

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2016

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Revenue	145,499	172,697	455,112	301,018
Cost of sales	(101,656)	(112,897)	(308,941)	(201,052)
Gross profit	43,843	59,800	146,171	99,966
Operating expenses	(29,441)	(31,222)	(88,501)	(52,446)
Other operating income	4,957	626	10,432	820
Operating profit	19,359	29,204	68,102	48,340
Interest income	269	36	712	145
Finance costs	(3,776)	(4,340)	(12,924)	(7,155)
Profit before taxation	15,852	24,900	55,890	41,330
Taxation	(4,670)	(5,630)	(15,231)	(9,732)
Profit for the period attributable to owners of the Company	11,182	19,270	40,659	31,598

Earnings per ordinary share (sen):-

(a) Basic	2.33	4.02	8.49	10.62
(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 2015.

HUME INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2016 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Profit for the period	11,182	19,270	40,659	31,598
Foreign currency translation differences for foreign operations	(35)	30	7	55
Cash flow hedge	(126)	-	(2,096)	-
Total comprehensive income for the period	11,021	19,300	38,570	31,653

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 2015.

HUME INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
31 MARCH 2016

	As at end of current quarter 31/03/2016 RM'000	As at end of preceding financial year 30/06/2015 RM'000
ASSETS		
Property, plant and equipment	1,140,460	829,517
Deferred tax assets	9,693	8,770
Tax credit receivables	72,302	72,302
Total non-current assets	<u>1,222,455</u>	<u>910,589</u>
Inventories	90,576	89,535
Trade and other receivables	92,973	114,789
Current tax assets	-	321
Derivative financial assets	199	4,870
Cash and cash equivalents	79,845	52,350
Total current assets	<u>263,593</u>	<u>261,865</u>
TOTAL ASSETS	<u>1,486,048</u>	<u>1,172,454</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(36,983)	(75,553)
TOTAL EQUITY	<u>442,111</u>	<u>403,541</u>
LIABILITIES		
Borrowings	378,401	296,063
Deferred tax liabilities	57,321	43,487
Deferred income	58,946	61,664
Employee benefits	1,188	1,128
Total non-current liabilities	<u>495,856</u>	<u>402,342</u>
Trade and other payables	176,342	231,170
Borrowings	366,418	131,403
Deferred income	3,627	3,627
Current tax liabilities	412	371
Derivative financial liabilities	1,282	-
Total current liabilities	<u>548,081</u>	<u>366,571</u>
TOTAL LIABILITIES	<u>1,043,937</u>	<u>768,913</u>
TOTAL EQUITY AND LIABILITIES	<u>1,486,048</u>	<u>1,172,454</u>
Net assets per share attributable to owners of the Company (RM)	0.92	0.84

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 MARCH 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 31 March 2016					
At 1 July 2015	479,094	1,970	54	(77,577)	403,541
Profit for the period	-	-	-	40,659	40,659
Other comprehensive (expense)/ income					
– foreign currency translation difference	-	-	7	-	7
– Cash flow hedge	-	(2,096)	-	-	(2,096)
Total comprehensive (expense)/ income for the period	-	(2,096)	7	40,659	38,570
At 31 March 2016	479,094	(126)	61	(36,918)	442,111
Preceding year corresponding period ended 31 March 2015					
At 1 July 2014	62,188	-	(5)	(44,104)	18,079
Profit for the period	-	-	-	31,598	31,598
Other comprehensive income					
– foreign currency translation difference	-	-	55	-	55
Total comprehensive income for the period	-	-	55	31,598	31,653
Capital Reduction	(31,094)	-	-	31,094	-
Issue of ordinary shares	448,000	-	-	-	448,000
Goodwill on acquisition of common control subsidiary companies	-	-	-	(102,192)	(102,192)
At 31 March 2015	479,094	-	50	(83,604)	395,540

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 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 31 MARCH 2016

	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2016 RM'000	31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	55,890	41,330
Adjustments for:-		
Depreciation and amortisation	28,168	15,118
Non cash items	(4,421)	(400)
Dividend income	(675)	(220)
Net financing costs	12,212	7,009
Operating profit before changes in working capital	91,174	62,837
Changes in working capital		
Net change in current assets	22,104	(6,500)
Net change in current liabilities	(50,722)	8,228
Taxation paid	(1,301)	(604)
Net financing costs paid	(12,212)	(7,009)
Dividend received	675	220
Net cash generated from operating activities	49,718	57,172
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(339,597)	(136,253)
Proceeds from disposal of property, plant and equipment	27	61
Cash and cash equivalents of subsidiary companies acquired	-	94,528
Net cash used in from investing activities	(339,570)	(41,664)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	776,027	50,648
Repayments of borrowings	(458,687)	-
Net cash generated from financing activities	317,340	50,648
NET CHANGE IN CASH AND CASH EQUIVALENTS	27,488	66,156
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	52,350	7,473
EFFECT ON FOREIGN EXCHANGE	7	55
CASH & CASH EQUIVALENTS AT END OF PERIOD	79,845	73,684

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

	31/03/2016 RM'000	31/03/2015 RM'000
Deposits, cash and bank balances	79,845	73,684

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2015.

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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 2015. 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 2015.

