

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Revenue	149,899	158,227	149,899	158,227
Cost of sales	(104,838)	(105,427)	(104,838)	(105,427)
Gross profit	45,061	52,800	45,061	52,800
Operating expenses	(31,439)	(28,908)	(31,439)	(28,908)
Other operating income	595	938	595	938
Operating profit	14,217	24,830	14,217	24,830
Interest income	298	200	298	200
Finance costs	(3,352)	(4,843)	(3,352)	(4,843)
Profit before taxation	11,163	20,187	11,163	20,187
Taxation	(3,141)	(4,717)	(3,141)	(4,717)
Profit for the period attributable to owners of the Company	8,022	15,470	8,022	15,470

Earnings per ordinary share (sen):-

(a) Basic	1.67	3.23	1.67	3.23
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Profit for the period	8,022	15,470	8,022	15,470
Foreign currency translation differences for foreign operations	(8)	62	(8)	62
Cash flow hedge	-	(1,970)	-	(1,970)
Total comprehensive income for the period	8,014	13,562	8,014	13,562

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
30 SEPTEMBER 2016

	As at end of current quarter 30/09/2016 RM'000	As at end of preceding financial year 30/06/2016 RM'000
ASSETS		
Property, plant and equipment	1,146,661	1,149,480
Deferred tax assets	9,611	9,657
Tax credit receivables	72,302	72,302
Total non-current assets	<u>1,228,574</u>	<u>1,231,439</u>
Inventories	84,092	80,334
Trade and other receivables	72,055	74,052
Current tax assets	1,662	763
Derivative financial assets	48	-
Cash and cash equivalents	83,705	172,747
Total current assets	<u>241,562</u>	<u>327,896</u>
TOTAL ASSETS	<u>1,470,136</u>	<u>1,559,335</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(35,122)	(43,136)
TOTAL EQUITY	<u>443,972</u>	<u>435,958</u>
LIABILITIES		
Borrowings	337,150	371,718
Deferred tax liabilities	60,923	57,018
Deferred income	57,134	58,040
Employee benefits	907	896
Total non-current liabilities	<u>456,114</u>	<u>487,672</u>
Trade and other payables	160,396	168,074
Borrowings	405,325	463,636
Deferred income	3,627	3,627
Current tax liabilities	40	28
Derivative financial liabilities	662	340
Total current liabilities	<u>570,050</u>	<u>635,705</u>
TOTAL LIABILITIES	<u>1,026,164</u>	<u>1,123,377</u>
TOTAL EQUITY AND LIABILITIES	<u>1,470,136</u>	<u>1,559,335</u>
Net assets per share attributable to owners of the Company (RM)	0.93	0.91

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 SEPTEMBER 2016

	Share capital	Hedging reserve	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2016					
At 1 July 2016	479,094	-	64	(43,200)	435,958
Profit for the period	-	-	-	8,022	8,022
Other comprehensive expense – foreign currency translation difference	-	-	(8)	-	(8)
Total comprehensive (expense)/ income for the period	-	-	(8)	8,022	8,014
At 30 September 2016	479,094	-	56	(35,178)	443,972
Preceding year corresponding period ended 30 September 2015					
At 1 July 2015	479,094	1,970	54	(77,577)	403,541
Profit for the period	-	-	-	15,470	15,470
Other comprehensive (expense)/ income	-	-	-	-	-
– foreign currency translation difference	-	-	62	-	62
– Cash flow hedge	-	(1,970)	-	-	(1,970)
Total comprehensive (expense)/ income for the period	-	(1,970)	62	15,470	13,562
At 30 September 2015	479,094	-	116	(62,107)	417,103

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2016

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,163	20,187
Adjustments for:-		
Depreciation and amortisation	9,896	8,978
Non cash items	4,192	(2,431)
Dividend income	(552)	(429)
Net financing costs	3,054	4,643
Operating profit before changes in working capital	27,753	30,948
Changes in working capital		
Net change in current assets	(2,799)	(4,010)
Net change in current liabilities	(7,890)	31,121
Taxation paid	(79)	(353)
Net financing costs paid	(3,383)	(4,643)
Dividend received	552	429
Net cash generated from operating activities	14,154	53,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(10,117)	(193,949)
Proceeds from disposal of property, plant and equipment	144	-
Net cash used in from investing activities	(9,973)	(193,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	210,079	227,500
Repayments of borrowings	(303,282)	(59,784)
Net cash (used in)/generated from financing activities	(93,203)	167,716
NET CHANGE IN CASH AND CASH EQUIVALENTS	(89,022)	27,259
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	172,747	52,350
EFFECT ON FOREIGN EXCHANGE	(20)	62
CASH & CASH EQUIVALENTS AT END OF PERIOD	83,705	79,671

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:

	30/09/2016 RM'000	30/09/2015 RM'000
Deposits, cash and bank balances	83,705	79,671

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2016.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting” and the applicable disclosure provisions 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 financial year ended 30 June 2016. This interim financial report also complies with International Accounting Standards 34 “Interim Financial Reporting” issued by the International Accounting Standards Board.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2016.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2016 where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements 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

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.

