

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Revenue	161,781	149,899	161,781	149,899
Cost of sales	(123,560)	(104,838)	(123,560)	(104,838)
Gross profit	38,221	45,061	38,221	45,061
Operating expenses	(36,785)	(31,439)	(36,785)	(31,439)
Other operating income	6,639	595	6,639	595
Operating profit	8,075	14,217	8,075	14,217
Interest income	208	298	208	298
Finance costs	(7,686)	(3,352)	(7,686)	(3,352)
Profit before taxation	597	11,163	597	11,163
Taxation	(148)	(3,141)	(148)	(3,141)
Profit for the period attributable to owners of the Company	449	8,022	449	8,022
Earnings per ordinary share (sen):-				
(a) Basic	0.09	1.67	0.09	1.67
(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 2017.

HUME INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2017 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Profit for the period	449	8,022	449	8,022
Foreign currency translation differences for foreign operations	(9)	(8)	(9)	(8)
Total comprehensive income for the period	<u>440</u>	<u>8,014</u>	<u>440</u>	<u>8,014</u>

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 2017.

HUME INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
30 SEPTEMBER 2017

	As at end of current quarter 30/09/2017 RM'000	As at end of preceding financial year 30/06/2017 RM'000
ASSETS		
Property, plant and equipment	1,104,615	1,120,489
Deferred tax assets	11,783	11,783
Tax credit receivables	156,146	156,146
Total non-current assets	<u>1,272,544</u>	<u>1,288,418</u>
Inventories	91,196	87,716
Trade and other receivables	79,061	86,134
Current tax assets	2,087	1,522
Cash and cash equivalents	59,238	102,193
Total current assets	<u>231,582</u>	<u>277,565</u>
TOTAL ASSETS	<u><u>1,504,126</u></u>	<u><u>1,565,983</u></u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(33,565)	(34,005)
TOTAL EQUITY	<u>445,529</u>	<u>445,089</u>
LIABILITIES		
Borrowings	239,837	354,594
Deferred tax liabilities	66,784	65,940
Deferred income	130,719	132,673
Employee benefits	536	527
Total non-current liabilities	<u>437,876</u>	<u>553,734</u>
Trade and other payables	126,037	151,963
Borrowings	486,759	407,314
Deferred income	7,817	7,817
Derivative financial liabilities	108	66
Total current liabilities	<u>620,721</u>	<u>567,160</u>
TOTAL LIABILITIES	<u>1,058,597</u>	<u>1,120,894</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,504,126</u></u>	<u><u>1,565,983</u></u>
Net assets per share attributable to owners of the Company (RM)	0.93	0.93

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 SEPTEMBER 2017

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2017				
At 1 July 2017	479,094	61	(34,066)	445,089
Profit for the period	-	-	449	449
Other comprehensive income – foreign currency translation difference	-	(9)	-	(9)
Total comprehensive income for the period	-	(9)	449	440
At 30 September 2017	479,094	52	(33,617)	445,529
Preceding year corresponding period 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 income – foreign currency translation difference	-	(8)	-	(8)
Total comprehensive income for the period	-	(8)	8,022	8,014
At 30 September 2016	479,094	56	(35,178)	443,972

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 2017.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2017

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	597	11,163
Adjustments for:-		
Depreciation and amortisation	16,835	9,896
Non cash items	(3,110)	4,192
Dividend income	(116)	(552)
Net financing costs	7,478	3,054
Operating profit before changes in working capital	21,684	27,753
Changes in working capital		
Net change in current assets	3,791	(2,799)
Net change in current liabilities	(24,954)	(7,890)
Taxation refunded/ (paid)	132	(79)
Net financing costs paid	(7,478)	(3,383)
Dividend received	116	552
Net cash (used in)/ generated from operating activities	(6,709)	14,154
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,459)	(10,117)
Proceeds from disposal of property, plant and equipment	2	144
Net cash used in investing activities	(1,457)	(9,973)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	249,976	210,079
Repayments of borrowings	(284,756)	(303,282)
Net cash used in financing activities	(34,780)	(93,203)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(42,946)	(89,022)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	102,193	172,747
EFFECT ON FOREIGN EXCHANGE	(9)	(20)
CASH & CASH EQUIVALENTS AT END OF PERIOD	59,238	83,705

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

	30/09/2017 RM'000	30/09/2016 RM'000
Deposits, cash and bank balances	59,238	83,705

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2017.

