

UAC BERHAD (5149-H)

Interim report for the three months ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2012 RM'000	PRECEDING YEAR QUARTER 31/3/2011 RM'000	CURRENT YEAR QUARTER 31/3/2012 RM'000	PRECEDING YEAR QUARTER 31/3/2011 RM'000
Revenue	50,068	48,093	50,068	48,093
Operating expenses	(49,873)	(47,487)	(49,873)	(47,487)
Other operating income	1,780	1,667	1,780	1,667
Profit from operations	1,975	2,273	1,975	2,273
Finance costs	0	0	0	0
Profit before taxation	1,975	2,273	1,975	2,273
Taxation	(318)	(420)	(318)	(420)
Profit for the period	1,657	1,853	1,657	1,853
Other comprehensive income, net of tax				
Available-for-sale financial assets	821	463	821	463
Total comprehensive income for the period	2,478	2,316	2,478	2,316
Earnings per share				
Basic (in sen)	2.23	2.49	2.23	2.49

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

UAC BERHAD (5149-H)

Interim report for the three months ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) 31/3/2012 RM'000	(UNAUDITED) 31/12/2011 RM'000 (RESTATED)	(UNAUDITED) 1/1/2011 RM'000 (RESTATED)
ASSETS			
Non-Current Assets			
Property, plant and equipment	73,950	75,018	72,919
Investment properties	56,404	56,838	58,574
Available-for-sale financial assets	26,186	29,500	36,351
	<u>156,540</u>	<u>161,356</u>	<u>167,844</u>
Current Assets			
Inventories	32,473	32,496	34,589
Trade and other receivables	38,239	37,005	33,303
Advance due from holding company	60,200	60,200	90,000
Available-for-sale financial assets	39,134	38,649	0
Cash and cash equivalents	31,433	26,444	31,861
	<u>201,479</u>	<u>194,794</u>	<u>189,753</u>
TOTAL ASSETS	<u>358,019</u>	<u>356,150</u>	<u>357,597</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	74,408	74,408	74,408
Reserves	233,949	237,052	238,162
Total Equity	<u>308,357</u>	<u>311,460</u>	<u>312,570</u>
Non-Current Liabilities			
Provisions	4,785	4,779	5,754
Deferred tax	11,369	11,228	9,121
Other payables	1,088	1,514	449
	<u>17,242</u>	<u>17,521</u>	<u>15,324</u>
Current Liabilities			
Trade and other payables	32,415	27,161	29,658
Taxation	5	8	45
	<u>32,420</u>	<u>27,169</u>	<u>29,703</u>
Total Liabilities	<u>49,662</u>	<u>44,690</u>	<u>45,027</u>
TOTAL EQUITY AND LIABILITIES	<u>358,019</u>	<u>356,150</u>	<u>357,597</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>4.14</u>	<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 2011)

UAC BERHAD (5149-H)

Interim report for the three months ended 31 March 2012

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
3 months ended 31 March 2012						
Balance at 1 January 2012	74,408	13,917	0	1,573	221,562	311,460
Total comprehensive income for the 3-month period	0	0	0	821	1,657	2,478
Interim dividend for the year ended 31 December 2011	0	0	0	0	(5,581)	(5,581)
Balance at 31 March 2012	74,408	13,917	0	2,394	217,638	308,357
3 months ended 31 March 2011						
Balance at 1 January 2011	74,408	13,917	0	3,367	220,878	312,570
Total comprehensive income for the 3-month period	0	0	0	463	1,853	2,316
Interim dividend for the year ended 31 December 2010	0	0	0	0	(4,464)	(4,464)
Balance at 31 March 2011	74,408	13,917	0	3,830	214,284	310,422

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

UAC BERHAD (5149-H)

Interim report for the three months ended 31 March 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(The figures have not been audited)