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 during the quarter under review and financial year-to-date.

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 prior financial years.

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

There were no issuance of shares, share buy-back, share cancellations, resale of treasury shares or repayments of debt or equity securities during the quarter under review and financial year-to-date.

7. Dividend

There was no dividend paid during the quarter under review and financial year-to-date.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

The figures have not been audited

8. Operating Segments

The Group's segmental report for the financial year-to-date is as follows: -

	Construction Materials RM'000
Reportable segment profit	<u>14,339</u>
Included in the measure of segment profit are:	
Revenue from external customers	139,872
Depreciation and amortisation	<u>9,780</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segment	14,339
Non-reportable segments	(122)
Interest income	298
Finance costs	(3,352)
Consolidated profit before taxation	<u>11,163</u>
	External Revenue RM'000
Reportable segment	139,872
Non-reportable segment	10,027
Total	<u>149,899</u>
	Depreciation and amortisation RM'000
Reportable segment	9,780
Non-reportable segment	116
Total	<u>9,896</u>

9. Material events not reflected in the financial statements

There are no material subsequent events to be disclosed as at the date of this report.

10. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM150 million and a profit before taxation (“PBT”) of RM11 million as compared with a revenue and PBT of RM158 million and RM20 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2016 (“FY 2016”). The decrease in PBT was mainly due to lower average selling price and higher operating expenses.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM11 million for the quarter under review as compared with RM7 million in the preceding quarter. The increase in PBT in the quarter under review was mainly attributable to lower production costs for the construction materials business.

13. Prospects

Barring any unforeseen circumstances, the Board expects the Group’s performance to be satisfactory for the financial year ending 30 June 2017.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2016 RM'000	30/09/2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(552)	(552)
Depreciation and amortisation	9,896	9,896
Reversal of allowance of impairment of trade receivables	(1,864)	(1,864)
Provision for and write off of inventories	1,138	1,138
Loss on foreign exchange	1,593	1,593
Fair value loss on derivative instruments	390	390
Gain on disposal of quoted/unquoted investments or properties	-	-
Impairment of property, plant and equipment	-	-

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2016

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16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2016 RM'000	30/09/2015 RM'000	30/09/2016 RM'000	30/09/2015 RM'000
Current taxation				
Malaysian - current year	(810)	1,025	(810)	1,025
- prior year	1	-	1	-
	(809)	1,025	(809)	1,025
Deferred taxation				
Malaysian - current year	3,904	3,692	3,904	3,692
- prior year	46	-	46	-
	3,952	3,692	3,952	3,692
	3,141	4,717	3,141	4,717

The Group's effective tax rate for the financial year-to-date is higher than statutory tax rate due to temporary timing difference of recognition for the recovery of expenses.

17. **Corporate proposals**

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

18. **Group's borrowings and debt securities**

Particulars of the Group's borrowings and debt securities as at 30 September 2016 are as follows:-

	RM'000
Unsecured short term borrowings	405,325
Unsecured long term borrowings	337,150
	<u>742,475</u>

The above include borrowings denominated in foreign currencies as follows:-

	RM'000
USD	<u>148,983</u>

19. **Changes in material litigation**

There are no material litigations as at the date of this report.

HUME INDUSTRIES BERHAD
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30 SEPTEMBER 2016

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20. Dividend

- (a) The Board does not recommend any interim dividend for the quarter ended 30 September 2016 of the financial year ending 30 June 2017 (2015/2016: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2015/2016: Nil).

21. Earnings Per Ordinary Share

- (a) Basic earnings per ordinary share

The basic earnings per ordinary share for the quarter under review/ financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM8,022,000 (1st quarter 2015/2016: RM15,470,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (1st quarter 2015/2016: 479,093,800).

- (b) Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the quarter under review / financial year-to-date and preceding year corresponding quarter / period as there were no dilutive potential ordinary shares.

22. Realised and unrealised profits /(losses) disclosure

The breakdown of the accumulated losses of the Group, into realised and unrealised profits/ (losses) are as follows:-

	As At End of Current Quarter	As At End of Preceding Financial Year
	30/09/2016 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	223,152	215,655
- unrealised	(49,521)	(50,046)
	173,631	165,609
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	(35,178)	(43,200)

By Order of the Board
Hume Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
9 November 2016