

UAC BERHAD (5149-H)

Interim report for the three months ended 30 September 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2010 RM'000	PRECEDING YEAR QUARTER 30/09/2009 RM'000	CURRENT YEAR QUARTER 30/09/2010 RM'000	PRECEDING YEAR QUARTER 30/09/2009 RM'000
Revenue	47,823	41,505	148,666	132,446
Operating expenses	(47,868)	(42,165)	(145,170)	(126,174)
Other operating income	3,355	4,736	10,054	9,056
Profit from operations	3,310	4,076	13,550	15,328
Finance costs	0	0	0	0
Profit before taxation	3,310	4,076	13,550	15,328
Taxation	(832)	(374)	(3,243)	(2,292)
Profit for the period	2,478	3,702	10,307	13,036
Other comprehensive income, net of tax				
Available-for-sale financial assets	1,625	0	1,587	0
Total comprehensive income for the period	4,103	3,702	11,894	13,036
Earnings per share Basic (in sen)	3.33	4.98	13.85	17.52

(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 September 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30/09/2010 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	71,165	71,712
Investment properties	59,008	58,607
Available-for-sale investments	28,623	26,713
	<u>158,796</u>	<u>157,032</u>
Current Assets		
Inventories	30,207	24,934
Trade and other receivables	42,751	41,180
Advance due from holding company	90,000	90,000
Cash and cash equivalents	40,853	43,173
	<u>203,811</u>	<u>199,287</u>
TOTAL ASSETS	<u>362,607</u>	<u>356,319</u>
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	74,408	74,408
Reserves	234,237	231,767
Total Equity	<u>308,645</u>	<u>306,175</u>
Non-Current Liabilities		
Provisions	6,438	6,019
Deferred tax	8,972	7,601
	<u>15,410</u>	<u>13,620</u>
Current Liabilities		
Trade and other payables	38,510	36,406
Taxation	42	118
	<u>38,552</u>	<u>36,524</u>
Total Liabilities	<u>53,962</u>	<u>50,144</u>
TOTAL EQUITY AND LIABILITIES	<u>362,607</u>	<u>356,319</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.15</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 September 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
9 months ended 30 September 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)
Interim dividend for the year ended 31 December 2010	0	0	0	0	(6,697)	(6,697)
Total comprehensive income for the period	0	0	0	1,587	10,307	11,894
Balance at 30 September 2010	74,408	13,917	3,983	3,324	213,013	308,645
9 months ended 30 September 2009						
Balance at 1 January 2009	74,408	13,917	3,983	0	209,793	302,101
Final dividend for the year ended 31 December 2008	0	0	0	0	(5,581)	(5,581)
Interim dividend for the year ended 31 December 2009	0	0	0	0	(6,697)	(6,697)
Total comprehensive income for the period	0	0	0	0	13,036	13,036
Balance at 30 September 2009	74,408	13,917	3,983	0	210,551	302,859

(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 September 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	(UNAUDITED) 9 months ended 30/09/2010 RM'000	(AUDITED) 12 months ended 31/12/2009 RM'000
Net profit before tax	13,550	22,721
Adjustment for non-cash flow:-		
Non-cash items	4,891	10,015
Non-operating items	(6,478)	(11,444)
Operating profit before changes in working capital	11,963	21,292
Changes in working capital		
Net change in current assets	(7,694)	3,857
Net change in current liabilities	(1,821)	7,467
Cash from operations	2,448	32,616
Tax paid	(2,130)	(2,647)
Net cash from operating activities	318	29,969
Investing activities		
- Equity investments	6,299	2,471
- Other investments	(4,471)	8,531
Net cash from investing activities	1,828	11,002
Financing activities		
- Transactions with owners as owners	(4,466)	(15,626)
Net cash used in financing activities	(4,466)	(15,626)
Net (decrease) / increase in cash & cash equivalents	(2,320)	25,345
Cash and cash equivalents at beginning of period	43,173	17,828
Cash and cash equivalents at end of period	40,853	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 September 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	1,737

