

UAC BERHAD (5149-H)

Interim report for the three months ended 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2012 RM'000	PRECEDING YEAR QUARTER 30/6/2011 RM'000	CURRENT YEAR QUARTER 30/6/2012 RM'000	PRECEDING YEAR QUARTER 30/6/2011 RM'000
Revenue	53,849	51,417	103,917	99,510
Operating expenses	(50,535)	(49,801)	(100,408)	(97,288)
Other operating income	1,431	2,808	3,211	4,475
Profit from operations	4,745	4,424	6,720	6,697
Finance costs	0	0	0	0
Profit before taxation	4,745	4,424	6,720	6,697
Taxation	(741)	(973)	(1,059)	(1,393)
Profit for the period	4,004	3,451	5,661	5,304
Other comprehensive income, net of tax				
Available-for-sale financial assets	416	381	1,237	844
Total comprehensive income for the period	4,420	3,832	6,898	6,148
Earnings per share				
Basic (in sen)	5.38	4.64	7.61	7.13

(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 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(The figures have not been audited)

	(UNAUDITED) 30/6/2012 RM'000	(UNAUDITED) 31/12/2011 RM'000 (RESTATED)	(UNAUDITED) 1/1/2011 RM'000 (RESTATED)
ASSETS			
Non-Current Assets			
Property, plant and equipment	73,499	75,018	72,919
Investment properties	55,970	56,838	58,574
Available-for-sale financial assets	30,306	29,500	36,351
	<u>159,775</u>	<u>161,356</u>	<u>167,844</u>
Current Assets			
Inventories	31,755	32,496	34,589
Trade and other receivables	41,950	37,005	33,303
Advance due from holding company	60,200	60,200	90,000
Available-for-sale financial assets	39,665	38,649	0
Cash and cash equivalents	25,964	26,444	31,861
	<u>199,534</u>	<u>194,794</u>	<u>189,753</u>
TOTAL ASSETS	<u>359,309</u>	<u>356,150</u>	<u>357,597</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	74,408	74,408	74,408
Reserves	238,369	237,052	238,162
Total Equity	<u>312,777</u>	<u>311,460</u>	<u>312,570</u>
Non-Current Liabilities			
Provisions	4,791	4,779	5,754
Deferred tax	11,698	11,228	9,121
Other payables	1,088	1,514	449
	<u>17,577</u>	<u>17,521</u>	<u>15,324</u>
Current Liabilities			
Trade and other payables	28,950	27,161	29,658
Taxation	5	8	45
	<u>28,955</u>	<u>27,169</u>	<u>29,703</u>
Total Liabilities	<u>46,532</u>	<u>44,690</u>	<u>45,027</u>
TOTAL EQUITY AND LIABILITIES	<u>359,309</u>	<u>356,150</u>	<u>357,597</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)			
	<u>4.20</u>	4.19	4.20

(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 30 June 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
6 months ended 30 June 2012						
Balance at 1 January 2012	74,408	13,917	0	1,573	221,562	311,460
Total comprehensive income for the 6-month period	0	0	0	1,237	5,661	6,898
Interim dividend for the year ended 31 December 2011	0	0	0	0	(5,581)	(5,581)
Balance at 30 June 2012	74,408	13,917	0	2,810	221,642	312,777
6 months ended 30 June 2011						
Balance at 1 January 2011	74,408	13,917	0	3,367	220,878	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	0	4,211	221,718	314,254

(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 30 June 2012

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(The figures have not been audited)

	(UNAUDITED) 6 months ended 30/6/2012 RM'000	(UNAUDITED) 6 months ended 30/6/2011 RM'000
Net profit before tax	6,720	6,697
Adjustments for:-		
Depreciation of property, plant and equipment and investment properties	3,930	3,799
Gains on disposal of quoted investments	(724)	(1,137)
Dividend income	(467)	(678)
Interest income	(1,886)	(2,220)
Other non-cash items	12	16
Other non-operating items	(84)	0
Operating profit before changes in working capital	<u>7,501</u>	<u>6,477</u>
Changes in working capital		
Net change in current assets	(4,190)	(7,654)
Net change in current liabilities	1,407	1,820
Cash from operations	<u>4,718</u>	643
Repayment of advance from holding company	0	90,000
Tax paid	(610)	(1,545)
Net cash from operating activities	<u>4,108</u>	<u>89,098</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	84	0
Proceeds from disposal of quoted investments	5,407	7,173
Purchase of property, plant and equipment	(1,586)	(4,599)
Purchase of quoted investments	(5,063)	(4,582)
Dividend received	300	419
Interest received	1,851	1,992
Net cash from investing activities	<u>993</u>	<u>403</u>
Financing activity		
Dividends paid	(5,581)	(4,464)
Net cash used in financing activity	<u>(5,581)</u>	<u>(4,464)</u>
Net increase/(decrease) in cash and cash equivalents	(480)	85,037
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>25,964</u>	<u>116,898</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 30 June 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.

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 and 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, 30 June 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.

d) Available-for-sale financial assets

The investment in quoted securities is designated as available-for-sale financial assets at 1 January 2011 and 31 December 2011 which is in accordance with FRS and MFRS.

