

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## **CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE QUARTER ENDED 31 MARCH 2004**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2004 RM'000	31/03/2003 RM'000	31/03/2004 RM'000	31/03/2003 RM'000
Revenue	132,170	132,232	405,097	1,769,966
Operating expenses	(120,291)	(116,660)	(360,854)	(1,622,585)
Other operating income	260	1,771*	3,057	8,289*
Operating profit	12,139	17,343	47,300	155,670
Interest expenses	(3,172)	(3,346)	(13,272)	(32,187)
Interest income	1,642	1,835	9,403	7,111
Share of profits of associates	16,232	3,890	27,485	8,273
Profit before taxation	26,841	19,722	70,916	138,867
Taxation	(3,549)	(5,539)	(7,313)	(34,078)
Profit after taxation	23,292	14,183	63,603	104,789
Minority interest	(554)	(952)	(1,913)	(33,000)
Net profit for the period	22,738	13,231	61,690	71,789
Earnings per share (sen):-				
(a) Basic	13.66	7.95	37.06	34.32
(b) Fully diluted	12.05	7.02	32.71	30.94

\* Other operating income for preceding year has been adjusted to exclude interest income.

**The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2003.**

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## **CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2004**

	As at end of current quarter	As at preceding financial year end
	31/03/2004 RM'000	30/06/2003 RM'000
Property, plant and equipment	318,332	337,604
Investment in associates	266,477	247,157
Other investments	61,662	648
Goodwill on consolidation	61,315	71,555
Deferred tax assets	7,261	7,261
Other assets	4,269	4,681
Current assets		
Inventories	93,872	87,590
Trade and other receivables	151,869	181,372
Other investments	21,004	18,542
Tax recoverable	8,155	16,918
Fixed deposits (restricted)	-	310,000
Cash and bank balances	92,665	67,480
	367,565	681,902
Current liabilities		
Trade and other payables	116,407	110,080
Short term borrowings and overdraft	149,617	469,770
Euro Convertible Bonds	74,385	-
Taxation	2,876	4,832
	343,285	584,682
Net current assets	24,280	97,220
	743,596	766,126
Share capital	167,544	166,463
Reserves	436,529	388,687
	604,073	555,150
Minority shareholders' interests	12,194	102,906
Long Term and deferred Liabilities		
Borrowings	114,971	20,646
Euro Convertible Bonds	-	76,000
Retirement benefits	3,618	3,454
Deferred tax liabilities	8,740	7,970
	127,329	108,070
	743,596	766,126
Net tangible assets per share (sen)	324	291

**The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2003.**

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## **CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2004**

	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2004 RM'000	31/03/2003 RM'000
Profit before taxation	70,916	138,867
Adjustment for:-		
Depreciation and amortisation	34,735	52,532
Share of profit of associated companies	(27,485)	(8,273)
Non cash items	(18,123)	124
Net financing cost	3,869	25,076
Operating profit before changes in working capital	63,912	208,326
Changes in working capital		
Net change in long term / current assets	23,588	9,779
Net change in current liabilities	6,328	(7,028)
Taxation refund / (paid)	3,474	(27,581)
Other operating income	5,989	1,720
Net financing cost paid	(3,869)	(25,076)
Net cash flows generated from operating activities	99,422	160,140
Investing Activities		
Withdrawal/ (placement) of restricted fixed deposits	310,000	(310,000)
Equity investments	(58,081)	(364,329)
Other investments	(4,923)	(61,260)
Net cash flows generated from / (used in) investing activities	246,996	(735,589)
Financing Activities		
Dividend paid	(15,307)	(14,578)
Cash distribution to minority shareholders of a subsidiary	(80,098)	-
Securities issued	-	494,181
Proceeds from subsidiaries' ESOS	-	2,858
Net repayment of bank borrowings	(216,462)	(115,724)
Net cash flows (used in) / generated from financing activities	(311,867)	366,737
Net change in cash and cash equivalents	34,551	(208,712)
Translation difference on cash and cash equivalents	-	(1,939)
Cash & cash equivalents at beginning of period	45,437	253,432
Cash & cash equivalents at end of period	79,988	42,781

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	31/03/2004 RM'000	31/03/2003 RM'000
Cash and bank balances	92,665	74,687
Bank overdraft	(12,677)	(31,906)
	79,988	42,781