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 quarters 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
9 months ended 30 September 2010			
Revenue			
Total sales	144,373	4,473	148,846
Inter segment sales	0	(180)	(180)
External sales	<u>144,373</u>	<u>4,293</u>	<u>148,666</u>
Segment result	4,039	3,034	7,073
Unallocated income			<u>6,477</u>
Profit before tax			13,550
Taxation			<u>(3,243)</u>
Profit for the period			<u>10,307</u>
9 months ended 30 September 2009			
Revenue			
Total sales	128,655	3,971	132,626
Inter segment sales	0	(180)	(180)
External sales	<u>128,655</u>	<u>3,791</u>	<u>132,446</u>
Segment result	9,271	1,093	10,364
Unallocated income			6,314
Unallocated expense			<u>(1,350)</u>
Profit before tax			15,328
Taxation			<u>(2,292)</u>
Profit for the period			<u>13,036</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 September 2010 are as follows:

	RM'000
Property, plant and equipment	
- contracted	2,945
- not contracted	7,273
	<hr/> 10,218 <hr/>

A14) Significant related party transactions

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

	Cumulative Period 9 months ended	
	30.09.2010 RM'000	30.09.2009 RM'000
Sales of goods to fellow subsidiaries	19,622	21,798
Purchases of goods and services from fellow subsidiaries	3,030	3,624
Management services rendered by holding company	164	73
Rental of premises charged to fellow subsidiaries	607	733
Interest charged to holding company	2,693	2,693

B1) Review of Performance

Sales revenue for the 3rd quarter 2010 at RM47.8 million was an increase of 15.2% compared with that of the equivalent quarter last year. However, profit before tax at RM3.3 million was 18.8% lower than that of the equivalent quarter last year.

The increase in revenue came from increased volume in both the domestic and export markets. However, the weaker US Dollar in this period had eroded margins for exports. This was further aggravated by high cost of raw materials such as pulp and cement.

On a year-to-date basis, although sales revenue increased by 12.2% compared to the equivalent period last year, profit before tax decreased by 11.6% due to the lower margins from selling price pressures, the impact of the weak US Dollar on export revenue and higher raw material costs.

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

Profit before tax at RM3.3 million was 6.7% lower than that of the preceding quarter due mainly to selling price pressures, weak US Dollar which affected revenue from exports, higher raw material costs and lower other operating income.

B3) Prospects for the current financial year

In view of the US Dollar continuing to remain weak and challenging price pressures for fibre cement products, the Group expects profit before tax for the year to be lower than that of the previous year.

B4) Variance of actual profit from forecast profit

Not applicable.

B5) Tax

	Individual Quarter 3 months ended		Cumulative Period 9 months ended	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
In respect of current period:				
- income tax	496	770	1,873	1,684
- deferred tax	336	(396)	1,370	608
	832	374	3,243	2,292

The effective rate of taxation of the Group for 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 30.09.2010 RM'000	Cumulative Period 9 months ended 30.09.2010 RM'000
Total purchase consideration	2,531	12,810
Total sale proceeds	12,116	16,634
Total profit on disposals	1,818	2,410
Reclassification of fair value gains previously recognised in Other Comprehensive Income, to profit or loss upon disposals	(880)	(1,348)
Fair value gain recognised in Other Comprehensive Income	2,505	2,935

(b) Investment as at 30 September 2010

	RM'000
At cost	25,891
At carrying value	28,623
At market price	28,623

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 September 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 2 November 2010.

B11) Derivative financial instruments

There were no outstanding derivative financial instruments as at 30 September 2010.

B12)Fair value changes of financial liabilities

As at 30 September 2010, the Group does not have any financial liabilities 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 second interim dividend has been declared;
(ii) the amount per share - 4 sen per share less tax at 25%;
(iii) the previous corresponding period - 6 sen per share less tax at 25%;
(iv) the date payable - 22 December 2010
(v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 30 November 2010; and
- (b) In the preceding quarter, a first interim dividend of 12 sen per share less tax at 25% was declared and paid on 21 October 2010 to shareholders, whose names appeared on the Record of Depositors as at 30 September 2010.
- (c) The total dividend to date for the current financial year is 16 sen per share less tax at 25%.

B15)Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 9 months ended	
	30.09.2010 RM'000	30.09.2009 RM'000	30.09.2010 RM'000	30.09.2009 RM'000
Basic earnings per share Profit for the period attributable to equity holders of the Company (RM'000)	2,478	3,702	10,307	13,036
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	3.33	4.98	13.85	17.52

16)Economic loss

The Economic Loss for the nine months ended 30 September 2010 was RM2.65 million compared with the Economic Loss of RM1.21 million for the equivalent nine months of 2009.

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
8 November 2010