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

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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>71,615</u>
Included in the measure of segment profit are:	
Revenue from external customers	444,184
Depreciation and amortisation	<u>27,773</u>

Reconciliation of reportable segment profit

Profit	
Reportable segment	71,615
Non-reportable segments	(3,513)
Interest income	712
Finance costs	(12,924)
Consolidated profit before taxation	<u>55,890</u>

	External Revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	444,184	27,773
Non-reportable segment	10,928	395
Total	<u>455,112</u>	<u>28,168</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 other than as mentioned below:

Hume Concrete Sdn Bhd, a wholly-owned subsidiary of the Company, had, on 2 February 2016, incorporated a wholly-owned subsidiary in the Republic of Singapore known as Hume Concrete Singapore Pte. Ltd. ("Hume Concrete Singapore") with an issued and paid up capital of Singapore Dollar 1.00 comprising 1 ordinary share. The intended principal activities of Hume Concrete Singapore are sales and marketing of concrete and concrete related products.

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11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM145.5 million and a profit before taxation (“PBT”) of RM15.9 million as compared with a revenue of RM172.7 million and a PBT of RM24.9 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2015 (“FY 2015”). The decrease in PBT was mainly due to lower revenue and higher production costs recorded for the construction materials business.

For the financial year-to-date, the Group recorded a revenue of RM455.1 million and a PBT of RM55.9 million respectively as compared with a revenue and PBT of RM301.0 million and RM41.3 million recorded in the corresponding period of FY 2015. The higher revenue and PBT of the Group were mainly attributable to the newly acquired construction materials business following the completion of the acquisitions of the entire equity interests in Hume Concrete Sdn Bhd and Hume Cement Sdn Bhd in the second quarter of FY 2015.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM15.9 million for the quarter under review as compared with a PBT of RM19.9 million in the preceding quarter. The decrease in the PBT was mainly due to lower revenue recorded for 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 2016.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	31/03/2016 RM'000	31/03/2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(112)	(675)
Depreciation and amortisation	9,478	28,168
Allowance of impairment and write off/(Reversal of impairment) of trade receivables	69	(73)
Provision for and write off of inventories	2,563	8,794
Gain on foreign exchange	(5,394)	(8,207)
Fair value loss on derivative instruments	718	1,179
Gain on disposal of quoted/unquoted investments or properties	-	-
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
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Current taxation				
Malaysian - current year	81	454	1,617	340
- prior year	2	(1)	2	(1)
	83	453	1,619	339
Deferred taxation				
Malaysian - current year	4,587	5,177	12,949	9,393
- prior year	-	-	663	-
	4,587	5,177	13,612	9,393
	4,670	5,630	15,231	9,732

The Group's effective tax rate for the financial year-to-date is marginally higher than statutory tax rate due mainly to certain expenses were not deductible.

17. **Corporate proposals**

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

The approval of the Securities Commission ("SC") in respect of the Company's acquisitions of the entire equity interests in Hume Concrete Sdn Bhd ("HCCT") and Hume Cement Sdn Bhd, which were completed on 20 October 2014, is subject to the remaining outstanding condition where the Company is required to obtain the occupational certificate ("OC") for the industrial land with a double-storey detached office, 15 single-storey detached factory buildings and 15 open storage yards bearing postal address 5th Mile, Jalan Tuaran, 88300 Kota Kinabalu, Sabah owned by HCCT Group within 24 months from 28 April 2014, being the date of the SC's approval letter. The approval for OC is still pending and the Company is pursuing the matter. The Company has applied to the SC for an extension of time to obtain the OC.

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18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 31 March 2016 are as follows:-

	RM'000
Unsecured short term borrowings	366,418
Unsecured long term borrowings	378,401
	<u>744,819</u>

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

	RM'000
USD	<u>20,390</u>

The Group's borrowings have increased due to the capital expenditure incurred for the cement capacity expansion.

19. Changes in material litigation

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

20. Dividend

- (a) The Board has declared an interim single tier dividend of 3.0 sen per share for the quarter ended 31 March 2016 of the financial year ending 30 June 2016 (3rd quarter 2014/2015: single tier dividend of 3.0 sen per share) to be paid on 25 May 2016 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 10 May 2016.

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 10 May 2016 in respect of ordinary transfers; and
 - (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements.
- (b) For the financial year-to-date, single tier dividend of 3.0 sen per share (2014/2015: single tier dividend of 3.0 sen per share) has been declared.

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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 is calculated by dividing the Group's profit attributable to owners of the Company of RM11,182,000 (3rd quarter 2014/2015: RM19,270,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (3rd quarter 2014/2015: 479,093,800).

The basic earnings per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM40,659,000 (2014/2015: RM31,598,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2014/2015: 297,604,749).

	Weighted average number of ordinary shares			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2016 '000	Preceding Year Corresponding Quarter 31/03/2015 '000	Current Year- To-Date 31/03/2016 '000	Preceding Year Corresponding Period 31/03/2015 '000
Issued ordinary shares at beginning of period	479,094	479,094	479,094	31,094
Effect of issue of ordinary shares	-	-	-	266,511
Weighted average number of ordinary shares (basic)	479,094	479,094	479,094	297,605

(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.

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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
	31/03/2016 RM'000	30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
-realised	223,764	166,849
-unrealised	(51,873)	(35,617)
	<u>171,891</u>	<u>131,232</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(36,918)</u>	<u>(77,577)</u>

By Order of the Board
Hume Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
20 April 2016