

UAC BERHAD (5149-H)

Interim report for the three months ended 31 December 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2011 RM'000	PRECEDING YEAR QUARTER 31/12/2010 RM'000	CURRENT YEAR QUARTER 31/12/2011 RM'000	PRECEDING YEAR QUARTER 31/12/2010 RM'000
Revenue	44,569	38,368	188,824	187,034
Operating expenses	(41,461)	(34,260)	(184,485)	(179,430)
Other operating income	4,449	2,826	10,109	12,880
Profit from operations	7,557	6,934	14,448	20,484
Finance costs	0	0	0	0
Profit before taxation	7,557	6,934	14,448	20,484
Taxation	(1,132)	(820)	(2,603)	(4,063)
Profit for the period	6,425	6,114	11,845	16,421
Other comprehensive income, net of tax				
Available-for-sale financial assets	2,647	43	(1,794)	1,630
Total comprehensive income for the period	9,072	6,157	10,051	18,051
Earnings per share				
Basic (in sen)	8.63	8.22	15.92	22.07

(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 31 December 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) AS AT END OF CURRENT QUARTER 31/12/2011 RM'000	(AUDITED) AS AT PRECEDING FINANCIAL YEAR END 31/12/2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	75,018	72,919
Investment properties	56,838	58,574
Available-for-sale financial assets	29,500	36,351
	<u>161,356</u>	<u>167,844</u>
Current Assets		
Inventories	32,496	34,589
Trade and other receivables	37,005	33,303
Advance due from holding company	60,200	90,000
Available-for-sale financial assets	38,649	0
Cash and cash equivalents	26,444	31,861
	<u>194,794</u>	<u>189,753</u>
TOTAL ASSETS	<u>356,150</u>	<u>357,597</u>
EQUITY AND LIABILITIES		
Shareholders' Equity		
Share capital	74,408	74,408
Reserves	237,052	238,162
Total Equity	<u>311,460</u>	<u>312,570</u>
Non-Current Liabilities		
Provisions	4,779	5,754
Deferred tax	11,228	9,121
Other payables	1,514	449
	<u>17,521</u>	<u>15,324</u>
Current Liabilities		
Trade and other payables	27,161	29,658
Taxation	8	45
	<u>27,169</u>	<u>29,703</u>
Total Liabilities	<u>44,690</u>	<u>45,027</u>
TOTAL EQUITY AND LIABILITIES	<u>356,150</u>	<u>357,597</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.19</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 31 December 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
12 months ended 31 December 2011						
Balance at 1 January 2011	74,408	13,917	3,983	3,367	216,895	312,570
Total comprehensive income for the 12-month period	0	0	0	(1,794)	11,845	10,051
Interim dividend for the year ended 31 December 2010	0	0	0	0	(4,464)	(4,464)
Interim dividends for the year ended 31 December 2011	0	0	0	0	(6,697)	(6,697)
Balance at 31 December 2011	74,408	13,917	3,983	1,573	217,579	311,460
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

(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 31 December 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(The figures have not been audited)

	(UNAUDITED) 12 months ended 31/12/2011 RM'000	(AUDITED) 12 months ended 31/12/2010 RM'000
Net profit before tax	14,448	20,484
Adjustments for:-		
Depreciation of property, plant and equipment and investment properties	7,435	7,699
Gains on disposal of quoted investments	(2,593)	(3,435)
Dividend income	(2,956)	(1,088)
Interest income	(2,548)	(4,538)
Income arising from liquidated ascertained damages	0	(1,500)
Other non-cash items	(445)	314
Other non-operating items	461	(39)
Operating profit before changes in working capital	<u>13,802</u>	<u>17,897</u>
Changes in working capital		
Net change in current assets	169	(2,813)
Net change in current liabilities	(1,344)	(3,660)
Cash from operations	<u>12,627</u>	11,424
Advance granted to holding company	(60,200)	0
Repayment of advance by holding company	90,000	0
Tax paid	(2,260)	(2,893)
Net cash from operating activities	<u>40,167</u>	<u>8,531</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	29	39
Proceeds from disposal of quoted investments	60,660	22,908
Purchase of property, plant and equipment and investment properties	(8,417)	(10,592)
Purchase of quoted investments	(92,452)	(23,935)
Dividend received	3,084	767
Interest received	2,673	4,363
Net cash used in investing activities	<u>(34,423)</u>	<u>(6,450)</u>
Financing activities		
Dividends paid	(11,161)	(13,393)
Net cash used in financing activities	<u>(11,161)</u>	<u>(13,393)</u>
Net decrease in cash and cash equivalents	(5,417)	(11,312)
Cash and cash equivalents at beginning of period	31,861	43,173
Cash and cash equivalents at end of period	<u>26,444</u>	<u>31,861</u>

