

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2015

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Revenue	151,386	116,749	309,612	128,321
Cost of sales	(101,858)	(77,774)	(207,285)	(88,155)
Gross profit	49,528	38,975	102,327	40,166
Operating expenses	(30,152)	(20,246)	(59,060)	(21,224)
Other operating income	4,537	189	5,474	194
Operating profit	23,913	18,918	48,741	19,136
Interest income	243	96	444	109
Finance costs	(4,305)	(2,815)	(9,148)	(2,815)
Profit before taxation	19,851	16,199	40,037	16,430
Taxation	(5,844)	(4,005)	(10,560)	(4,102)
Profit for the period attributable to owners of the Company	14,007	12,194	29,477	12,328

Earnings per ordinary share (sen):-

(a) Basic	2.92	3.15	6.15	5.90
(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
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2015 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Profit for the period	14,007	12,194	29,477	12,328
Foreign currency translation differences for foreign operations	(20)	31	42	25
Cash flow hedge	-	-	(1,970)	-
Total comprehensive income for the period	13,987	12,225	27,549	12,353

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
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
31 DECEMBER 2015

	As at end of current quarter 31/12/2015 RM'000	As at end of preceding financial year 30/06/2015 RM'000
ASSETS		
Property, plant and equipment	1,120,082	829,517
Deferred tax assets	9,384	8,770
Tax credit receivables	72,302	72,302
Total non-current assets	<u>1,201,768</u>	<u>910,589</u>
Inventories	85,597	89,535
Trade and other receivables	108,920	114,789
Current tax assets	-	321
Derivative financial assets	420	4,870
Cash and cash equivalents	69,433	52,350
Total current assets	<u>264,370</u>	<u>261,865</u>
TOTAL ASSETS	<u>1,466,138</u>	<u>1,172,454</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(48,004)	(75,553)
TOTAL EQUITY	<u>431,090</u>	<u>403,541</u>
LIABILITIES		
Borrowings	335,650	296,063
Deferred tax liabilities	52,035	43,487
Deferred income	59,852	61,664
Employee benefits	1,167	1,128
Total non-current liabilities	<u>448,704</u>	<u>402,342</u>
Trade and other payables	185,727	231,170
Borrowings	395,673	131,403
Deferred income	3,627	3,627
Current tax liabilities	1,317	371
Total current liabilities	<u>586,344</u>	<u>366,571</u>
TOTAL LIABILITIES	<u>1,035,048</u>	<u>768,913</u>
TOTAL EQUITY AND LIABILITIES	<u>1,466,138</u>	<u>1,172,454</u>
Net assets per share attributable to owners of the Company (RM)	0.90	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
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 31 DECEMBER 2015

	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 December 2015					
At 1 July 2015	479,094	1,970	54	(77,577)	403,541
Profit for the period	-	-	-	29,477	29,477
Other comprehensive (expense)/ income					
– foreign currency translation difference	-	-	42	-	42
– Cash flow hedge	-	(1,970)	-	-	(1,970)
Total comprehensive (expense)/ income for the period	-	(1,970)	42	29,477	27,549
At 31 December 2015	479,094	-	96	(48,100)	431,090
Preceding year corresponding period ended 31 December 2014					
At 1 July 2014	62,188	-	(5)	(44,104)	18,079
Profit for the period	-	-	-	12,328	12,328
Other comprehensive income					
– foreign currency translation difference	-	-	25	-	25
Total comprehensive income for the period	-	-	25	12,328	12,353
Capital Reduction	(31,094)	-	-	31,094	-
Issue of ordinary shares	448,000	-	-	-	448,000
Goodwill on acquisition of common control subsidiary companies	-	-	-	(100,816)	(100,816)
At 31 December 2014	479,094	-	20	(101,498)	377,616

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.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
ENDED 31 DECEMBER 2015

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2015 RM'000	31/12/2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	40,037	16,430
Adjustments for:-		
Depreciation and amortisation	18,690	6,231
Non cash items	595	(81)
Dividend income	(563)	(133)
Net financing costs	8,704	2,706
Operating profit before changes in working capital	67,463	25,153
Changes in working capital		
Net change in current assets	11,133	(2,037)
Net change in current liabilities	(46,761)	(6,223)
Taxation paid	(702)	(162)
Net financing costs paid	(8,704)	(2,706)
Dividend received	563	133
Net cash generated from operating activities	22,992	14,158
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(309,835)	(80,770)
Proceeds from disposal of property, plant and equipment	27	61
Cash and cash equivalents of subsidiary companies acquired	-	95,904
Net cash (used in)/ generated from investing activities	(309,808)	15,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	545,234	-
Repayments of borrowings	(241,377)	-
Net cash generated from financing activities	303,857	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,041	29,353
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	52,350	7,473
EFFECT ON FOREIGN EXCHANGE	42	25
CASH & CASH EQUIVALENTS AT END OF PERIOD	69,433	36,851