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2003.**

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## **CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2004**

	Share capital	Reserve attributable to capital	Reserve attributable to revenue	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 31 March 2004</b>					
At 1 July 2003	166,463	22,986	18,872	346,829	555,150
Net profit for the period				61,690	61,690
Dividend paid				(14,382)	(14,382)
Conversion of Euro Convertible Bonds	1,081	534			1,615
At 31 March 2004	167,544	23,520	18,872	394,137	604,073
<b>Preceding year corresponding period ended 31 March 2003</b>					
At 1 July 2002	249,293	110,965	19,685	501,667	881,610
Net profit for the period				71,789	71,789
Dividend paid				(11,983)	(11,983)
Issue of share capital	748,411	244,527		(498,757)	494,181
Capital distribution	(831,262)	(332,504)	4,607	255,421	(903,738)
At 31 March 2003	166,442	22,988	24,292	318,137	531,859

**The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 30 June 2003.**

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

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**The figures have not been audited**

### **1. Accounting policies and methods of computation**

The interim financial report has been prepared in accordance with Malaysian Accounting Standard Board ("MASB") 26 "Interim Financial Reporting" and should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2003 except for the adoption of MASB 28 "Discontinuing Operations" and MASB 29 "Employee Benefits".

The adoption of the above MASB standards does not have any material effect on the financial results of the Group for the financial year-to-date nor shareholders' funds of the Group.

### **2. Qualification of audit report of the preceding annual financial statements**

The audit report for the preceding annual financial statements was not qualified.

### **3. Seasonality or cyclicity of interim operations**

The Group's operation is not affected materially by any seasonal / cyclical factors.

### **4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence for the current quarter under review.

### **5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years**

There were no changes in estimates of amounts reported in the prior financial years.

### **6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current year-to-date other than as mentioned below:-

- (i) The Executive Share Option Scheme ("ESOS") of the Company was implemented with effect from 24 December 1999. During the current financial year-to-date, there were no new ordinary shares of RM1.00 each issued and allotted pursuant to the exercise of the ESOS.
- (ii) There was no share buy back during the current year-to-date.
- (iii) The Company has a total of USD20.0 million Euro Convertible Bonds ("ECB") which the bondholders have a put option to require the Company to redeem the ECB on 31 December 2004 ("Put Option Date") at its nominal value. The ECB also entitles the bondholders to convert the ECB into 24,753,120 ordinary shares of RM1.00 each of the Company at a conversion price of RM1.00 per share with a fixed exchange rate on conversion of RM2.544 = USD1.00 by 5 January 2006 ("Conversion Rights"). The Conversion Rights would only settle USD9.73 million of the total ECB in which the balance of USD10.27 million would be redeemed by the Company on Put Option Date.

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004

### The figures have not been audited

During the current financial year-to-date, additional 1,081,200 new ordinary shares of RM1.00 each of the Company were issued and allotted arising from the conversion of USD425,000 nominal value of ECB.

#### 7. Dividends paid

During the current financial year-to-date, the Company paid a gross first interim dividend of 12.0 sen per share less tax amounting to RM14.38 million on 30 December 2003.

#### 8. Segmental reporting

The Group's segmental report for the current year-to-date are as follows:-

	Building Boards & Panels	Concrete Products	Others	Total
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>237,637</b>	<b>121,007</b>	<b>46,453</b>	<b>405,097</b>
<b>Results</b>				
Segment results	30,789	4,210	13,189	48,188
Unallocated corporate expenses				(888)
Share of profits of associates				
-Steel products				23,997
-Others				3,488
Operating profit				74,785
Interest Expenses				(13,272)
Interest income				9,403
Profit before taxation				70,916
Taxation				(7,313)
Profit after taxation				63,603
Minority interest				(1,913)
Net profit for the period				61,690

#### 9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

#### 10. Material events not reflected in the financial statements

There are no material subsequent events to be disclosed as at the date of this report other than as mentioned below:-

The Company and its wholly-owned subsidiary, Hume Plastics (Malaysia) Sdn Berhad had, on 6 May 2004, entered into a Sale and Purchase Agreement with IJM Corporation Berhad ("IJM") to dispose of an aggregate of 33,955,080 ordinary shares of RM1.00 each in Industrial Concrete Products Berhad ("ICP"), representing 32.41% of the issued and paid up capital of ICP, to IJM for a total cash consideration of RM95,074,224 or RM2.80 per ICP share.

