

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YEAR QUARTER 30/06/2010 RM'000	CURRENT YEAR QUARTER 30/06/2011 RM'000	PRECEDING YEAR QUARTER 30/06/2010 RM'000
Revenue	51,417	53,775	99,510	100,843
Operating expenses	(49,801)	(51,643)	(97,288)	(97,302)
Other operating income	2,808	1,415	4,475	6,699
Profit from operations	4,424	3,547	6,697	10,240
Finance costs	0	0	0	0
Profit before taxation	4,424	3,547	6,697	10,240
Taxation	(973)	(820)	(1,393)	(2,411)
Profit for the period	3,451	2,727	5,304	7,829
Other comprehensive income, net of tax				
Available-for-sale financial assets	381	(231)	844	(38)
Total comprehensive income for the period	3,832	2,496	6,148	7,791
Earnings per share				
Basic (in sen)	4.64	3.66	7.13	10.52

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 30/06/2011 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	74,304	72,919
Investment properties	57,706	58,574
Investment in quoted shares	36,045	36,351
	<u>168,055</u>	<u>167,844</u>
Current Assets		
Inventories	31,843	34,589
Trade and other receivables	45,133	33,303
Advance due from holding company	0	90,000
Cash and cash equivalents	116,898	31,861
	<u>193,874</u>	<u>189,753</u>
TOTAL ASSETS	<u>361,929</u>	<u>357,597</u>
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	74,408	74,408
Reserves	239,846	238,162
Total Equity	<u>314,254</u>	<u>312,570</u>
Non-Current Liabilities		
Provisions	5,769	5,754
Deferred tax	10,197	9,121
Other payables	564	449
	<u>16,530</u>	<u>15,324</u>
Current Liabilities		
Trade and other payables	31,080	29,658
Taxation	65	45
	<u>31,145</u>	<u>29,703</u>
Total Liabilities	<u>47,675</u>	<u>45,027</u>
TOTAL EQUITY AND LIABILITIES	<u>361,929</u>	<u>357,597</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.22</u>	<u>4.20</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	← Attributable to owners 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 2011						
Balance at 1 January 2011	74,408	13,917	3,983	3,367	216,895	312,570
Total comprehensive income for the 6-month period	0	0	0	844	5,304	6,148
Interim dividend for the year ended 31 December 2010	0	0	0	0	(4,464)	(4,464)
Balance at 30 June 2011	74,408	13,917	3,983	4,211	217,735	314,254
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
As restated	74,408	13,917	3,983	1,737	213,867	307,912
Total comprehensive income for the 6-month period	0	0	0	(38)	7,829	7,791
Interim dividend for the year ended 31 December 2009	0	0	0	0	(4,464)	(4,464)
Balance at 30 June 2010	74,408	13,917	3,983	1,699	217,232	311,239

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(The figures have not been audited)

	(UNAUDITED) 6 months ended 30/06/2011 RM'000	(UNAUDITED) 6 months ended 30/06/2010 RM'000
Net profit before tax	6,697	10,240
Adjustment for non-cash flow:-		
Non-cash items	3,815	2,826
Non-operating items	(4,035)	(3,256)
Operating profit before changes in working capital	6,477	9,810
Changes in working capital		
Net change in current assets	(7,654)	(9,959)
Net change in current liabilities	1,820	(159)
Cash from operations	643	(308)
Repayment of net advances by holding company	90,000	0
Tax paid	(1,545)	(1,371)
Net cash from / (used in) operating activities	89,098	(1,679)
Investing activities		
- Equity investments	3,010	(3,399)
- Other investments	(2,607)	(4,405)
Net cash from / (used in) investing activities	403	(7,804)
Financing activities		
- Transactions with owners as owners	(4,464)	(4,464)
Net cash used in financing activities	(4,464)	(4,464)
Net increase / (decrease) in cash & cash equivalents	85,037	(13,947)
Cash and cash equivalents at beginning of period	31,861	43,173
Cash and cash equivalents at end of period	116,898	29,226

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010)

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2011

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 2010. 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 2010.

The significant accounting policies applied are consistent with those adopted for the annual financial statements for the year ended 31 December 2010 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 2011.

The Group has adopted the following FRSs, amendments to FRSs and IC Interpretations as of 1 January 2011:

- FRS 1 "First-time Adoption of FRS"
- FRS 3 "Business Combinations"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- Improvement to FRS
- IC Interpretation 4 "Determining whether an Arrangement Contains a Lease"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"

The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial information of the Group.

A2) Audit report

The audit report of the Group's preceding annual financial statements for the year ended 31 December 2010 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 financial year ended 31 December 2010, was paid on 1 April 2011.