	(UNAUDITED) 3 months ended 31/3/2012 RM'000	(UNAUDITED) 3 months ended 31/3/2011 RM'000
Net profit before tax	1,975	2,273
Adjustments for:-		
Depreciation of property, plant and equipment and investment properties	1,965	1,925
Gains on disposal of quoted investments	(667)	(196)
Dividend income	(149)	(299)
Interest income	(948)	(1,069)
Other non-cash items	7	7
Operating profit before changes in working capital	<u>2,183</u>	<u>2,641</u>
Changes in working capital		
Net change in current assets	(1,054)	(6,648)
Net change in current liabilities	(706)	(2,542)
Cash from operations	423	(6,549)
Repayment of advance from holding company	0	90,000
Tax paid	(246)	(909)
Net cash from operating activities	<u>177</u>	<u>82,542</u>
Investing activities		
Proceeds from disposal of quoted investments	4,776	2,544
Purchase of property, plant and equipment	(507)	(1,449)
Purchase of quoted investments	(290)	(2,936)
Dividend received	154	258
Interest received	681	1,044
Net cash from / (used in) investing activities	<u>4,814</u>	<u>(539)</u>
Financing activity		
Dividends paid	(2)	(2)
Net cash used in financing activity	<u>(2)</u>	<u>(2)</u>
Net increase in cash and cash equivalents	4,989	82,001
Cash and cash equivalents at beginning of period	<u>26,444</u>	<u>31,861</u>
Cash and cash equivalents at end of period	<u>31,433</u>	<u>113,862</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011)

UAC BERHAD (5149-H)

Interim report for the three months ended 31 March 2012

Notes to the Financial Information

A1) Basis of preparation

This unaudited interim report is prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB), Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2011. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

This is the Group's unaudited interim report for part of the period covered by the Group's first MFRS framework annual financial statements for the year ending 31 December 2012 and MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards has been applied.

The 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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation on how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note A2 below. These notes include reconciliation of equity from previous FRS to MFRS at the transition date and at the date of the latest period presented in the company's most recent annual financial statements under previous FRS.

A2) Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. The significant accounting policies applied by the Group in this interim report are in accordance with MFRS consistent with those adopted for the audited financial statements for the year ended 31 December 2011 except as discussed below:

a) Business Combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognized under FRS is not adjusted.

b) Property, plant and equipment

The Group has availed itself the transitional provision of International Accounting Standard No. 16 (Revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board upon first application of this standard. By virtue of this transitional provision, the Group which had not adopted a policy of revaluation, but had recorded certain of its leasehold land and buildings at their previous revalued amounts with continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the 1984 revalued amounts of leasehold land and buildings as deemed cost at the date of revaluation. The revaluation reserve of RM3,983,000 at 1 January 2011, 31 March 2011 and 31 December 2011 was transferred to retained earnings on the date of transition to MFRS.

c) Estimates

The estimates at 1 January 2011 and 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, date of transition to MFRS and as of 31 December 2011.

The reconciliations of equity from previous FRS to MFRS at the transition date and at the date of the latest period presented in the company's most recent annual financial statements under previous FRS are provided in the following page. The transition from FRS to MFRS has not had a material impact on the statement of comprehensive income and statement of cash flows.