The reconciliation of equity from previous FRS to MFRS at the end of the comparable interim period is 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.

(i) Reconciliation of financial position

	FRS as at 30 June 2011	Effect of transition to MFRS	MFRS as at 30 June 2011
	Note		
ASSETS			
Non-Current Assets			
Property, plant and equipment	74,304	-	74,304
Investment properties	57,706	-	57,706
Available-for-sale financial assets	36,045	-	36,045
	<u>168,055</u>	<u>-</u>	<u>168,055</u>
Current Assets			
Inventories	31,843	-	31,843
Trade and other receivables	45,133	-	45,133
Cash and cash equivalents	116,898	-	116,898
	<u>193,874</u>	<u>-</u>	<u>193,874</u>
TOTAL ASSETS	<u>361,929</u>	<u>-</u>	<u>361,929</u>
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	74,408	-	74,408
Share premium	13,917	-	13,917
Other reserves	8,194	(3,983)	4,211
Retained earnings	217,735	3,983	221,718
Total Equity	<u>314,254</u>	<u>-</u>	<u>314,254</u>
Non-Current Liabilities			
Provisions	5,769	-	5,769
Deferred tax	10,197	-	10,197
Other payables	564	-	564
	<u>16,530</u>	<u>-</u>	<u>16,530</u>
Current Liabilities			
Trade and other payables	31,080	-	31,080
Taxation	65	-	65
	<u>31,145</u>	<u>-</u>	<u>31,145</u>
Total Liabilities	<u>47,675</u>	<u>-</u>	<u>47,675</u>
TOTAL EQUITY AND LIABILITIES	<u>361,929</u>	<u>-</u>	<u>361,929</u>

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 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.

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

A third 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 3 April 2012.

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
6 months ended				
30 June 2012				
Revenue				
Total sales	100,512	3,525	0	104,037
Inter segment sales	0	(120)	0	(120)
External sales	100,512	3,405	0	103,917
Results				
Profit before tax	2,366	1,277	3,077	6,720
Taxation				(1,059)
Profit for the period				5,661
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

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 30 June 2012 are as follows:

	RM'000
Property, plant and equipment	
- contracted	1,694
- not contracted	4,009
	5,703

A15) Significant related party transactions

The Group's significant related party transactions in the current financial year-to-date ended 30 June 2012 are as follows:

	Cumulative Period	
	6 months ended	
	30.06.2012	30.06.2011
	RM'000	RM'000
Sales of goods to fellow subsidiaries	13,784	14,770
Purchases of goods and services from fellow subsidiaries	1,856	1,154
Management services rendered by holding company	109	107
Rental of premises charged to fellow subsidiaries	403	409
Interest charged to holding company	1,501	919
Interest income earned from a company in which the holding company has significant influence	184	282

B1) Review of performance

Current Quarter vs. Previous Year Corresponding Quarter

Group revenue for the 2nd Quarter 2012 of RM53.8 million was an increase of 4.7% compared with that of the equivalent quarter last year. Pre-tax profit for the Group was recorded at RM4.7 million, an increase of 7.2% compared to the previous corresponding quarter. The improved performance was due to improved operating margin and higher sales volume of fibre cement building products.

Performance of the respective operating business segments for the 2nd quarter ended 30 June 2012 as compared to the previous corresponding quarter is analysed as follows:-

Building and Construction Product segment: – Group revenue increased by 4.5% in the current quarter due to increased in volume of sales in both the domestic and export sectors, whilst profitability improved due to lower cost of production and strengthening of US Dollar for the export market.

Rental segment: – Revenue increased by 11.8% or RM0.2 million which resulted in higher pre-tax profit by 39.5% or RM0.2 million compared to the previous year corresponding quarter. The improved result was due to higher rental and occupancy rates in 2012.

Other non-operating segment: - The decrease in pre-tax profit by 47.0% or RM1.2 million was mainly due to substantially lower gain from the disposal of quoted investments.

Review of performance Current Year To Date vs. Previous Year To Date

On a year to date basis, sales revenue increased by 4.4% and whereas profit before tax increased marginally by 0.3% compared to the equivalent period of last year because of lower other operating income.

Performance of the reporting operating business segments for current-year-to-date ended 30 June 2012 as compared to the previous corresponding year-to-date is analysed as follows:-

Building and Construction Product segment: – Group revenue increased by 4.1% due to better demand for fibre cement building products, whilst profit before tax was higher by 34% as a result of higher selling prices and improved US Dollar for exports.

Rental segment: – Revenue increased by 14.8% or RM0.4 million which resulted in higher pre-tax profit by 52.6% or RM0.4 million compared to the previous year corresponding quarter. The improved result was due to higher rental and occupancy rates in 2012.

Other non-operating segment: - The decrease in pre-tax profit by 24.8% or RM1.0 million was mainly due to lower dividend income and lower gain from disposal of quoted investments.

