

UAC BERHAD (5149-H)

Interim report for the three months ended 31 December 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2010 RM'000	PRECEDING YEAR QUARTER 31/12/2009 RM'000	CURRENT YEAR TO DATE 31/12/2010 RM'000	PRECEDING YEAR TO DATE 31/12/2009 RM'000
Revenue	38,368	45,731	187,034	178,177
Operating expenses	(34,260)	(43,955)	(179,430)	(170,129)
Other operating income	2,826	5,617	12,880	14,673
Profit from operations	6,934	7,393	20,484	22,721
Finance costs	0	0	0	0
Profit before taxation	6,934	7,393	20,484	22,721
Taxation	(820)	(729)	(4,063)	(3,021)
Profit for the period	6,114	6,664	16,421	19,700
Other comprehensive income, net of tax				
Available-for-sale financial assets	43	0	1,630	0
Total comprehensive income for the period	6,157	6,664	18,051	19,700
Earnings per share				
Basic (in sen)	8.22	8.96	22.07	26.48

(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 31 December 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/12/2010 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	72,919	71,712
Investment properties	58,574	58,607
Investment in quoted shares	36,351	26,713
	<u>167,844</u>	<u>157,032</u>
Current Assets		
Inventories	34,589	24,934
Trade and other receivables	33,303	41,180
Advance due from holding company	90,000	90,000
Cash and cash equivalents	31,861	43,173
	<u>189,753</u>	<u>199,287</u>
TOTAL ASSETS	<u>357,597</u>	<u>356,319</u>
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	74,408	74,408
Reserves	238,162	231,767
Total Equity	<u>312,570</u>	<u>306,175</u>
Non-Current Liabilities		
Provisions	5,754	6,019
Deferred tax	9,121	7,601
Other payables	449	0
	<u>15,324</u>	<u>13,620</u>
Current Liabilities		
Trade and other payables	29,658	36,406
Taxation	45	118
	<u>29,703</u>	<u>36,524</u>
Total Liabilities	<u>45,027</u>	<u>50,144</u>
TOTAL EQUITY AND LIABILITIES	<u>357,597</u>	<u>356,319</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.20</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 31 December 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
12 months ended 31 December 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
As restated	74,408	13,917	3,983	1,737	213,867	307,912
Total comprehensive income for the 12-month period	0	0	0	1,630	16,421	18,051
Interim dividend for the year ended 31 December 2009	0	0	0	0	(4,464)	(4,464)
Interim dividends for the year ended 31 December 2010	0	0	0	0	(8,929)	(8,929)
Balance at 31 December 2010	74,408	13,917	3,983	3,367	216,895	312,570
12 months ended 31 December 2009						
Balance at 1 January 2009	74,408	13,917	3,983	0	209,793	302,101
Total comprehensive income for the 12-month period	0	0	0	0	19,700	19,700
Final dividend for the year ended 31 December 2008	0	0	0	0	(5,581)	(5,581)
Interim dividends for the year ended 31 December 2009	0	0	0	0	(10,045)	(10,045)
Balance at 31 December 2009	74,408	13,917	3,983	0	213,867	306,175

(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 31 December 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(The figures have not been audited)

	(UNAUDITED) 12 months ended 31/12/2010 RM'000	(AUDITED) 12 months ended 31/12/2009 RM'000
Net profit before tax	20,484	22,721
Adjustment for non-cash flow:-		
Non-cash items	6,513	10,015
Non-operating items	(9,100)	(11,444)
Operating profit before changes in working capital	17,897	21,292
Changes in working capital		
Net change in current assets	(2,813)	3,857
Net change in current liabilities	(3,660)	7,467
Cash from operations	11,424	32,616
Tax paid	(2,893)	(2,647)
Net cash from operating activities	8,531	29,969
Investing activities		
- Equity investments	(260)	2,471
- Other investments	(6,190)	8,531
Net cash (used in)/from investing activities	(6,450)	11,002
Financing activities		
- Transactions with owners as owners	(13,393)	(15,626)
Net cash used in financing activities	(13,393)	(15,626)
Net (decrease) / increase in cash & cash equivalents	(11,312)	25,345
Cash and cash equivalents at beginning of period	43,173	17,828
Cash and cash equivalents at end of period	31,861	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 31 December 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 and improvements to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2010. A summary of the impact of the new accounting standards, amendments and improvements to published standards and interpretations on the interim financial information of the Group is set out below:

a) FRS 101 “Presentation of Financial Statements (revised)”

