



Hume Industries (Malaysia)

A Member of the Hong Leong Group Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2009

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Revenue	133,408	208,306	133,408	208,306
Cost of sales	(97,755)	(162,787)	(97,755)	(162,787)
Gross profit	35,653	45,519	35,653	45,519
Operating expenses	(22,198)	(33,653)	(22,198)	(33,653)
Other (expense)/income	(191)	61,920	(191)	61,920
Operating profit	13,264	73,786	13,264	73,786
Interest income	199	657	199	657
Interest expense	(136)	(510)	(136)	(510)
Share of profit of associates	14,384	31,941	14,384	31,941
Profit before taxation	27,711	105,874	27,711	105,874
Taxation	(3,448)	(15,643)	(3,448)	(15,643)
Profit for the period	24,263	90,231	24,263	90,231
Attributable to:				
Equity holders of the parent	23,956	90,197	23,956	90,197
Minority interests	307	34	307	34
Profit for the period	24,263	90,231	24,263	90,231
Earnings per ordinary share (sen):-				
(a) Basic	13.52	50.89	13.52	50.89
(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 2009.

HUME INDUSTRIES (MALAYSIA) BERHAD
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ENDED 30 SEPTEMBER 2009

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	As at end of current quarter 30/09/2009 RM'000	As at preceding financial year end 30/06/2009 RM'000
Non-current assets		
Property, plant and equipment	101,376	102,413
Prepaid lease payments	56,739	57,050
Investments in associated companies	304,708	294,671
Other investments	16,500	16,500
Goodwill on consolidation	14,800	14,800
Deferred tax assets	13,242	13,278
	507,365	498,712
Current assets		
Inventories	65,197	70,584
Trade and other receivables	90,359	95,583
Tax recoverable	193	198
Other investments	-	-
Deposits, cash and bank balances	349,336	323,510
	505,085	489,875
TOTAL ASSETS	1,012,450	988,587
Equity attributable to equity holders of the parent		
Share capital	191,216	191,216
Reserves	743,112	719,147
Treasury shares – at cost	(40,480)	(40,480)
	893,848	869,883
Minority interests	8,230	7,916
TOTAL EQUITY	902,078	877,799
Non-current liabilities		
Retirement benefits	2,737	2,702
Deferred tax liabilities	4,360	4,360
	7,097	7,062
Current liabilities		
Trade and other payables	82,772	81,247
Short term borrowings and overdraft	15,337	19,361
Taxation	5,166	3,118
	103,275	103,726
TOTAL LIABILITIES	110,372	110,788
TOTAL EQUITY AND LIABILITIES	1,012,450	988,587
Net assets per share attributable to ordinary equity holders of the parent (RM)	5.04	4.91

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2009.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 SEPTEMBER 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 September 2009									
At 1 July 2009	191,216	35,208	16,616	(17,078)	684,401	(40,480)	869,883	7,916	877,799
Foreign exchange translation difference	-	-	9	-	-	-	9	7	16
Net profit for the period	-	-	-	-	23,956	-	23,956	307	24,263
At 30 September 2009	<u>191,216</u>	<u>35,208</u>	<u>16,625</u>	<u>(17,078)</u>	<u>708,357</u>	<u>(40,480)</u>	<u>893,848</u>	<u>8,230</u>	<u>902,078</u>
Preceding year corresponding period 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>

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 2009.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE PERIOD ENDED
30 SEPTEMBER 2009

	Current Year- To-Date 30/09/2009 RM'000	Preceding Year Corresponding Period 30/09/2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,711	105,874
Adjustments for:-		
Depreciation and amortisation	4,045	5,983
Share of profit after tax of associated companies	(14,384)	(27,221)
Non cash items	(1,270)	(67,857)
Net interest income	(63)	(147)
Operating profit before changes in working capital	16,039	16,632
Changes in working capital		
Net change in current assets	591	3,502
Net change in current liabilities	1,525	(7,628)
Net income taxes paid	(1,365)	(94)
Retirement benefits paid	(26)	(16)
Dividend received	5,698	586
Net interest income	63	147
Net cash generated from operating activities	22,525	13,129
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(2,698)	(6,022)
Cash proceeds from sales of business	10,000	138,500
Other investments	-	(30,000)
Net cash generated from investing activities	7,302	102,478
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of borrowings	(4,102)	(19,198)
Net cash used in financing activities	(4,102)	(19,198)
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,725	96,409
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	323,510	102,659
EFFECT ON FOREIGN EXCHANGE	23	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	349,258	199,068

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

	30/09/2009 RM'000	30/09/2008 RM'000
Deposits, cash and bank balances	349,336	199,068
Bank overdraft	(78)	-
	349,258	199,068

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 2009.