A8) Operating segment

The Group is organised based on type of activities it engages. The two main business activities which form the reportable segments of the Group are:

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 RM'000	Rental RM'000	Others RM'000	Group RM'000
6 months ended				
30 June 2011				
Revenue				
Total sales	96,545	3,085	0	99,630
Inter segment sales	0	(120)	0	(120)
External sales	96,545	2,965	0	99,510
Results				
Profit before tax	1,771	837	4,089	6,697
Taxation				(1,393)
Profit for the period				5,304
6 months ended				
30 June 2010				
Revenue				
Total sales	97,992	2,971	0	100,963
Inter segment sales	0	(120)	0	(120)
External sales	97,992	2,851	0	100,843
Results				
Profit before tax	4,416	2,468	3,356	10,240
Taxation				(2,411)
Profit for the period				7,829

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 30 June 2011 are as follows:

	RM'000
Property, plant and equipment	
- contracted	3,325
- not contracted	3,335
	<hr/> 6,660 <hr/>

A14) Significant related party transactions

The Group's significant related party transactions in the current financial year-to-date ended 30 June 2011 are as follows:

	Cumulative Period	
	6 months ended	
	30.06.2011	30.06.2010
	RM'000	RM'000
Sales of goods to fellow subsidiaries	14,770	12,459
Purchases of goods and services from fellow subsidiaries	1,154	1,493
Management services rendered by holding company	107	108
Rental of premises charged to fellow subsidiaries	409	405
Interest charged to holding company	919	1,785
Interest income earned from a company in which the holding company has significant influence	282	99

B1) Review of Performance

Sales revenue for the 2nd Quarter 2011 at RM51.4 million was a decrease of 4.4% compared with that of the equivalent quarter last year. Demand for building products in the domestic sector remained weak and efforts to increase selling prices met with stiff competition. Sales performance in the export market was also affected by the weak US Dollar. On a year to date basis, group revenue was only 1.3% lower than that of the equivalent half year of 2010.

Profit before tax for the quarter at RM4.4 million was 24.7% higher for the same corresponding period last year, boosted by gains on disposal of equity shares and higher dividend income. Performance in the building materials sector improved slightly compared with that of the equivalent quarter last year due to better cost control. This better performance however could not mitigate the lower result achieved in the first quarter and the group profit before tax for the half year 2011 ended 34.6% lower than that of the equivalent period last year.

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

Profit before tax for the current quarter was 94.6% higher than that of the preceding quarter. Demand increased in the second quarter and improved margins were achieved due to slightly better operational efficiencies. Other operating income such as higher gain from disposal of shares also contributed to the improved performance.

B3) Prospects for the current financial year

The Group continues to face challenges of downward pressure on selling prices in both the domestic and overseas market place with demand for building materials in the domestic market remaining weak. The implementation of major building and construction projects under the Economic Transformation Programme appears to have been delayed and the anticipated increase in activities will most likely happen in the later part of Q4 this year and beyond. The Group does not expect to perform better than that of 2010.

B4) Variance of actual profit from forecast profit

Not applicable.

B5) Tax

	Individual Quarter		Cumulative Period	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- income tax	70	474	317	1,377
- deferred tax	903	346	1,076	1,034
	973	820	1,393	2,411

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-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 30.06.2011 RM'000	Cumulative Period 6 months ended 30.06.2011 RM'000
Total purchase consideration	1,797	4,733
Total sale proceeds	4,890	7,021
Total profit on disposals	941	1,138
Reclassification of fair value gains previously recognised in Other Comprehensive Income, to profit or loss upon disposals	(624)	(685)
Fair value gain recognised in Other Comprehensive Income	1,005	1,529

(b) Investment as at 30 June 2011

	RM'000
At cost	32,277
At carrying value	36,045
At market price	36,045

B8) Status of corporate proposals

The following is the corporate proposal that has been announced by the Company but not completed as at the date of this announcement.

On 15 April 2011, the Company announced the appointment of liquidators for the member's voluntary liquidation of its wholly-owned subsidiary, S.B. Industries (Sdn) Bhd. The liquidation process is in progress.

Other than the above, there is no corporate proposal announced but not completed, as at the reporting date.

B9) Group borrowings and debt securities

There were no group borrowings and debt securities as at 30 June 2011.

B10) Off balance sheet financial instruments

With the adoption of FRS 139, there is no longer any off balance sheet financial instruments as at the date of this announcement.

B11) Derivative financial instruments

There were no outstanding derivative financial instruments as at 30 June 2011.

B12) Fair value changes of financial liabilities

As at 30 June 2011, 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 period 30.06.2011 RM'000	Preceding financial year 31.12.2010 RM'000
Total retained earnings:		
- Realised	228,946	227,017
- Unrealised	(15,966)	(14,875)
	212,980	212,142
Add: Consolidation adjustments	4,755	4,753
Total Group retained earnings	217,735	216,895

B14) Changes in material litigations

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

B15) Dividend payable

- (a) (i) A first interim dividend has been declared;
(ii) the amount per share – interim 10 sen per share less tax at 25%;
(iii) the previous corresponding period – 12 sen per share less tax at 25%;
(iv) the date payable – 21 October 2011;
(v) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at close of business on 29 September 2011; and
- (b) the total interim dividend to date for the current financial year - 10 sen per share less tax at 25%.

B16) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
Basic earnings per share Profit for the period attributable to owners of the Company (RM'000)	3,451	2,727	5,304	7,829
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	4.64	3.66	7.13	10.52

17) Economic loss

The Economic Loss for the six months ended 30 June 2011 was RM3.82 million compared with the Economic Loss of RM0.27 million for the equivalent half year of 2010.

18) Headline key performance indicators

The Key Performance Indicators for the six months ended 30 June 2011 against the FY 2011 target were as follows:-

KPI	FY 2011 Target	FY 2011 6 months Actual
i) Return on Equity	4.15%	1.69%
ii) Pre Tax Return on Assets	4.89%	1.86%
iii) Dividend Payout Ratio	60.00%	105.21%

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
15 August 2011
