



Hume Industries (Malaysia)

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2009

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Revenue	126,126	211,155	590,352	759,106
Cost of sales	(89,469)	(161,997)	(444,622)	(596,093)
Gross profit	36,657	49,158	145,730	163,013
Operating expenses	(19,767)	(37,728)	(95,436)	(125,694)
Other income/(expense)	(2,320)	(4,732)	55,597	(4,932)
Operating profit	14,570	6,698	105,891	32,387
Interest income	235	935	1,472	4,438
Interest expense	(131)	(495)	(1,054)	(2,293)
Share of (loss)/profit of associates	(5,218)	81,006	(108,174)	169,236
Profit/(Loss) before taxation	9,456	88,144	(1,865)	203,768
Taxation	(376)	12,883	(20,818)	7,790
Profit/(Loss) for the period	9,080	101,027	(22,683)	211,558
Attributable to:				
Equity holders of the parent	8,912	101,306	(22,415)	213,467
Minority interests	168	(279)	(268)	(1,909)
Profit/(Loss) for the period	9,080	101,027	(22,683)	211,558
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	5.03	57.15	(12.65)	120.24
(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 2008.

HUME INDUSTRIES (MALAYSIA) BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2009

	As at end of current quarter 30/06/2009 RM'000	As at preceding financial year end 30/06/2008 RM'000
Non-current assets		
Property, plant and equipment	102,413	109,821
Prepaid lease payments	57,050	58,194
Investments in associated companies	294,671	414,363
Other investments	16,500	10,864
Goodwill on consolidation	14,800	46,757
Deferred tax assets	13,278	13,080
	498,712	653,079
Current assets		
Inventories	70,584	85,527
Trade and other receivables	95,583	108,740
Assets classified as held for sale	-	149,629
Tax recoverable	198	1,494
Other investments	-	52,000
Deposits, cash and bank balances	323,510	102,659
	489,875	500,049
TOTAL ASSETS	988,587	1,153,128
Equity attributable to equity holders of the parent		
Share capital	191,216	191,216
Reserves	719,147	759,294
Treasury shares – at cost	(40,480)	(40,474)
	869,883	910,036
Minority interests	7,916	8,189
TOTAL EQUITY	877,799	918,225
Non-current liabilities		
Borrowings	-	-
Retirement benefits	2,702	2,613
Deferred tax liabilities	4,360	2,264
	7,062	4,877
Current liabilities		
Trade and other payables	81,247	108,419
Liabilities classified as held for sale	-	76,622
Short term borrowings and overdraft	19,361	42,320
Taxation	3,118	2,665
	103,726	230,026
TOTAL LIABILITIES	110,788	234,903
TOTAL EQUITY AND LIABILITIES	988,587	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
30 JUNE 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 30 June 2009									
At 1 July 2008	191,216	35,208	17,329	(17,078)	723,835	(40,474)	910,036	8,189	918,225
Foreign exchange translation difference	-	-	(8)	-	-	-	(8)	(5)	(13)
Net loss for the period	-	-	-	-	(22,415)	-	(22,415)	(268)	(22,683)
Dividends	-	-	-	-	(17,724)	-	(17,724)	-	(17,724)
Transfer of revaluation reserve	-	-	(705)	-	705	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	(6)	(6)	-	(6)
At 30 June 2009	191,216	35,208	16,616	(17,078)	684,401	(40,480)	869,883	7,916	877,799

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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 30 June 2008									
At 1 July 2007	191,216	35,208	22,150	(15,744)	540,573	(40,466)	732,937	10,098	743,035
Purchase of own shares for ESOS	-	-	-	(1,334)	-	-	(1,334)	-	(1,334)
Net profit for the period	-	-	-	-	213,467	-	213,467	(1,909)	211,558
Dividends	-	-	-	-	(26,606)	-	(26,606)	-	(26,606)
Share of reserve of associates	-	-	(4,821)	-	(3,599)	-	(8,420)	-	(8,420)
Purchase of treasury shares	-	-	-	-	-	(8)	(8)	-	(8)
At 30 June 2008	191,216	35,208	17,329	(17,078)	723,835	(40,474)	910,036	8,189	918,225

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 JUNE 2009

	Current Year- To-Date 30/06/2009 RM'000	Preceding Year Corresponding Period 30/06/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,865)	203,768
Adjustments for:-		
Depreciation and amortisation	15,788	25,842
Share of loss/(profit) after tax of associated companies	108,174	(169,236)
Non cash items	(65,466)	679
Net interest income	(418)	(2,145)
Operating profit before changes in working capital	56,213	58,908
Changes in working capital		
Net change in current assets	39,958	(32,833)
Net change in current liabilities	(33,975)	29,231
Net income taxes paid	(6,072)	(7,074)
Retirement benefits paid	(95)	(124)
Dividend received	27,209	12,283
Net interest income	418	2,145
Net cash generated from operating activities	83,656	62,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(11,151)	(6,914)
Cash proceeds from sales of business	138,500	21,500
Other investments	52,094	(51,855)
Net cash generated from/(used in) investing activities	179,443	(37,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(17,724)	(26,606)
Purchase of treasury shares	(6)	(8)
Purchase of Company's shares by the ESOS Trust	-	(1,334)
Net repayment of borrowings	(24,505)	(9,864)
Net cash used in financing activities	(42,235)	(37,812)
NET CHANGE IN CASH AND CASH EQUIVALENTS	220,864	(12,545)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	102,659	115,204
EFFECT ON FOREIGN EXCHANGE	(13)	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	323,510	102,659

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

	30/06/2009 RM'000	30/06/2008 RM'000
Deposits, cash and bank balances	323,510	102,659
Bank overdraft	-	-
	323,510	102,659

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

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 Group has not applied the following Amendments to FRSS, FRSS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) which are not yet effective :

FRSs / Interpretations	Effective date
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 8, <i>Operating Segments</i>	1 July 2009
FRS 123, <i>Borrowing Costs</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010

Amendments to FRS 2, FRS 4, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 are not applicable to the Group and hence, no further disclosure is required.