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

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**The figures have not been audited**

### **11. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations other than as mentioned below:-

- (i) The following wholly-owned subsidiaries of the Company had been placed under member's voluntary liquidation pursuant to Section 254(1)(b) of the Companies Act, 1965. The liquidations are currently pending tax clearance from the Inland Revenue Board :-

- (a) Dynamic Link Resources Sdn Bhd;
- (b) Streamascend Sdn Bhd;
- (c) Hume Poly Products Sdn Bhd;
- (d) Concrete Products Marketing Sdn Bhd; and

### **12. Contingent liabilities or contingent assets**

There are no contingent liabilities or contingent assets as at the date of this report.

### **13. Review of performance**

The Group recorded a revenue and profit before taxation ("PBT") of RM132.2 million and RM26.8 million respectively for the current quarter under review as compared with RM132.2 million and RM19.7 million respectively in the preceding year's corresponding quarter.

The increase in PBT, in comparison with the preceding year's corresponding quarter, is mainly due to higher contribution from an associated company which includes an exceptional gain on insurance claim received by the associated company in the current quarter.

### **14. Material changes in profit before taxation**

For the quarter under review, the Group recorded a profit before taxation ("PBT") of RM26.8 million as compared with a PBT of RM21.5 million for the preceding quarter.

The improvement is mainly attributable to the better contribution from an associated company as explained in note 13 above.

### **15. Prospects**

Barring any unforeseen circumstances, the Group expects its performance to be satisfactory for the current financial year ending 30 June 2004.

### **16. Profit forecast / profit guaranteed**

This note is not applicable.

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## **17. Taxation**

Taxation comprise :-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To- Date	Preceding Year Corresponding Period
	31/03/2004 RM'000	31/03/2003 RM'000	31/03/2003 RM'000	31/03/2004 RM'000
Current taxation				
Malaysian				
- Current Year	1,390	2,702	5,056	13,751
- Prior Years	(307)	1,313	(1,515)	1,313
Overseas				
- Current Year				14,152
Deferred taxation				
- Current Year	64	1,023	770	3,812
Share of associated companies' taxation	2,402	501	3,002	1,050
	<u>3,549</u>	<u>5,539</u>	<u>7,313</u>	<u>34,078</u>

The Group's effective tax rate is lower than the statutory tax rate mainly due to tax incentives / allowances granted to certain subsidiaries.

## **18. Sale of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties for the current quarter and year-to-date.

## **19. Quoted securities**

- (a) There were no purchases or disposals of quoted securities (other than securities in existing subsidiaries and associated companies) for the current quarter and year-to-date other than as mentioned below:-

	Current Year Quarter	Current Year To-Date
	31/03/2004 RM'000	31/03/2004 RM'000
(i) Purchases	<u>1,357</u>	<u>61,014</u>
(ii) Disposal		
Sale proceeds	-	1,532
Cost of investment	-	(451)
Gain on disposal	<u>-</u>	<u>1,081</u>



# QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004

The figures have not been audited

## 19. Quoted securities (Cont'd)

(b) Particulars of investments in quoted securities as at 31 March 2004 :-

At cost :	RM'000
- Associated Companies	225,307
- Others	105,218
	<u>330,525</u>
At book value :	
- Associated Companies	266,063
- Others	82,019
	<u>348,082</u>
At market value :	
- Associated Companies	340,324
- Others	179,053
	<u>519,377</u>

## 20. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

## 21. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 March 2004 are as follows :-

	RM'000
(i) Unsecured short term borrowings and overdraft	224,002
(ii) Unsecured long term borrowings	114,971
	<u>338,973</u>

The above include borrowing denominated in foreign currency as follows:-

	RM'000
USD borrowings	74,385

## 22. Financial instruments with off balance sheet risk

Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

The off balance sheet risk financial instruments balance as at 5 May 2004 are as follow :

	Contract amount
	RM'000
▪ Foreign exchange forward contracts	13,799

The above contracts are maturing within a period of 6 months.

## **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

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### **The figures have not been audited**

There is minimal credit and market risk because the contracts were executed with established financial institutions.

