

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2010 RM'000	PRECEDING YEAR QUARTER 30/06/2009 RM'000	CURRENT YEAR QUARTER 30/06/2010 RM'000	PRECEDING YEAR QUARTER 30/06/2009 RM'000
Revenue	53,775	50,671	100,843	90,941
Operating expenses	(51,643)	(46,354)	(97,302)	(84,009)
Other operating income	1,415	2,924	6,699	4,320
Profit from operations	3,547	7,241	10,240	11,252
Finance costs	0	0	0	0
Profit before taxation	3,547	7,241	10,240	11,252
Taxation	(820)	(1,242)	(2,411)	(1,918)
Profit for the period	2,727	5,999	7,829	9,334
Other comprehensive income, net of tax				
Available-for-sale financial assets	(231)	0	(38)	0
Total comprehensive income for the period	2,496	5,999	7,791	9,334
Earnings per share Basic (in sen)	3.66	8.06	10.52	12.54

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30/06/2010 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	71,521	71,712
Investment properties	59,441	58,607
Available-for-sale investments	34,765	26,713
	<u>165,727</u>	<u>157,032</u>
Current Assets		
Inventories	27,618	24,934
Trade and other receivables	47,386	41,180
Advance due from holding company	90,000	90,000
Cash and cash equivalents	29,226	43,173
	<u>194,230</u>	<u>199,287</u>
TOTAL ASSETS	<u>359,957</u>	<u>356,319</u>
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	74,408	74,408
Reserves	236,831	231,767
Total Equity	<u>311,239</u>	<u>306,175</u>
Non-Current Liabilities		
Provisions	6,307	6,019
Deferred tax	8,636	7,601
	<u>14,943</u>	<u>13,620</u>
Current Liabilities		
Trade and other payables	33,720	36,406
Taxation	55	118
	<u>33,775</u>	<u>36,524</u>
Total Liabilities	<u>48,589</u>	<u>50,144</u>
TOTAL EQUITY AND LIABILITIES	<u>359,957</u>	<u>356,319</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.18</u>	<u>4.11</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	← Attributable to equity holders of the Company →					
	Share capital	Share Premium	Revaluation Reserve	Fair Value Reserve	Retained Earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 30 June 2010						
Balance at 1 January 2010	74,408	13,917	3,983	0	213,867	306,175
Effects of applying FRS 139	0	0	0	1,737	0	1,737
Restated balance	74,408	13,917	3,983	1,737	213,867	307,912
Interim dividend for the year ended 31 December 2009	0	0	0	0	(4,464)	(4,464)
Total comprehensive income for the period	0	0	0	(38)	7,829	7,791
Balance at 30 June 2010	74,408	13,917	3,983	1,699	217,232	311,239
6 months ended 30 June 2009						
Balance at 1 January 2009	74,408	13,917	3,983	0	209,793	302,101
Interim dividend for the year ended 31 December 2008	0	0	0	0	(5,581)	(5,581)
Total comprehensive income for the period	0	0	0	0	9,334	9,334
Balance at 30 June 2009	74,408	13,917	3,983	0	213,546	305,854

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	(UNAUDITED) 6 months ended 30/06/2010 RM'000	(AUDITED) 12 months ended 31/12/2009 RM'000
Net profit before tax	10,240	22,721
Adjustment for non-cash flow:-		
Non-cash items	2,826	10,015
Non-operating items	(3,256)	(11,444)
Operating profit before changes in working capital	9,810	21,292
Changes in working capital		
Net change in current assets	(9,959)	3,857
Net change in current liabilities	(159)	7,467
Cash from operations	(308)	32,616
Tax paid	(1,371)	(2,647)
Net cash (used in) / from operating activities	(1,679)	29,969
Investing activities		
- Equity investments	(3,399)	2,471
- Other investments	(4,405)	8,531
Net cash (used in) / from investing activities	(7,804)	11,002
Financing activities		
- Transactions with owners as owners	(4,464)	(15,626)
Net cash used in financing activities	(4,464)	(15,626)
Net (decrease) / increase in cash & cash equivalents	(13,947)	25,345
Cash and cash equivalents at beginning of period	43,173	17,828
Cash and cash equivalents at end of period	29,226	43,173

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2010

Notes to the Financial Information

A1) Basis of preparation

This unaudited interim report is prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 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 year ended 31 December 2009. These explanatory notes attached to the interim report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

The accounting policies applied are consistent with those adopted for the annual financial statements for the year ended 31 December 2009 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the following standards as set out below:

- a) Presentation of financial statements (FRS 101 (revised) "Presentation of financial statements")

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a statement of comprehensive income which can be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement.

