)/profit of associates	(27,093)	42,270	(107,676)	88,230
(Loss)/Profit before taxation	(18,778)	48,725	(11,321)	115,624
Taxation	(2,492)	(1,834)	(20,442)	(5,093)
(Loss)/Profit for the period	(21,270)	46,891	(31,763)	110,531
Attributable to:				
Equity holders of the parent	(20,756)	47,244	(31,327)	112,161
Minority interests	(514)	(353)	(436)	(1,630)
(Loss)/Profit for the period	(21,270)	46,891	(31,763)	110,531
(Loss)/Earnings per ordinary share (sen):-				
(a) Basic	(11.71)	26.60	(17.67)	63.14
(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 31 MARCH 2009

	As at end of current quarter 31/03/2009 RM'000	As at preceding financial year end 30/06/2008 RM'000
Non-current assets		
Property, plant and equipment	105,205	109,821
Prepaid lease payments	57,337	58,194
Investments in associated companies	299,889	414,363
Other investments	177	10,864
Goodwill on consolidation	14,800	46,757
Deferred tax assets	11,282	13,080
	488,690	653,079
Current assets		
Inventories	70,400	85,527
Trade and other receivables	101,391	108,740
Assets classified as held for sale	-	149,629
Tax recoverable	48	1,494
Other investments	275,151	52,000
Deposits, cash and bank balances	43,956	102,659
	490,946	500,049
TOTAL ASSETS	979,636	1,153,128
Equity attributable to equity holders of the parent		
Share capital	191,216	191,216
Reserves	719,112	759,294
Treasury shares – at cost	(40,477)	(40,474)
	869,851	910,036
Minority interests	7,757	8,189
TOTAL EQUITY	877,608	918,225
Non-current liabilities		
Borrowings	-	-
Retirement benefits	2,678	2,613
Deferred tax liabilities	2,263	2,264
	4,941	4,877
Current liabilities		
Trade and other payables	75,129	108,419
Liabilities classified as held for sale	-	76,622
Short term borrowings and overdraft	16,290	42,320
Taxation	5,668	2,665
	97,087	230,026
TOTAL LIABILITIES	102,028	234,903
TOTAL EQUITY AND LIABILITIES	979,636	1,153,128
Net assets per share attributable to ordinary equity holders of the parent (RM)	4.91	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
31 MARCH 2009

	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 2009									
At 1 July 2008	191,216	35,208	17,329	(17,078)	723,835	(40,474)	910,036	8,189	918,225
Net loss for the period	-	-	-	-	(31,327)	-	(31,327)	(436)	(31,763)
Dividends	-	-	-	-	(8,862)	-	(8,862)	-	(8,862)
Transfer of revaluation reserve	-	-	(705)	-	705	-	-	-	-
Foreign Currency Translation Difference	-	-	7	-	-	-	7	4	11
Purchase of treasury shares	-	-	-	-	-	(3)	(3)	-	(3)
At 31 March 2009	191,216	35,208	16,631	(17,078)	684,351	(40,477)	869,851	7,757	877,608

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED
31 MARCH 2009

	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 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
Dividends	-	-	-	-	(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	<u>191,216</u>	<u>35,208</u>	<u>17,329</u>	<u>(16,742)</u>	<u>640,062</u>	<u>(40,469)</u>	<u>826,604</u>	<u>8,468</u>	<u>835,072</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
31 MARCH 2009

	Current Year- To-Date 31/03/2009 RM'000	Preceding Year Corresponding Period 31/03/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(11,321)	115,624
Adjustments for:-		
Depreciation and amortisation	13,794	21,331
Share of loss/(profit) after tax of associated companies	107,676	(88,230)
Non cash items	(70,778)	(760)
Net interest income	(314)	(1,705)
Operating profit before changes in working capital	39,057	46,260
Changes in working capital		
Net change in current assets	24,541	(23,794)
Net change in current liabilities	(62,062)	18,913
Net income taxes paid	(3,096)	(5,103)
Retirement benefits paid	(83)	(87)
Dividend received	25,877	11,972
Net interest income	314	1,705
Net cash generated from operating activities	24,548	49,866
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(10,170)	(5,357)
Sales of business	213,230	-
Other investments	(249,881)	-
Net cash used in investing activities	(46,821)	(5,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(8,862)	(8,881)
Purchase of treasury shares	(3)	(3)
Purchase of Company's shares by the ESOS Trust	-	(998)
Net repayment of borrowings	(27,576)	(18,737)
Net cash used in financing activities	(36,441)	(28,619)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,714)	15,890
EFFECT ON FOREIGN EXCHANGE	11	-
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	102,659	115,204
CASH & CASH EQUIVALENTS AT END OF PERIOD	43,956	131,094

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

	31/03/2009 RM'000	31/03/2008 RM'000
Deposits, cash and bank balances	43,956	131,161
Bank overdraft	-	(67)
	43,956	131,094

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 Standard Board has issued the following Financial Reporting Standards ("FRS") and IC Interpretations which have not been applied in preparing this interim financial report.

Standard		Effective date
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosure	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The Group plans to first adopt FRS 8 for the financial year ending 30 June 2010, and to adopt FRS 7, FRS 139, IC interpretation 9 and IC Interpretation 10 for the financial year ending 30 June 2011.