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

	31/12/2015 RM'000	31/12/2014 RM'000
Deposits, cash and bank balances	69,433	36,851

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.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

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 2015. This interim financial report also complies with International Accounting Standards (“IAS”) 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.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

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>50,384</u>
Included in the measure of segment profit are:	
Revenue from external customers	301,669
Depreciation and amortisation	<u>18,419</u>

Reconciliation of reportable segment profit

Profit	
Reportable segment	50,384
Non-reportable segments	(1,643)
Interest income	444
Finance costs	(9,148)
Consolidated profit before taxation	<u>40,037</u>

	External Revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	301,669	18,419
Non-reportable segment	7,943	271
Total	<u>309,612</u>	<u>18,690</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:

The Company had, on 1 October 2015, incorporated a wholly-owned subsidiary known as Hume RMX Sdn Bhd ("HRX") with an issued and paid up capital of RM2.00 comprising 2 ordinary shares. The intended principal activities of HRX are the manufacture and sale of building materials.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

11. Review of Performance

For the quarter under review, the Group recorded a revenue of RM151.4 million and a profit before taxation (“PBT”) of RM19.9 million as compared with a revenue of RM116.7 million and a PBT of RM16.2 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2015 (“FY 2015”). The higher revenue and PBT was mainly attributable to the full 3 months’ profit contribution from the acquired construction materials business compared with the 2 months’ profit contribution in the corresponding quarter of FY2015.

For the financial year-to-date, the Group recorded a revenue of RM309.6 million and a PBT of RM40.0 million respectively as compared with a revenue and PBT of RM128.3 million and RM16.4 million recorded in the corresponding period of FY 2015. The higher revenue and PBT of the Group 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.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM19.8 million for the quarter under review as compared with a PBT of RM20.2 million in the preceding quarter. There were no material changes during the quarter under review.

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
	31/12/2015 RM’000	31/12/2015 RM’000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(134)	(563)
Depreciation and amortisation	9,712	18,690
Reversal of impairment and write back of trade receivables	(38)	(142)
Provision for and write off of inventories	4,230	6,231
Gain on foreign exchange	(1,628)	(2,813)
Fair value loss on derivative instruments	558	461
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 SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Current taxation				
Malaysian - current year	946	(117)	1,535	(114)
Deferred taxation				
Malaysian - current year	4,235	4,122	8,362	4,216
- prior year	663	-	663	-
	<u>5,844</u>	<u>4,005</u>	<u>10,560</u>	<u>4,102</u>

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.

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

Particulars of the Group's borrowings and debt securities as at 31 December 2015 are as follows:-

	RM'000
Unsecured short term borrowings	395,673
Unsecured long term borrowings	335,650
	<u>731,323</u>

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

	RM'000
USD	<u>14,811</u>

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

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

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 31 December 2015 of the financial year ending 30 June 2016 (2nd quarter 2014/2015: Nil).

(b) For the financial year-to-date, no dividend has been declared (2014/2015: Nil).

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 RM14,007,000 (2nd quarter 2014/2015: RM12,194,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (2nd quarter 2014/2015: 386,572,061).

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 RM29,477,000 (2014/2015: RM12,328,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2014/2015: 208,832,930).

Weighted average number of ordinary shares

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2015 '000	Preceding Year Corresponding Quarter 31/12/2014 '000	Current Year- To-Date 31/12/2015 '000	Preceding Year Corresponding Period 31/12/2014 '000
Issued ordinary shares at beginning of period	479,094	31,094	479,094	31,094
Effect of issue of ordinary shares	-	355,478	-	177,739
Weighted average number of ordinary shares (basic)	479,094	386,572	479,094	208,833

(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.

HUME INDUSTRIES BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 31 DECEMBER 2015

The figures have not been audited

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
	31/12/2015 RM'000	30/06/2015 RM'000
Total retained earnings of the Company and its subsidiaries:-		
-realised	237,645	166,849
-unrealised	(76,936)	(35,617)
	<u>160,709</u>	<u>131,232</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(48,100)</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
26 January 2016