(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 31 December 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 new and amended FRSs as of 1 January 2011:

- FRS 1 (revised) "First-time Adoption of FRS"
- FRS 3 (revised) "Business Combinations"
- FRS 127 (revised) "Consolidated and Separate Financial Statements"
- IC Interpretation 4 "Determining Whether an Arrangement Contains a Lease"
- IC Interpretation 12 "Service Concession Agreements"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfers of Assets from Customers"
- Amendments to FRS 1 "Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters"
- Amendments to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- Amendments to FRS 132 [classification of rights issues]
- MASB's improvements project covering amendments to the following standards:
 - FRS 1 "First-time Adoption of Financial Reporting Standards"
 - FRS 7 "Financial Instruments Disclosures"
 - FRS 101 "Presentation of Financial Statements"
 - FRS 121 "The Effects of Changes in Foreign Exchange Rates"
 - FRS 128 "Investments in Associates"
 - FRS 131 "Interests in Joint Ventures"
 - FRS 132 "Financial Instrument: Presentation"
 - FRS 134 "Interim Financial Reporting"
 - FRS 139 "Financial Instruments Recognition and Measurement"

The adoption of the above new accounting standards, amendments and improvements to published standards and interpretations has no 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 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 financial year ended 31 December 2010, was paid on 1 April 2011.
- (b) A first interim dividend of 10 sen per share less tax at 25% on paid-up capital of 74,408,000 ordinary shares of RM1.00 each, amounting to RM5,580,600 in respect of financial year ended 31 December 2011, was paid on 21 October 2011.
- (c) A second interim dividend of 2 sen per share less tax at 25% on paid-up capital of 74,408,000 ordinary shares of RM1.00 each, amounting to RM1,116,120 in respect of financial year ended 31 December 2011, was paid on 22 December 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 unit trusts, 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
12 months ended 31 December 2011				
Revenue				
Total sales	182,308	6,756	0	189,064
Inter segment sales	0	(240)	0	(240)
External sales	182,308	6,516	0	188,824
Results				
Profit before tax	4,498	2,297	7,653	14,448
Taxation				(2,603)
Profit for the period				11,845
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

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 2011 are as follows:

	RM'000
Property, plant and equipment	
- contracted	2,007
- not contracted	3,363
	<hr/> 5,370 <hr/>

A14) Significant related party transactions

The Group's significant related party transactions in the current financial year-to-date ended 31 December 2011 are as follows:

	Cumulative Period 12 months ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Sales of goods to fellow subsidiaries	27,634	27,542
Purchases of goods and services from fellow subsidiaries	2,489	3,238
Management services rendered by holding company	216	228
Rental of premises charged to fellow subsidiaries	831	809
Interest charged to holding company	1,120	3,600
Interest income earned from a company in which the holding company has significant influence	488	210

B1) Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

Revenue for the 4th quarter at RM44.6 million was an increase of 16.2% compared with the previous corresponding quarter last year. The Group registered a group pre-tax profit of RM 7.6 million, an increase of RM0.6 million or 9.0% compared to the previous corresponding quarter last year. The improved performance was mainly due to higher other operating income offset by lower operating margins due to selling price pressures and higher costs.

Performance of the respective operating business segments for the 4th quarter ended 31 December 2011 as compared to the previous corresponding quarter is analysed as follows:-

Building and Construction Products segment:- Revenue increased by 15.0% during the quarter due to higher volume whilst pre-tax profit increased by 22.7% mainly due to write back of provision for warranties no longer required.

Rental segment:- Revenue increased by RM0.7 million or 47.8% due to higher occupancy compared to the previous corresponding quarter last year, but pre-tax profit was increased by RM0.02 million for the quarter. This was due to write back of RM0.6 million of assessment in the previous corresponding quarter in 2010.

Other non-operating segment: The decrease in pre-tax profits of RM0.2 million or 6.1% came from lower profit from investment in quoted shares.

Current Year-to-date vs. Previous Year-to-date

Revenue for the year at RM188.8 million was only 1% higher than that of 2010. Despite the relatively better volume achieved, stiff competition in both the domestic and export markets resulted in the Group's inability to increase prices and this coupled with higher costs of production and expenses, resulted in a significant drop of pre-tax profits by 29.5% compared to that of the previous year.