Reconciliation of equity

	Note	FRS	Effect of transition to MFRS 1/1/2011	MFRS	FRS	Effect of transition to MFRS 31/03/2011	MFRS	FRS	Effect of transition to MFRS 31/12/2011	MFRS
ASSETS										
Non-Current Assets										
Property, plant and equipment		72,919	-	72,919	72,876	-	72,876	75,018	-	75,018
Investment properties		58,574	-	58,574	58,140	-	58,140	56,838	-	56,838
Available-for-sale financial assets		36,351	-	36,351	37,815	-	37,815	29,500	-	29,500
		167,844	-	167,844	168,831	-	168,831	161,356	-	161,536
Current Assets										
Inventories		34,589	-	34,589	34,996	-	34,996	32,496	-	32,496
Trade and other receivables		33,303	-	33,303	39,845	-	39,845	37,005	-	37,005
Advance due from holding company		90,000	-	90,000	0	-	0	60,200	-	60,200
Available-for-sale financial assets		0	-	0	0	-	0	38,649	-	38,649
Cash and cash equivalents		31,861	-	31,861	113,862	-	113,862	26,444	-	26,444
		189,753	-	189,753	188,703	-	188,703	194,794	-	194,794
TOTAL ASSETS		357,597	-	357,597	357,534	-	357,534	356,150	-	356,150
EQUITY AND LIABILITIES										
Shareholders' Equity										
Share capital		74,408	-	74,408	74,408	-	74,408	74,408	-	74,408
Share premium		13,917	-	13,917	13,917	-	13,917	13,917	-	13,917
Other reserves	A2(b)	7,350	(3,983)	3,367	7,813	(3,983)	3,830	5,556	(3,983)	1,573
Retained earnings		216,895	3,983	220,878	214,284	3,983	218,267	217,579	3,983	221,562
Total Equity		312,570	-	312,570	310,422	-	310,422	311,460	-	311,460
Non-Current Liabilities										
Provisions		5,754	-	5,754	5,759	-	5,759	4,779	-	4,779
Deferred tax		9,121	-	9,121	9,295	-	9,295	11,228	-	11,228
Trade and other payables		449	-	449	281	-	281	1,514	-	1,514
		15,324	-	15,324	15,335	-	15,335	17,521	-	17,521
Current Liabilities										
Trade and other payables		29,658	-	29,658	31,744	-	31,744	27,161	-	27,161
Taxation		45	-	45	33	-	33	8	-	8
		29,703	-	29,703	31,777	-	31,777	27,169	-	27,169
Total Liabilities		45,027	-	45,027	47,112	-	47,112	44,690	-	44,690
TOTAL EQUITY AND LIABILITIES		357,597	-	357,597	357,534	-	357,534	356,150	-	356,150

A3) Audit report

The audit report of the Group's preceding annual financial statements for the year ended 31 December 2011 was not qualified.

A4) Seasonality or cyclical factors

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

A5) Unusual items

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

A6) Changes in estimates of amount reported

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

A7) 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.

A8) Dividends paid

No dividend was paid during the current financial year-to-date.

A9) 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
3 months ended				
31 March 2012				
Revenue				
Total sales	48,359	1,769	0	50,128
Inter segment sales	0	(60)	0	(60)
External sales	48,359	1,709	0	50,068
Results				
Profit before tax	(431)	643	1,763	1,975
Taxation				(318)
Profit for the period				1,657
3 months ended				
31 March 2011				
Revenue				
Total sales	46,645	1,508	0	48,153
Inter segment sales	0	(60)	0	(60)
External sales	46,645	1,448	0	48,093
Results				
Profit before tax	295	363	1,615	2,273
Taxation				(420)
Profit for the period				1,853

A10) 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.

A11) 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.

A12) Changes in composition of the Group

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

A13) 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.

A14) Capital commitments

Approved capital expenditure not provided for in the financial statements as at 31 March 2012 are as follows:

	RM'000
Property, plant and equipment	
- contracted	1,890
- not contracted	4,074
	<hr/> 5,964 <hr/>

A15) Significant related party transactions

The Group's significant related party transactions in the current financial year-to-date ended 31 March 2012 are as follows:

	Cumulative Period 3 months ended	
	31.03.2012	31.03.2011
	RM'000	RM'000
Sales of goods to fellow subsidiaries	7,930	7,186
Purchases of goods and services from fellow subsidiaries	882	436
Management services rendered by holding company	56	54
Rental of premises charged to fellow subsidiaries	202	202
Interest charged to holding company	750	796
Interest income earned from a company in which the holding company has significant influence	97	56

B1) Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

Revenue for the 1st Quarter 2012 of RM50.1 million was an increase of 4.1% compared with that of the equivalent quarter last year. Pre-tax profit for the Group was recorded at RM1.98 million, a decrease of 13.1% compared to the previous corresponding quarter. The dampened margin was due to higher operating expenses.

