

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2016

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Revenue	148,190	171,754	603,302	472,772
Cost of sales	(109,606)	(107,070)	(418,547)	(308,122)
Gross profit	38,584	64,684	184,755	164,650
Operating expenses	(32,609)	(32,359)	(121,110)	(84,805)
Other operating income/(expenses)	4,470	(381)	14,902	439
Operating profit	10,445	31,944	78,547	80,284
Interest income	362	273	1,074	418
Finance costs	(3,848)	(4,166)	(16,772)	(11,321)
Profit before taxation	6,959	28,051	62,849	69,381
Taxation	1,132	(7,651)	(14,099)	(17,383)
Profit for the period attributable to owners of the Company	8,091	20,400	48,750	51,998

Earnings per ordinary share (sen):-

(a) Basic	1.69	4.26	10.18	15.17
(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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ENDED 30 JUNE 2016

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Profit for the period	8,091	20,400	48,750	51,998
Foreign currency translation differences for foreign operations	3	4	10	59
Cash flow hedge	126	1,970	(1,970)	1,970
Total comprehensive income for the period	8,220	22,374	46,790	54,027

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
30 JUNE 2016

	As at end of current quarter 30/06/2016 RM'000	As at end of preceding financial year 30/06/2015 RM'000
ASSETS		
Property, plant and equipment	1,149,480	829,517
Deferred tax assets	9,657	8,770
Tax credit receivables	72,302	72,302
Total non-current assets	<u>1,231,439</u>	<u>910,589</u>
Inventories	80,334	89,535
Trade and other receivables	74,052	114,789
Current tax assets	763	321
Derivative financial assets	-	4,870
Cash and cash equivalents	172,747	52,350
Total current assets	<u>327,896</u>	<u>261,865</u>
TOTAL ASSETS	<u>1,559,335</u>	<u>1,172,454</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(43,136)	(75,553)
TOTAL EQUITY	<u>435,958</u>	<u>403,541</u>
LIABILITIES		
Borrowings	371,718	296,063
Deferred tax liabilities	57,018	43,487
Deferred income	58,040	61,664
Employee benefits	896	1,128
Total non-current liabilities	<u>487,672</u>	<u>402,342</u>
Trade and other payables	168,074	231,170
Borrowings	463,636	131,403
Deferred income	3,627	3,627
Current tax liabilities	28	371
Derivative financial liabilities	340	-
Total current liabilities	<u>635,705</u>	<u>366,571</u>
TOTAL LIABILITIES	<u>1,123,377</u>	<u>768,913</u>
TOTAL EQUITY AND LIABILITIES	<u>1,559,335</u>	<u>1,172,454</u>
Net assets per share attributable to owners of the Company (RM)	0.91	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.

HUME INDUSTRIES BERHAD
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 JUNE 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 June 2016					
At 1 July 2015	479,094	1,970	54	(77,577)	403,541
Profit for the period	-	-	-	48,750	48,750
Other comprehensive (expense)/ income					
– foreign currency translation difference	-	-	10	-	10
– Cash flow hedge	-	(1,970)	-	-	(1,970)
Total comprehensive (expense)/ income for the period	-	(1,970)	10	48,750	46,790
Dividends	-	-	-	(14,373)	(14,373)
At 30 June 2016	479,094	-	64	(43,200)	435,958
Preceding year corresponding period ended 30 June 2015					
At 1 July 2014	62,188	-	(5)	(44,104)	18,079
Profit for the period	-	-	-	51,998	51,998
Other comprehensive income					
– foreign currency translation difference	-	-	59	-	59
– Cash flow hedge	-	1,970	-	-	1,970
Total comprehensive income for the period	-	1,970	59	51,998	54,027
Dividends	-	-	-	(14,373)	(14,373)
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 30 June 2015	479,094	1,970	54	(77,577)	403,541

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 30 JUNE 2016

	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2016 RM'000	30/06/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,849	69,381
Adjustments for:-		
Depreciation and amortisation	37,759	24,124
Non cash items	(4,526)	1,247
Dividend income	(885)	(348)
Net financing costs	15,698	10,903
Operating profit before changes in working capital	110,895	105,307
Changes in working capital		
Net change in current assets	51,818	(11,309)
Net change in current liabilities	(61,252)	101,441
Taxation paid	(1,732)	(792)
Net financing costs paid	(15,698)	(10,903)
Retirement benefits paid	-	(4)
Dividend received	885	348
Net cash generated from operating activities	84,916	184,088
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(358,963)	(286,317)
Proceeds from disposal of property, plant and equipment	26	308
Cash and cash equivalents of subsidiary companies acquired	-	94,528
Net cash used in from investing activities	(358,937)	(191,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the Company	(14,373)	(14,373)
Drawdown of borrowings	1,045,645	106,584
Repayments of borrowings	(636,864)	(40,000)
Net cash generated from financing activities	394,408	52,211
NET CHANGE IN CASH AND CASH EQUIVALENTS	120,387	44,818
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	52,350	7,473
EFFECT ON FOREIGN EXCHANGE	10	59
CASH & CASH EQUIVALENTS AT END OF PERIOD	172,747	52,350

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

	30/06/2016 RM'000	30/06/2015 RM'000
Deposits, cash and bank balances	172,747	52,350

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

The Company has paid the following dividend during the current financial year-to-date.