- b) Leasehold land (Amendment to FRS 117 "Leases")

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease. The effect of the change is adjusted for retrospectively in accordance with the transitional provisions of the amendments.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

31 December 2009	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Prepaid lease payments	10,083	(10,083)	0
Property, plant and equipment	61,629	10,083	71,712

- c) FRS 139 Financial Instruments: Recognition and Measurement, Amendments to FRS 139 Financial instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives, and Amendments to FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 139 does not have any significant impact on the financial instrument except as discussed below which resulted in adjustments to opening reserves of the Group as follows:

	Group RM'000
Fair value reserve:	
At 1 January 2010, as previously stated	0
Effects of applying FRS 139	1,737
At 1 January 2010, as restated	<u>1,737</u>

d) Amendment to FRS 116 and amendment FRS140

Prior to the adoption of the Amendment to FRS 116 and the Amendment to FRS 140, properties that were being constructed or developed for use as investment properties were treated as capital work-in-progress and classified as property, plant and equipment. With the adoption of the Amendment to FRS 116 and the Amendment to FRS 140, such properties are treated as investment property in accordance with FRS 140. The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

e) FRS 8: Operating segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

A2) Audit report

The audit report of the Group's preceding annual financial statements for the year ended 31 December 2009 was not qualified.

A3) Seasonality or cyclical factors

The operations of the Group were not affected by any seasonal or cyclical factors.

A4) Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

A5) Changes in estimates of amount reported

There were no changes in estimates of amounts reported in prior interim quarter of the current financial year and no changes in estimates of amounts reported in prior financial years which have a material impact on the current quarter.

A6) Debt and equity securities

There were no cancellations, purchases or resale and repayment of debt and equity securities during the current financial year-to-date.

A7) Dividends paid

A third interim dividend of 8 sen per share less tax at 25%, on paid-up capital of 74,408,000 ordinary shares of RM1.00 each, amounting to RM4,464,480 in respect of the financial year ended 31 December 2009, was paid on 30 March 2010.

A8) Operating segment

The Group is organised into two operating and reportable segments:

Building & Construction Products - relates to the manufacture and sale of fibre cement boards and steel roof trusses.

Others - comprises property holding.

Intersegment sales comprise rental charge to the building and construction products segment.

	Building & Construction Products RM'000	Others RM'000	Group RM'000
6 months ended 30 June 2010			
Revenue			
Total sales	97,992	2,971	100,963
Inter segment sales	0	(120)	(120)
External sales	<u>97,992</u>	<u>2,851</u>	<u>100,843</u>
Segment result	4,416	2,568	6,984
Unallocated income			<u>3,256</u>
Profit before tax			10,240
Taxation			<u>(2,411)</u>
Profit for the period			<u>7,829</u>
 6 months ended 30 June 2009			
Revenue			
Total sales	88,399	2,662	91,061
Inter segment sales	0	(120)	(120)
External sales	<u>88,399</u>	<u>2,542</u>	<u>90,941</u>
Segment result	7,801	818	8,619
Unallocated income			3,533
Unallocated expense			<u>(900)</u>
Profit before tax			11,252
Taxation			<u>(1,918)</u>
Profit for the period			<u>9,334</u>

A9) Carrying amount of revalued assets

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

A10) Material events subsequent to the end of the current quarter

There are no material events subsequent to the end of the current quarter that have not been reflected in the financial statements as at the date of this announcement.

A11) Changes in composition of the Group

There were no changes in the composition of the Group for the current financial year-to-date.

A12) Changes in contingent liabilities or assets

There are no contingent liabilities or contingent assets at the last annual balance sheet date or at the end of the current quarter.

A13) Capital commitments

Approved capital expenditure not provided for in the interim financial statements as at 30 June 2010 are as follows:

	RM'000
Property, plant and equipment	
- contracted	2,718
- not contracted	5,761
	8,479

A14) Significant related party transactions

The Group's significant related party transactions in the current financial year-to-date ended 30 June 2010 are as follows:

	Cumulative Period 6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000
Sales of goods to fellow subsidiaries	12,459	15,825
Purchases of goods and services from fellow subsidiaries	1,125	1,354
Management services rendered by holding company	108	168
Rental of premises charged to fellow subsidiaries	405	336
Interest charged to holding company	1,785	1,785

B1) Review of Performance

Sales revenue for the 2nd quarter 2010 at RM53.8 million, was an increase of 6.1% compared with that of the equivalent quarter last year. However, profit before tax at RM3.5 million was 51% lower than that of the equivalent quarter last year.