Performance of the respective operating business segments for the 1st quarter ended 31 March 2012 as compared to the previous corresponding quarter is analysed as follows:-

Building and Construction Product segment: – Group revenue increased by 3.7% in the current quarter due to marginal increase in demand for fibre cement building products. However, profitability was affected by higher cost of production and higher repair cost resulting in pre-tax loss.

Rental segment: – Revenue increased by 18.0% or RM0.3 million which resulted in higher pre-tax profit by 77.1% or RM0.3 million compared to the previous year corresponding quarter. The positive result was due to higher rental and occupancy rates in 2012.

Other non-operating segment: - The increase in pre-tax profit by 9.2% or RM0.2 million was mainly due to higher gain on disposal of quoted investments.

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

Profit before tax at RM1.98 million was RM5.6 million or 73.9% lower than that of the preceding quarter. Although there was an increase in demand for building and construction products, selling prices were depressed in the domestic market resulting in lower contribution compared with that of the preceding quarter. This was further affected by higher production and operating costs.

Other operating income decreased by RM2.7 million or 60% due to lower income generated from gain on disposal of quoted investments.

B3) Prospects for the current financial year

The Group continues to face challenges from price competition and rising raw material prices. Although the growth of the Malaysian economy is expected to moderate in 2012, the Group remains hopeful that the initiatives under Economic Transformation Programme will roll out projects which offer opportunities for the Group to benefit from a robust building and construction industry. The Group will also continue to focus on the export markets, and pursue enhancement in productivity and cost efficiencies.

B4) Variance of actual profit from forecast profit

Not applicable.

B5) Tax

	Individual Quarter 3 months ended		Cumulative Period 3 months ended	
	31.03.2012 RM'000	31.03.2011 RM'000	31.03.2012 RM'000	31.03.2011 RM'000
In respect of current period:				
- income tax	177	247	177	247
- deferred tax	141	173	141	173
	318	420	318	420

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.

In the preceding financial year, 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 March 2012.

B8) Derivative financial instruments

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

Summary of outstanding derivatives as at 31 March 2012:

Derivative	Contract amount RM'000	Fair value gain RM'000	Purpose
Currency forward contract: - Less than 1 year	58	0.3	For hedging currency risk of receivables

For the current quarter ended 31 March 2012, 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 March 2012 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 31.03.2012 RM'000	Preceding financial year 31.12.2011 RM'000 (RESTATED)
Total retained earnings:		
- Realised	231,741	236,090
- Unrealised	(16,140)	(15,930)
	215,601	220,160
Add: Consolidation adjustments	2,037	1,402
Total Group retained earnings	217,638	221,562

B11) Changes in material litigations

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

B12) Dividend payable

No interim dividend was declared for the current quarter under review.

However, in the preceding quarter, an interim dividend of 10 sen per share less tax at 25% in respect of the financial year ended 31 December 2011 has been declared. The interim dividend was paid on 3 April 2012 to shareholders, whose names appeared on the Record of Depositors as at the close of business on 14 March 2012.

B13) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Basic earnings per share Profit for the period attributable to owners of the Company (RM'000)	1,657	1,853	1,657	1,853
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	2.23	2.49	2.23	2.49

B14) Profit before tax

	Individual Quarter 3 months ended 31.03.2012 RM'000	Cumulative Period 3 months ended 31.03.2012 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(948)	(948)
Other income	(149)	(149)
Depreciation and amortization	1,965	1,965
Provision for and write off of inventories	16	16
Gains on disposal of quoted investments	(667)	(667)
Foreign exchange loss	45	45
Gain on derivatives	(14)	(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 first quarter ended 31 March 2012 was RM2.70 million compared with the Economic Loss of RM2.48 million for the equivalent quarter of 2011.

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
15 May 2012