Gains and losses on foreign exchange contracts are recognised in the income statements upon realisation.

#### **23. Changes in material litigation**

There is no material litigation as at the date of this report.

#### **24. Dividend**

- (a) The Board has declared a gross second interim dividend of 4 sen per share tax exempt and 10 sen per share less tax for the quarter ended 31 March 2004 of the financial year ending 30 June 2004 (2002/2003: 2 sen per share tax exempt and 10 sen per share less tax) to be paid on 29 June 2004 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 21 June 2004.

This is to inform that a Depositor shall qualify for the entitlement only in respect of :-

- (i) Shares transferred into the Depositor's securities account before 4.00 p.m. on 21 June 2004 in respect of transfers; and
  - (ii) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to Bursa Malaysia Securities Berhad Listing Requirement.
- (b) For the financial year-to-date, a total gross dividend of 4 sen per share tax exempt and 22 sen per share less tax has been declared (2002/2003: 2 sen per share tax exempt and 20 sen per share less tax).

#### **25. Earnings per share**

##### **Basic earnings per share**

The calculation of basic earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders of RM22,738,000 (2002/2003 : RM13,231,000) and the weighted average number of ordinary shares outstanding during the quarter of 166,462,551 (2002/2003: 166,323,993).

The calculation of basic earnings per ordinary share for the current year-to-date is based on the net profit attributable to ordinary shareholders of RM61,690,000 (2002/2003 : RM71,789,000) and the weighted average number of ordinary shares outstanding during the current year-to-date of 166,462,551 (2002/2003: 209,179,090).

# **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2004**

**The figures have not been audited**

## 25. **Earnings per share (cont'd)**

### **Basic earnings per share (con'd)**

Weighted average number of ordinary shares

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year-To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/03/2004 '000</b>	<b>31/03/2003 '000</b>	<b>31/03/2004 '000</b>	<b>31/03/2004 '000</b>
Issued ordinary shares at beginning of period	166,463	166,252	166,463	249,293
Effect of issue of shares on exercise of ESOS	-	72	-	139
Effect of Rights Issue	-	-	-	146,023
Effect of Capital Distribution	-	-	-	(186,276)
Weighted average number of ordinary shares	166,463	166,324	166,463	209,179

### **Diluted earnings per share**

The calculation of diluted earnings per ordinary share for the current quarter is based on the net profit attributable to ordinary shareholders (diluted) of RM22,906,000 (2002/2003 : RM13,423,000) and the weighted average number of ordinary shares (diluted) outstanding during the quarter of 190,134,471 (2002/2003 : 191,077,113).

The calculation of diluted earnings per ordinary share for the current year-to-date is based on the net profit attributable to ordinary shareholders (diluted) of RM62,199,000 (2002/2003 : RM72,375,000) and the weighted average number of ordinary shares (diluted) outstanding during the year-to-date of 190,134,471 (2002/2003 : 233,932,210).

Net profit attributable to ordinary shareholders (diluted)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year-To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/12/2003 RM'000</b>	<b>31/12/2002 RM'000</b>	<b>31/12/2003 RM'000</b>	<b>31/12/2002 RM'000</b>
Net profit attributable to ordinary shareholders	22,738	13,231	61,690	71,789
After tax effect of notional interest savings on Euro Convertible Bonds ("ECB")	168	192	509	586
Net profit attributable to ordinary shareholders (diluted)	22,906	13,423	62,199	72,375

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER  
ENDED 31 MARCH 2004**

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**25. Earnings per share (cont'd)**

**Diluted earnings per share (cont'd)**

Weighted average number of ordinary shares (diluted)

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year- To-Date</b>	<b>Preceding Year Corresponding Period</b>
	<b>31/12/2003 '000</b>	<b>31/12/2002 '000</b>	<b>31/12/2003 '000</b>	<b>31/12/2002 '000</b>
Weighted average number of ordinary shares (basic)	166,463	166,324	166,463	209,179
Effect of shares to be issued on conversion of ECB	23,671	24,753	23,671	24,753
Weighted average number of ordinary shares (diluted)	190,134	191,077	190,134	233,932

By Order of the Board  
Hume Industries (Malaysia) Berhad

Loh Bee Hong  
Company Secretary

Kuala Lumpur  
10 May 2004