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) FRS 117 “Leases”

Following the adoption of the amendments to FRS 117 “Leases”, leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. 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.

c) FRS140 “Investment Property”

Following the adoption of the amendments to FRS 140 “Investment Property”, 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 are now treated as investment property. The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 140.

d) FRS 8: “Operating Segments”

Following the adoption of FRS 8, the reportable segments are presented based on the Group’s two main operating segments. Operating segments are reported in a manner consistent with the internal reporting provided to chief operating decision-maker. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

- e) FRS 139 “Financial Instruments: Recognition and Measurement”
FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening fair value reserve as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed as below:

Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values. The difference between initial recognition and the previous carrying amounts of RM1,737,000 has been taken up as adjustment to the opening balance of fair value reserve as at 1 January 2010.

Derivatives

Prior to the adoption of FRS 139, derivative contracts were recognized on the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now categorized as fair value through profit or loss and initially measured at their fair values with the subsequent gain or loss recognized in profit or loss.

- f) Changes in accounting policies

During the financial year, the Group changed the following accounting policies upon adoption of the new accounting standards, amendments and improvements to published standards.

	Balance as at 31 December 2009		
	As previously reported RM' 000	FRS 117 RM' 000	As restated RM' 000
Prepaid lease payments	10,083	(10,083)	0
Property, plant and equipment	61,629	10,083	71,712

	Balance as at 1 January 2010		
	As previously reported RM' 000	FRS 139 RM' 000	As restated RM' 000
Fair value reserve	0	(1,737)	(1,737)
Investment in quoted shares	26,713	1,737	28,450

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) 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.
- (b) A first interim dividend of 12 sen per share less tax at 25%, on paid-up capital of 74,408,000 ordinary shares of RM1.00 each, amounting to RM6,696,720 in respect of the financial year ended 31 December 2010, was paid on 21 October 2010.
- (c) A second interim dividend of 4 sen per share less tax at 25%, on paid-up capital of 74,408,000 ordinary shares of RM1.00 each, amounting to RM2,232,240 in respect of the financial year ended 31 December 2010, was paid on 22 December 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.

Rental - comprises property holding.

Others segment includes investment of surplus funds in quoted securities and treasury operations.

Inter-segment sales comprise rental charge of a factory land and building to the building and construction products segment.

	Building & Construction Products	Rental	Others	Group
	RM'000	RM'000	RM'000	RM'000
12 months ended 31 December 2010				
Revenue				
Total sales	181,374	5,900	0	187,274
Inter segment sales	0	(240)	0	(240)
External sales	181,374	5,660	0	187,034
Results				
Profit before tax	7,394	3,731	9,359	20,484
Taxation				(4,063)
Profit for the period				16,421
 12 months ended 31 December 2009				
Revenue				
Total sales	173,005	5,412	0	178,417
Inter segment sales	0	(240)	0	(240)
External sales	173,005	5,172	0	178,177
Results				
Profit before tax	10,890	846	10,985	22,721
Taxation				(3,021)
Profit for the period				19,700

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 financial statements as at 31 December 2010 are as follows:

	RM'000
Property, plant and equipment	
- contracted	2,443
- not contracted	6,449
	8,892

A14) Significant related party transactions

The Group's significant related party transactions in the current financial year ended 31 December 2010 are as follows:

	Cumulative Period 12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000
Sales of goods to fellow subsidiaries	27,542	29,114
Purchases of goods and services from fellow subsidiaries	3,238	3,415
Management services rendered by holding company	228	480
Rental of premises charged to fellow subsidiaries	809	965
Interest charged to holding company	3,600	3,600
Interest income earned from a company in which the holding company has significant influence	210	120

B1) Review of Performance

Sales revenue for the 4th Quarter 2010 at RM38.4 million, was a decrease of 16.1% compared with that of the equivalent quarter last year. Demand for building products slowed considerably for both the domestic and export markets. This was further aggravated by a weaker US dollar compared with the corresponding period last year thus affecting export sales revenue. The total revenue for the year however was 5% higher than that of the preceding year as the sales performances were better in the earlier few quarters of 2010.