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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 Main Market 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 2009.

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 2009.

On 1 July 2009, the Group has adopted FRS 8 Operating Segments. The adoption of FRS 8 does not have any financial impact on the financial statements of the Group.

The Group has not applied all the Amendments to FRSSs, FRSSs and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) which are not yet effective.

Amendments to FRS 2, FRS 4, FRS 120, FRS 129, FRS 131, FRS 140, 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 adopt the other Amendments to FRSSs, FRSSs and IC Interpretations for the financial year ending 30 June 2011.

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 FRSSs 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 FRSSs.

The first adoption of the other Amendments to FRSSs, FRSSs 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.

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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 and financial year-to-date. The total number of shares bought back as at 30 September 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 September 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

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

8. Operating segments

The Group's operating segments 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	57,421	59,722	16,265	-	133,408
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>57,421</u>	<u>59,722</u>	<u>16,265</u>	<u>-</u>	<u>133,408</u>

Results

Segment results	<u>8,860</u>	<u>3,394</u>	<u>1,010</u>	<u>-</u>	<u>13,264</u>
Share of profit of equity accounted associates					<u>14,384</u>
					<u>27,648</u>
Interest expense					(136)
Interest income					199
Profit before taxation					<u>27,711</u>
Taxation					<u>(3,448)</u>
Profit after taxation					<u>24,263</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.

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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 RM133.4 million for the quarter under review as compared with RM208.3 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 RM41.9 million from the preceding year, the Group's revenue for the quarter under review has declined by 19.8%, mainly due to lower sales recorded in the concrete products and building boards segments.

The Group's profit before taxation ("PBT") for the quarter under review was RM27.7 million as compared with a PBT of RM105.9 million in the preceding year's corresponding quarter. The reduction in PBT was mainly attributed to lower sales recorded from the Group's businesses and share of lower profit from Southern Steel Berhad ("SSB"), whilst the PBT in the preceding year's corresponding quarter included the disposal gain 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 RM27.7 million as compared with a PBT of RM9.5 million for the preceding quarter mainly attributed to share of higher profit from SSB.

15. Prospects

If the economic conditions continue to be stable, 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
	30/09/2009 RM'000	30/09/2008 RM'000	30/09/2009 RM'000	30/09/2008 RM'000
Current tax				
- current	3,433	3,735	3,433	3,735
- prior years	(22)	25	(22)	25
Deferred tax				
- current	37	11,883	37	11,883
- prior years	-	-	-	-
	<u>3,448</u>	<u>15,643</u>	<u>3,448</u>	<u>15,643</u>

The Group's effective tax rate is higher than the Malaysian statutory tax rate mainly due to higher statutory tax rate payable by an indirect foreign subsidiary.

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 September 2009:

	RM'000
At cost:	
- Associated Company	193,056
- Others	32,670
	<u>225,726</u>
At book value:	
- Associated Company	304,261
- Others	16,500
	<u>320,761</u>
At market value:	
- Associated Company	302,549
- Others	29,040
	<u>331,589</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 30 September 2009 are as follows:

	RM'000
(i) Unsecured short term borrowings and overdraft	15,337
(ii) Unsecured long term borrowings	-
	<u>15,337</u>

There are no foreign currency borrowings as at 30 September 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 11 November 2009 are as follows:

	Contract amount RM'000
▪ Foreign exchange forward contracts	<u>2,995</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.

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 first interim dividend of 7 sen per share tax exempt for the quarter ended 30 September 2009 of the financial year ending 30 June 2010 (1st quarter 2008/2009: 5 sen per share tax exempt) to be paid on 22 December 2009 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 7 December 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 7 December 2009 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 dividend of 7 sen per share tax exempt (2008/2009: 5 sen per share tax exempt) has been declared.

25. Earnings per ordinary share

Basic earnings 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 RM23,956,000 (2008/2009 : net profit of RM90,197,000) by the weighted average number of ordinary shares outstanding during the quarter of 177,243,000 (2008/2009: 177,245,000).

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
	30/09/2009 '000	30/09/2008 '000	30/09/2009 '000	30/09/2008 '000
Issued ordinary shares at beginning of period	177,243	177,245	177,243	177,245
Effect of purchase of treasury shares	-	-	-	-
Effect of shares purchased by ESOS Trust	-	-	-	-
Weighted average number of ordinary shares	177,243	177,245	177,243	177,245

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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
18 November 2009