	Current year-to-date RM'000
Interim single tier dividend of 3.0 sen per share, paid on 25 May 2016	<u>14,373</u>

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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>84,952</u>
Included in the measure of segment profit are:	
Revenue from external customers	587,740
Depreciation and amortisation	<u>37,244</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segment	84,952
Non-reportable segments	(6,405)
Interest income	1,074
Finance costs	(16,772)
Consolidated profit before taxation	<u>62,849</u>
	External Revenue RM'000
Reportable segment	587,740
Non-reportable segment	15,562
Total	<u>603,302</u>
	Depreciation and amortisation RM'000
Reportable segment	37,244
Non-reportable segment	515
Total	<u>37,759</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 a revenue of RM148.2 million and a profit before taxation (“PBT”) of RM7.0 million as compared with a revenue of RM171.8 million and a PBT of RM28.1 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 the lower selling price and higher production costs recorded for the construction materials.

For the financial year-to-date, the Group recorded a revenue of RM603.3 million and a PBT of RM62.8 million respectively as compared with a revenue and PBT of RM472.8 million and RM69.4 million recorded in the corresponding period of FY 2015. The higher revenue was 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. Despite a higher revenue was recorded the decline in PBT was mainly due to the lower selling price and higher production cost recorded for the construction materials.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM7.0 million for the quarter under review as compared with a PBT of RM15.9 million in the preceding quarter. The decrease in the PBT in the quarter under review was mainly attributable to higher production costs for the construction materials business.

13. Prospects

Hume Cement Sdn Bhd’s second line kiln was lit up in June 2016 which was ahead of schedule and currently undergoing commissioning. 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
	30/06/2016 RM'000	30/06/2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(210)	(885)
Depreciation and amortisation	9,591	37,759
Allowance of impairment and write off of trade receivables	1,381	1,308
(Reversal)/Provision for and write off of inventories	(5,114)	3,650
Loss/(Gain) on foreign exchange	1,523	(6,684)
Fair value (gain)/loss on derivative instruments	(230)	949
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
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Current taxation				
Malaysian - current year	(314)	95	1,303	435
- prior year	(358)	183	(356)	182
	(672)	278	947	617
Deferred taxation				
Malaysian - current year	2,378	7,305	15,327	16,698
- prior year	(2,838)	68	(2,175)	68
	(460)	7,373	13,152	16,766
	(1,132)	7,651	14,099	17,383

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

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, was subject to the remaining outstanding condition whereby the Company is to obtain occupational certificates ("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 ("Tuaran Plant") owned by HCCT Group within 24 months from 28 April 2014, being the date of the SC's approval letter.

On 5 May 2016, Hong Leong Investment Bank Berhad ("HLIB") announced, on behalf of the Company, that the SC had, via its letter dated 4 May 2016, noted the necessary steps taken by the Company to resolve the non-compliances. In view thereof, the Company is no longer required to observe the stipulated time frame in resolving the conditions imposed on the Tuaran Plant but instead, the Company is to continue to pursue the matter with the relevant authorities subject to the following:

- (i) The Company is to disclose the efforts taken and status of compliance of the outstanding issues in its annual report until such time the non-compliances are resolved;
- (ii) The Company/HLIB is to update the SC when such disclosure is made in the annual report; and
- (iii) The Company is to provide an undertaking that it will resolve the non-compliance of the Tuaran Plant.

A letter of undertaking has been provided to the SC on 13 May 2016.

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18. Group's borrowings and debt securities

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

	RM'000
Unsecured short term borrowings	463,636
Unsecured long term borrowings	371,718
	<u>835,354</u>

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

	RM'000
USD	<u>148,558</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 does not recommend any final dividend for the financial year ended 30 June 2016 (2014/2015: Nil).
- (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 RM8,091,000 (4th quarter 2014/2015: RM20,400,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (4th 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 RM48,750,000 (2014/2015: RM51,998,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2014/2015: 342,852,704).

	Weighted average number of ordinary shares			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2016 '000	Preceding Year Corresponding Quarter 30/06/2015 '000	Current Year- To-Date 30/06/2016 '000	Preceding Year Corresponding Period 30/06/2015 '000
Issued ordinary shares at beginning of period	479,094	479,094	479,094	31,094
Effect of issue of ordinary shares	-	-	-	311,759
Weighted average number of ordinary shares (basic)	479,094	479,094	479,094	342,853

(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
	30/06/2016 RM'000	30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	215,655	166,849
- unrealised	(50,046)	(35,617)
	<u>165,609</u>	<u>131,232</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(43,200)</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
17 August 2016