In this quarter, the Group did not have the benefit of a gain on reversal of RM2.5 million on impairment of quoted shares as in same quarter of 2009. This, coupled with a poor sales performance had resulted in a lower profit before tax of RM6.9 million for the quarter; a 6.2% decrease compared with the equivalent quarter last year.

On a year to date basis, profit before tax fell by 9.8% compared to that of 2009. The main contributing factors for the lower profit were lower margins due to selling price pressures, weak US Dollar resulting in lower sales revenue and high raw material costs for the greater part of the year.

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

Profit before tax at RM6.9 million has doubled that of the preceding quarter. The better performance was due to better margins for building products due to lower prices of imported raw material in the 4th quarter. Profit also improved due to lower operating expenses as well as write-backs of provisions and certain expenses provided for in the earlier periods no longer required.

B3) Prospects for the next financial year

The various fiscal initiatives under the 12 National Key Economic Areas (NKEAS) under the Economic Transformation Programme (ETP) announced by the Government are expected to sustain the growth of the Malaysian economy in the years ahead. The roll out of such projects will offer opportunities for the Group to benefit from a robust building and construction industry. However benefits from the ETP will depend on the speed of the implementation of projects and will likely be realised starting only from the second half of 2011. The Group is cautiously optimistic on the prospects for the next financial year.

B4) Variance of actual profit from forecast profit

The Group did not issue any profit forecast or profit guarantee during the current financial year.

B5) Tax

	Individual Quarter 3 months ended		Cumulative Period 12 months ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
In respect of current period:				
- income tax	716	2,027	2,589	3,711
- deferred tax	150	(1,677)	1,520	(1,069)
	866	350	4,109	2,642
In respect of prior years:				
- income tax	(46)	379	(46)	379
	820	729	4,063	3,021

The effective rate of taxation of the Group for the current quarter and financial year-to-date is lower than the 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.

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 31.12.2010 RM'000	Cumulative Period 12 months ended 31.12.2010 RM'000
Total purchase consideration	10,850	24,083
Total sale proceeds	4,614	21,248
Total profit on disposals	1,025	3,435
Reclassification of fair value gains previously recognised in Other Comprehensive Income, to profit or loss upon disposals	(703)	(2,051)
Fair value gain recognised in Other Comprehensive Income	746	3,681

(b) Investment as at 31 December 2010

	RM'000
At cost	33,471
At carrying value	36,351
At market price	36,351

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 31 December 2010.

B10) Off balance sheet financial instruments

With the adoption of FRS 139, there is no longer any off balance sheet financial instrument items. The Company pursuant to Bursa Malaysia's directive dated 25 March 2010 confirms that there do not exist any outstanding derivatives as at 17 February 2011.

B11) Derivative financial instruments

There were no outstanding derivative financial instruments as at 31 December 2010.

B12) Fair value changes of financial liabilities

As at 31 December 2010, the Group does not have any financial liabilities measured at fair value through profit or loss.

B13) Disclosure of realised and unrealised profits

	Current financial year 31.12.2010 RM'000
Total retained earnings:	
- Realised	227,017
- Unrealised	(14,875)
	<hr/> 212,142
Add: Consolidation adjustments	4,753
Total Group retained earnings	<hr/> 216,895

B14) Changes in material litigations

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

B15) Dividends payable

- (a) (i) A third interim dividend has been declared;
(ii) the amount per share – interim 8 sen per share less tax at 25%;
(iii) the previous corresponding period – 8 sen per share less tax at 25%;
(iv) the date payable – 1 April 2011;
(v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at the close of business on 16 March 2011; and
- (b) The total dividend to date for the current financial year is 24 sen per share less tax at 25%.

B16) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Basic earnings per share Profit for the period attributable to equity holders of the Company (RM'000)	6,114	6,664	16,421	19,700
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	8.22	8.96	22.07	26.48

17) Economic loss

The Economic Loss for the twelve months ended 31 December 2010 was RM2.8 million compared with the Economic Loss of RM3.3 million for the equivalent twelve months of 2009.

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
24 February 2011