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

Profit before tax at RM4.7 million was RM2.8 million or 140% higher than that of the preceding quarter. Despite depressing selling price due to stiff competition in the domestic market, the demand for building and construction has increased resulting in higher contribution compared to the previous preceding quarter. The current quarter performance was further enhanced because of lower cost of production as a result of greater production efficiency and lower cost of major raw materials.

However, other operating income decreased by RM0.3 million or 19.6% due to lower gain from disposal of quoted investments.

B3) Prospects for the current financial year

The roll out of projects under Economic Transformation Programme should offer opportunities to the Group as it benefits from a robust building and construction industry. However, the economic outlook in Malaysia and the economies of the Company's key export markets could be dampened in the remaining part of the financial year as the effects of the ongoing economic situation in the European Union reverberates around the world.

The Group expects the second half of the year to remain challenging and uncertain. Efforts to increase selling prices in all market segments may not be sustainable. There could be significant hike in prices of key raw materials and utilities and the US Dollar may weaken. All these factors would dampen the performance of the Group in the second half of the year.

B4) Variance of actual profit from forecast profit

Not applicable.

B5) Tax

	Individual Quarter 3 months ended		Cumulative Period 6 months ended	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
In respect of current period:				
- income tax	412	70	589	317
- deferred tax	329	903	470	1,076
	741	973	1,059	1,393

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 the availability of reinvestment allowance and non-taxable income.

B6) Status of corporate proposals

The corporate proposals that have been announced by the Company but not completed as at the date of this announcement are as follows:

- (i) 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.

- (ii) On 21 May 2012, the Board of Directors of the Company ("Board") announced that it had received a letter from Boustead Holdings Berhad ("BHB"), being the major shareholder of the Company, requesting for the Company to undertake a proposed selective capital reduction and repayment ("Proposed SCR") exercise pursuant to Section 64 of the Companies Act, 1965 and proposed dividend payment of RM1.00 (net of tax) per share ("Proposed Dividend") (collectively the "Proposals"). The Board decided to present the Proposals to the shareholders of the Company for their consideration.

On 14 June 2012, the Company had announced that the Board had appointed KAF Investment Bank Berhad as independent adviser to advise the non-interested shareholders and the non-interested directors of the Company in relation to the Proposals.

On 29 June 2012, the Company had announced that the relevant applications in relation to the Proposals were submitted to the Securities Commission ("SC"), Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Equity Compliance Unit of the SC ("ECU").

On 24 July 2012, the Company had announced the receipt of letter from the ECU that it has taken note of the Proposed SCR of which the Principal Adviser, AFFIN Investment Bank Berhad must inform the SC in the event the Company remains listed on Bursa Malaysia after the Proposed SCR, whereby in such a case, equity condition may be imposed.

On 1 August 2012, the Company had announced that the SC has approved the proposed exemption under Paragraph 1.1 of Practice Note 44 of the Malaysian Code on Take-Overs and Mergers 2010 pursuant to the privatisation of the Company via the Proposed SCR.

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 30 June 2012.

B8) Derivative financial instruments

There were no outstanding derivative financial instruments as at 30 June 2012.

B9) Fair value changes of financial liabilities

The Group does not have any financial liabilities as at 30 June 2012 which are measured at fair value through profit or loss.

B10) Disclosure of realised and unrealised profits

	Current financial period 30.06.2012 RM'000	Preceding financial year 31.12.2011 RM'000 (RESTATED)
Total retained earnings:		
- Realised	236,063	236,090
- Unrealised	(16,475)	(15,930)
	219,588	220,160
Add: Consolidation adjustments	2,054	1,402
Total Group retained earnings	221,642	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 in view of the ongoing corporate exercise under the proposed selective capital reduction and repayment.

B13) Earnings per share

	Individual Quarter 3 months ended		Cumulative Period 6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
Basic earnings per share Profit for the period attributable to owners of the Company (RM'000)	4,004	3,451	5,661	5,304
Weighted average number of ordinary shares in issue ('000)	74,408	74,408	74,408	74,408
Basic earnings per share (sen)	5.38	4.64	7.61	7.13

B14) Profit before tax

	Individual Quarter 3 months ended 30.06.2012 RM'000	Cumulative Period 6 months ended 30.06.2012 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(938)	(1,886)
Other income	(318)	(467)
Depreciation and amortization	1,965	3,930
Provision for and write off of inventories	15	31
Gains on disposal of quoted investments	(57)	(724)
Foreign exchange gain	(442)	(397)
Gain on derivatives	0	(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 six months ended 30 June 2012 was RM2.89 million compared with the Economic Loss of RM3.82 million for the equivalent half year of 2011.

16) Headline key performance indicators

The Key Performance Indicators for the six months ended 30 June 2012 against the FY 2012 target were as follows:-

KPI	FY 2012 Target	FY 2012 6 months Actual
i) Return on Equity	4.45%	1.81%
ii) Pre Tax Return on Assets	4.62%	1.88%
iii) Dividend Payout Ratio	60.00%	Nil

By order of the Board
UAC Berhad

Sharifah Malek
Company Secretary
LS No. 00448
Petaling Jaya
13 August 2012