Although volume has increased during the period, there were a lot of competitive price pressures across all markets. This was further aggravated by a higher volume of exports which netted lower margins as a result of the relatively weaker US dollar in this period.

Profits for the quarter were also affected by lower gains from the disposal of equity shares and higher fuel costs.

On a year to date basis, although sales revenue increased by 10.9%, profit before tax decreased by 9.0% compared to the equivalent period last year. The main contributing factor for the lower profit was lower margins due to selling price pressures.

B2) Material changes in profit before tax for the current quarter compared with the preceding quarter

Profit before tax at RM3.5 million was 47% or RM3.1 million lower than that of the preceding quarter. The Group did not have the benefit of RM3.3 million of other operating income in the first quarter which were derived from insurance claims and liquidated ascertained damages from the construction of Menara UAC.

B3) Prospects for the current financial year

The prices of key raw materials such as cement and pulp have increased towards the end of the second quarter and margins are expected to be eroded in the forthcoming few months. Unless efforts to increase selling prices are sustainable and the US dollar does not weaken further, the Group expects the second half of the year to remain challenging.

B4) Variance of actual profit from forecast profit

Not applicable.

B5) Tax

	Individual Quarter 3 months ended		Cumulative Period 6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
In respect of current period:				
- income tax	474	590	1,377	914
- deferred tax	346	652	1,034	1,004
	820	1,242	2,411	1,918

The effective rate of taxation of the Group for the current quarter and financial year-to-date is lower than statutory tax rate due to the availability of reinvestment allowance.

B6) Sale of unquoted investments and properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7) Quoted securities**(a) Movements in quoted securities**

Investments in quoted securities have been reclassified from other investments to available-for-sale financial assets upon the adoption of FRS 139 on 1 January 2010.

	Individual Quarter 3 months ended 30.06.2010 RM'000	Cumulative Period 6 months ended 30.06.2010 RM'000
Total purchase consideration	1,379	10,279
Total sale proceeds	1,472	4,518
Total profit on disposals	172	592
Reclassification of fair value gains previously recognised in Other Comprehensive Income, to profit or loss upon disposals	(155)	(468)
Fair value (loss)/gain recognised in Other Comprehensive Income	(76)	430

(b) Investment as at 30 June 2010

	RM'000
At cost	33,953
At carrying value	34,765
At market price	34,765

B8) Status of corporate proposals

There are no outstanding proposals as at the date of this announcement.

B9) Group borrowings and debt securities

There were no group borrowings and debt securities as at 30 June 2010.

B10) Off balance sheet financial instruments

With the adoption of FRS 139, there is no longer any off balance sheet financial instruments items. The Company pursuant to Bursa Malaysia's directive dated 25 March 2010 confirms that there do not exist any outstanding derivatives as at 12 August 2010.

B11) Derivative financial instruments

Summary of outstanding derivatives as at 30 June 2010:

Derivative	Contract amount RM'000	Fair value RM'000	Purpose
Currency forward contract: - Less than 1 year	1,113	984	For hedging currency risk of payables

For the quarter ended 30 June 2010, there have been no significant changes to the Group's exposure credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

B12) Fair value changes of financial liabilities

As at 30 June 2010, the Group has a financial liability pertaining to foreign currency forward contract amounting to RM128,928 measured at fair value through profit or loss.

B13) Changes in material litigations

The Group is not engaged in any material litigation as at the date of this announcement.

B14) Dividends payable

- (a) (i) A first interim dividend has been declared;
(ii) the amount per share – interim 12 sen per share less tax at 25%;
(iii) the previous corresponding period – 12 sen per share less tax at 25%;
(iv) the date payable – 12 October 2010
(v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 30 September 2010; and
- (b) the total interim dividend to date for the current financial year - 12 sen per share less tax at 25%.

B15) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 6 months ended	
	30.06.2010 RM'000	30.06.2009 RM'000	30.06.2010 RM'000	30.06.2009 RM'000
Basic earnings per share Profit for the period attributable to equity holders of the Company (RM'000)	2,727	5,999	7,829	9,334
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	3.66	8.06	10.52	12.54

16) Economic profit/loss

The Economic Loss for the six months ended 30 June 2010 was RM0.27 million compared with the Economic Profit of RM0.16 million for the equivalent half year of 2009.

17) Headline key performance indicators

The Key Performance Indicators for the six months ended 30 June 2010 against the FY 2010 target were as follows:-

KPI	FY 2010 Target	FY 2010 6 months Actual
i) Return on Equity	5.69%	2.54%
ii) Pre Tax Return on Assets	5.82%	2.86%
iii) Dividend Payout Ratio	60.00%	85.54%

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448

Petaling Jaya

18 August 2010