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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 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 2017. 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 2017 except for the adoption of MFRS 9 Financial Instruments on 1 July 2017. The adoption of MFRS 9 does not have any material impact on the financial statements of the Group except for the following:

- **Classification of financial assets and financial liabilities**

Equity investments held by the Group were previously classified as fair value through profit or loss and available for sale where the fair value gains or losses were recognised in the profit or loss and other comprehensive income respectively. The fair value gain or loss recognised in other comprehensive income was recycled to profit or loss upon disposal of the financial asset. In accordance with MFRS 9, the Group’s equity investments are measured at fair value, and the Group elected to recognise the fair value gain or loss in the other comprehensive income. Such fair value gain or loss is not permitted to be recycled to profit or loss upon disposal of the equity instrument.

The Group has also adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2017 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.

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

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>8,502</u>
Included in the measure of segment profit are:	
Revenue from external customers	155,306
Depreciation and amortisation	<u>16,760</u>

Reconciliation of reportable segment profit

Profit	
Reportable segment	8,502
Non-reportable segments	(427)
Interest income	208
Finance costs	(7,686)
Consolidated profit before taxation	<u>597</u>

	External Revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	155,306	16,760
Non-reportable segment	6,475	75
Total	<u>161,781</u>	<u>16,835</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.

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11. Review of performance

For the quarter under review, the Group recorded revenue of RM161.8 million and profit before taxation (“PBT”) of RM0.6 million as compared with revenue and PBT of RM149.9 million and RM11.2 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2017 (“FY 2017”).

The higher revenue recorded for the quarter under review was due to higher sales volume. The decline in PBT despite the higher revenue was mainly due to lower selling prices and higher operating costs.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM0.6 million for the quarter under review as compared with a PBT of RM1.3 million for the preceding quarter. The decrease in the PBT for the quarter under review was mainly attributable to lower sales volume.

13. Prospects

Although the business environment is expected to remain challenging in this financial year ending 30 June 2018, demand for cement and concrete products is anticipated to improve with the implementation of major infrastructure projects.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2017 RM'000	30/09/2017 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(116)	(116)
Depreciation and amortisation	16,835	16,835
Reversal of allowance of impairment of trade receivables	(17)	(17)
Provision for and write off of inventories	977	977
Gain on foreign exchange	(553)	(553)
Fair value gain on derivative instruments	-	-
Gain on disposal of quoted/unquoted investments	-	-
Impairment of property, plant and equipment	-	-

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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
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Current taxation				
Malaysian - current year	(696)	(810)	(696)	(810)
- prior year	-	1	-	1
	(696)	(809)	(696)	(809)
Deferred taxation				
Malaysian - current year	844	3,904	844	3,904
- prior year	-	46	-	46
	844	3,952	844	3,952
	148	3,141	148	3,141

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 2017 are as follows:-

	RM'000
Unsecured short term borrowings	486,759
Unsecured long term borrowings	239,837
	<u>726,596</u>

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

	RM'000
USD	<u>33,363</u>

The Group's borrowings have decreased due to repayment of term loan.

19. **Changes in material litigation**

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

20. **Dividend**

(a) The Board does not recommend any interim dividend for the quarter ended 30 September 2017 of the financial year ending 30 June 2018 (2016/2017: Nil).

(b) For the financial year-to-date, no dividend has been declared (2016/2017: Nil).

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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 RM449,000 (1st quarter 2016/2017: RM8,022,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (1st quarter 2016/2017: 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
	30/09/2017 RM'000	30/06/2017 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	232,364	234,740
- unrealised	(57,172)	(59,997)
	<u>175,192</u>	<u>174,743</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(33,617)</u>	<u>(34,066)</u>

By Order of the Board
Hume Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
08 November 2017