The first adoption of the FRS 7, FRS 8, IC Interpretation 9 and IC Interpretation 10 are not expected to have any material financial impact to the Group.

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.

FRS 4 is not applicable to the Group and hence no further disclosure is required.

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 quarter under review and 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.

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

- (a) There were no shares 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 RM2,944. The total number of shares bought back as at 31 March 2009 was 8,280,800 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 31 March 2009 was 5,691,000 shares.

There were 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

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

	RM'000
Dividend of 5 sen per share tax exempt paid on 19 December 2008	<u>9,147</u>

8. Segmental reporting

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

	Building Boards RM'000	Concrete Products RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Total external revenue	208,105	226,979	29,142	-	464,226
Inter-segment revenue	217	-	-	(217)	-
Total segment revenue	<u>208,322</u>	<u>226,979</u>	<u>29,142</u>	<u>(217)</u>	<u>464,226</u>

Results

Segment results	<u>80,986</u>	<u>12,753</u>	<u>2,302</u>	<u>-</u>	<u>96,041</u>
Share of loss of equity accounted associates					
- Steel products					(107,641)
- Others					<u>(35)</u>
					(11,635)
Interest expense					(923)
Interest income					<u>1,237</u>
Profit before taxation					(11,321)
Taxation					<u>(20,442)</u>
Loss after taxation					<u>(31,763)</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 were 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 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 were no material contingent liabilities or contingent assets as at the date of this report.

13. Review of performance

The Group registered a revenue of RM118.5 million for the quarter under review as compared with RM187.1 million achieved in the preceding year's corresponding quarter. The preceding year's corresponding quarter was inclusive of the revenue from the medium density fibreboard business ("MDF") which was disposed of in September 2008. Excluding the MDF revenue of RM49.9 million from the preceding year, the Group's revenue for the quarter under review has dropped by 13.6%, mainly due to lower sales recorded in all segments.

The Group's loss before taxation ("LBT") for the quarter under review was RM18.8 million as compared with a profit before taxation ("PBT") of RM48.7 million in the preceding year's corresponding quarter. The loss was attributed to the share of loss from Southern Steel Berhad ("SSB") which was affected by the sharp contraction in steel demand and prices.

For the current year-to-date, the Group reported a LBT of RM11.3 million as compared with a PBT of RM115.6 million achieved in the preceding year. This was mainly attributed to the share of loss from SSB, goodwill impairment, marked to market loss on quoted securities and partially offset by the gain from the disposal of the MDF business.

14. Material changes in PBT against the immediate preceding quarter

For the quarter under review, the Group recorded a LBT of RM18.8 million as compared with a LBT of RM98.4 million for the preceding quarter. The preceding quarter included the share of diminution in value of inventories from SSB.

15. Prospects

If the economy does not worsen and barring any unforeseen circumstances, the Board expects the results of the last quarter of the financial year ending 30 June 2009 to improve.

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
	31/03/2009 RM'000	31/03/2008 RM'000	31/03/2009 RM'000	31/03/2008 RM'000
Current tax				
- current	1,901	1,658	7,496	2,853
- prior years	23	104	48	112
Deferred tax				
- current	568	102	12,898	2,158
- prior years	-	(30)	-	(30)
	<u>2,492</u>	<u>1,834</u>	<u>20,442</u>	<u>5,093</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
	31/03/2009 RM'000	31/03/2009 RM'000
(i) Purchase	-	<u>43,230</u>

(b) Particulars of investments in quoted securities as at 31 March 2009:

At cost:	RM'000
- Associated Company	193,057
- Others	<u>43,230</u>
	<u>236,287</u>

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

(b) Particulars of investments in quoted securities as at 31 March 2009: (Cont'd)

	RM'000
At book value:	
- Associated Company	299,511
- Others	16,500
	316,011
At market value:	
- Associated Company	207,269
- Others	16,665
	223,934

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 2009 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	16,290
(ii) Unsecured long term borrowings	-
	16,290

There are no foreign currency borrowings as at 31 March 2009.

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 14 May 2009 are as follows:

	Contract amount RM'000
▪ Foreign exchange forward contracts	6,218

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.

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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 second interim dividend of 5 sen per share tax exempt for the quarter ended 31 March 2009 of the financial year ending 30 June 2009 (2007/2008: 10 sen per share tax exempt) to be paid on 22 June 2009 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 8 June 2009.

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 8 June 2009 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 dividend of 10 sen per share tax exempt has been declared (2007/2008: 15 sen per share tax exempt).

25. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to equity holders of the parent of RM20,756,000 (2007/2008 : net profit of RM47,244,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,244,000 (2007/2008: 177,614,000).

The calculation of basic (loss)/earnings per ordinary share for the current year-to-date is calculated by dividing the Group's loss attributable to equity holders of the parent of RM31,327,000 (2007/2008 : net profit of RM112,161,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,244,000 (2007/2008: 177,629,000).

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
	31/03/2009 '000	31/03/2008 '000	31/03/2009 '000	31/03/2008 '000
Issued ordinary shares at beginning of period	177,244	177,637	177,245	177,637
Effect of purchase of treasury shares	-	-	(1)	-
Effect of shares purchased by ESOS Trust	-	(23)	-	(8)
Weighted average number of ordinary shares	177,244	177,614	177,244	177,629

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25. Earnings per ordinary share (Cont'd)

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
21 May 2009