The Group plans to apply FRS 8 for the financial year ending 30 June 2010. The Group plans to adopt the other Amendments to FRSS, FRSS and IC Interpretations for the financial year ending 30 June 2011.

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1. Basis of preparation (Cont'd)

The financial impact on the financial statement of the Group resulting from the adoption of FRS 7 and FRS 139 upon first adoption of these FRSs as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* are not disclosed by virtue of the exemptions given in the respective FRSs.

The first adoption application of the other Amendments to FRSs, FRSs and IC Interpretations are not expected to have any material impact on the financial statements of the Group.

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.

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

(a) During the quarter under review, the Company bought back 1,000 of its own shares from the open market for a total cash consideration of RM3,044. During the financial year-to-date, the Company bought back 2,000 of its own shares from the open market for a total cash consideration of RM5,988. The total number of shares bought back as at 30 June 2009 was 8,281,800 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.

(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 June 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.

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7. Dividend

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

	RM'000
First dividend of 5 sen per share tax exempt paid on 19 December 2008	9,147
Second dividend of 5 sen per share tax exempt paid on 22 June 2009	9,147
	<u>18,294</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	264,396	286,292	39,664	-	590,352
Inter-segment revenue	217	-	-	(217)	-
Total segment revenue	<u>264,613</u>	<u>286,292</u>	<u>39,664</u>	<u>(217)</u>	<u>590,352</u>

Results

Segment results	<u>94,506</u>	<u>16,273</u>	<u>(4,888)</u>	-	105,891
Share of loss of equity accounted associates					<u>(108,174)</u>
					(2,283)
Interest expense					(1,054)
Interest income					1,472
Loss before taxation					<u>(1,865)</u>
Taxation					<u>(20,818)</u>
Loss after taxation					<u>(22,683)</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:

- One Forest Sdn Bhd (“One Forest”) has been placed under members’ voluntary liquidation pursuant to Section 254(1) (b) of the Companies Act, 1965. The liquidator of One Forest has, on 6 August 2009, convened a Final Meeting to conclude the liquidation of One Forest. Accordingly, One Forest will be dissolved on 6 November 2009.
- Hume Philippines, Inc., has been dissolved and struck off from the List of Registered Corporations, Philippines during the quarter under review.

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 RM126.1 million for the quarter under review as compared with RM211.2 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 RM56.0 million from the preceding year, the Group’s revenue for the quarter under review has declined by 18.8%, mainly due to lower sales recorded in all segments.

The Group’s profit before taxation (“PBT”) for the quarter under review was RM9.5 million as compared with a PBT of RM88.1 million in the preceding year’s corresponding quarter. The reduction in PBT was attributed to the share of loss from Southern Steel Berhad (“SSB”) which was affected by contraction in steel demand and lower prices.

For the current year-to-date, the Group reported a LBT of RM1.9 million as compared with a PBT of RM203.8 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 PBT of RM9.5 million as compared with a loss before taxation (“LBT”) of RM18.8 million for the preceding quarter. The improvement was mainly due to increase in revenue and share of lower LBT from SSB.

15. Prospects

With the gradual improvement in the economy, the Board expects the performance of the Group to be satisfactory for the financial year ending 30 June 2010.

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
	30/06/2009 RM'000	30/06/2008 RM'000	30/06/2009 RM'000	30/06/2008 RM'000
Current tax				
- current	324	4,271	7,820	7,123
- prior years	(48)	83	-	195
Deferred tax				
- current	100	(17,267)	12,998	(15,108)
- prior years	-	30	-	-
	<u>376</u>	<u>(12,883)</u>	<u>20,818</u>	<u>(7,790)</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.

(b) Particulars of investments in quoted securities as at 30 June 2009:

	RM'000
At cost:	
- Associated Company	193,056
- Others	32,670
	<u>225,726</u>

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19. Quoted securities (Cont'd)

(b) Particulars of investments in quoted securities as at 30 June 2009: (Cont'd)

	RM'000
At book value:	
- Associated Company	294,255
- Others	16,500
	<u>310,755</u>
At market value:	
- Associated Company	300,811
- Others	25,575
	<u>326,386</u>

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 30 June 2009 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	19,361
(ii) Unsecured long term borrowings	-
	<u>19,361</u>

There are no foreign currency borrowings as at 30 June 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 13 August 2009 are as follows:

	Contract amount RM'000
▪ Foreign exchange forward contracts	<u>6,138</u>

The above contracts mature 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 does not recommend any final dividend for the financial year ended 30 June 2009.

(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. Earnings/(Loss) per ordinary share

Basic earnings/(loss) per ordinary share

The calculation of basic earning per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to equity holders of the parent of RM8,912,000 (2007/2008 : net profit of RM101,306,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,244,000 (2007/2008: 177,250,000).

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 RM22,415,000 (2007/2008 : net profit of RM213,467,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,244,000 (2007/2008: 177,535,000).

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
	30/06/2009 '000	30/06/2008 '000	30/06/2009 '000	30/06/2008 '000
Issued ordinary shares at beginning of period	177,244	177,344	177,245	177,637
Effect of purchase of treasury shares	-	-	(1)	-
Effect of shares purchased by ESOS Trust	-	(94)	-	(102)
Weighted average number of ordinary shares	177,244	177,250	177,244	177,535

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25. Earnings/(Loss) 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
20 August 2009