The main contributing factors for lower profits from the operating business segments were:

Building & Construction Products segment: Profits were lower by RM3.4 million (lower by 46.1%) as a result of lower margins and higher operating expenses.

Rental segment: Net rental income from Menara UAC which was almost fully tenanted, bolstered profit by RM0.5 million compared with that of 2010. However net profit for 2011 was RM1.4 million lower than that of 2010 because of non-recurring income of RM2.1 million in that year.

Other non-operating segment registered a lower profit by RM1.7 million (-18.2%) mainly due to lower gain on disposal of equity shares.

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

The Group's pre-tax profit of RM7.6 million for the 4th quarter ended 31 December 2011 shows substantial increase of RM7.4 million compared to RM0.2 million achieved in the preceding quarter. This significant increase came mainly from better factory performance with lower production overheads, lower admin and finance expenses and lower marketing/distribution expenses coupled with higher sales mix of products with better margins and higher income from investment in available-for-sale financial assets.

B3) Prospects for the next financial year

The Group continues to face challenges in the next financial year as the growth of the Malaysian economy is expected to moderate down in 2012 in the face of uncertainties arising from North America and the European Union. The roll out of the projects under the NKEAs of the Economic Transformation Programme (ETP) is expected to offer opportunities for the Malaysian business community as well as the building and construction industry. The Group will continue to focus on export markets for volume growth as well as pursue improved productivity programmes and cost efficiencies.

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		Cumulative Period	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- income tax	484	716	844	2,589
- deferred tax	996	150	2,107	1,520
	1,480	866	2,951	4,109
In respect of prior years:				
- income tax	(348)	(46)	(348)	(46)
	1,132	820	2,603	4,063

The effective rate of taxation of the Group for current quarter and financial year-to-date is lower than the statutory tax rate due to non-taxable income.

B6) 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.

During the current financial year-to-date, the Company received cash of RM6,882,000 and property at fair value of RM5,050,000 being partial distributions from member's voluntary liquidation of S.B. Industries (Sdn) Bhd.

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

B7) Group borrowings and debt securities

There were no group borrowings and debt securities as at 31 December 2011.

B8) Derivative financial instruments

There is no outstanding derivative financial instrument other than as disclose below.

Summary of outstanding derivatives as at 31 December 2011:

Derivative	Contract amount RM'000	Fair value gain/(loss) RM'000	Purpose
Currency forward contract: - Less than 1 year	617	(14)	For hedging currency risk of receivables

For the current quarter ended 31 December 2011, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. There have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

B9) Fair value changes of financial liabilities

The Group does not have any financial liabilities as at 31 December 2011 which are measured at fair value through profit or loss except for derivative financial instruments as disclosed in note B8.

B10) Disclosure of realised and unrealised profits

	Current financial period 31.12.2011 RM'000	Preceding financial year 31.12.2010 RM'000
Total retained earnings:		
- Realised	232,107	227,017
- Unrealised	(15,930)	(14,875)
	216,177	212,142
Add: Consolidation adjustments	1,402	4,753
Total Group retained earnings	217,579	216,895

B11) Changes in material litigations

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

B12) Dividend payable

- (a) (i) A third interim dividend has been declared;
(ii) the amount per share – 10 sen per share less tax at 25%;
(iii) the previous corresponding period – 8 sen per share less tax at 25%;
(iv) the date payable – 3 April 2012 ;
(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 14 March 2012; and
- (b) The total interim dividend to date for the current financial year is 22 sen per share less tax at 25%.

B13) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Basic earnings per share				
Profit for the period attributable to owners of the Company (RM'000)	6,425	6,114	11,845	16,421
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	8.63	8.22	15.92	22.07

B14) Profit before tax

	Individual Quarter 3 months ended	Cumulative Period 12 months ended
	31.12.2011 RM'000	31.12.2011 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(564)	(2,548)
Other income	(634)	(2,956)
Depreciation and amortization	1,818	7,435
Provision for and write off of inventories	460	516
Gains on disposal of quoted investments	(1,365)	(2,593)
Impairment loss on quoted investments	490	490
Foreign exchange gains	(739)	(1,405)
(Gain)/ Loss on derivatives	(41)	14

Other than the above items, there were no interest expense, provision for and write off of receivables and exceptional items for the current quarter and financial year-to-date.

15) Economic loss

The Economic Loss for the twelve months ended 31 December 2011 was RM6.53 million compared with the Economic Loss of RM2.80 million for the equivalent twelve months of 2010.

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
22 February 2012
