

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2017

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Revenue	188,631	148,190	662,739	603,302
Cost of sales	(145,717)	(109,606)	(486,177)	(418,547)
Gross profit	42,914	38,584	176,562	184,755
Operating expenses	(42,840)	(32,609)	(146,253)	(121,110)
Other operating income	9,137	4,470	12,981	14,902
Operating profit	9,211	10,445	43,290	78,547
Interest income	118	362	1,044	1,074
Finance costs	(7,981)	(3,848)	(18,833)	(16,772)
Profit before taxation	1,348	6,959	25,501	62,849
Taxation	(105)	1,132	(6,785)	(14,099)
Profit for the period attributable to owners of the Company	1,243	8,091	18,716	48,750

Earnings per ordinary share (sen):-

(a) Basic	0.26	1.69	3.91	10.18
(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
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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2017 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Profit for the period	1,243	8,091	18,716	48,750
Foreign currency translation differences for foreign operations	(9)	3	(3)	10
Cash flow hedge	-	126	-	(1,970)
Total comprehensive income for the period	1,234	8,220	18,713	46,790

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
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CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
30 JUNE 2017

	As at end of current quarter 30/06/2017 RM'000	As at end of preceding financial year 30/06/2016 RM'000
ASSETS		
Property, plant and equipment	1,120,489	1,149,480
Deferred tax assets	11,783	9,657
Tax credit receivables	156,146	72,302
Total non-current assets	<u>1,288,418</u>	<u>1,231,439</u>
Inventories	87,716	80,334
Trade and other receivables	86,134	74,052
Current tax assets	1,522	763
Derivative financial assets	-	-
Cash and cash equivalents	102,193	172,747
Total current assets	<u>277,565</u>	<u>327,896</u>
TOTAL ASSETS	<u>1,565,983</u>	<u>1,559,335</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(34,005)	(43,136)
TOTAL EQUITY	<u>445,089</u>	<u>435,958</u>
LIABILITIES		
Borrowings	354,594	371,718
Deferred tax liabilities	65,940	57,018
Deferred income	132,673	58,040
Employee benefits	527	896
Total non-current liabilities	<u>553,734</u>	<u>487,672</u>
Trade and other payables	151,963	168,074
Borrowings	407,314	463,636
Deferred income	7,817	3,627
Current tax liabilities	-	28
Derivative financial liabilities	66	340
Total current liabilities	<u>567,160</u>	<u>635,705</u>
TOTAL LIABILITIES	<u>1,120,894</u>	<u>1,123,377</u>
TOTAL EQUITY AND LIABILITIES	<u>1,565,983</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.

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

	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 2017					
At 1 July 2016	479,094	-	64	(43,200)	435,958
Profit for the period	-	-	-	18,716	18,716
Other comprehensive income – foreign currency translation difference	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	(3)	18,716	18,713
Dividends	-	-	-	(9,582)	(9,582)
At 30 June 2017	479,094	-	61	(34,066)	445,089
Preceding year corresponding period 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 income – foreign currency translation difference	-	-	10	-	10
– Cash flow hedge	-	(1,970)	-	-	(1,970)
Total comprehensive 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

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.



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

	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2017 RM'000	30/06/2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,501	62,849
Adjustments for:-		
Depreciation and amortisation	49,895	37,759
Non cash items	1,047	(4,384)
Dividend income	(668)	(885)
Net financing costs	17,789	15,698
Operating profit before changes in working capital	93,564	111,037
Changes in working capital		
Net change in current assets	(7,136)	51,818
Net change in current liabilities	(30,656)	(61,600)
Taxation paid	(776)	(1,583)
Net financing costs paid	(17,789)	(15,698)
Dividend received	668	885
Net cash generated from operating activities	37,875	84,859
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(25,536)	(358,963)
Proceeds from disposal of property, plant and equipment	621	83
Net cash used in investing activities	(24,915)	(358,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to owner of the Company	(9,582)	(14,373)
Drawdown of borrowings	952,322	1,045,645
Repayments of borrowings	(1,026,251)	(636,864)
Net cash (used in)/ generated from financing activities	(83,511)	394,408
NET CHANGE IN CASH AND CASH EQUIVALENTS	(70,551)	120,387
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	172,747	52,350
EFFECT ON FOREIGN EXCHANGE	(3)	10
CASH & CASH EQUIVALENTS AT END OF PERIOD	102,193	172,747

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

	30/06/2017 RM'000	30/06/2016 RM'000
Deposits, cash and bank balances	102,193	172,747

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.



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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 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

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 2.0 sen per share, paid on 31 May 2017	<u>9,582</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>45,118</u>
Included in the measure of segment profit are:	
Revenue from external customers	613,304
Depreciation and amortisation	<u>49,458</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segment	45,118
Non-reportable segments	(1,828)
Interest income	1,044
Finance costs	<u>(18,833)</u>
Consolidated profit before taxation	<u>25,501</u>
	External Revenue
	RM'000
Reportable segment	613,304
Non-reportable segment	49,435
Total	<u>662,739</u>
	Depreciation and amortisation
	RM'000
Reportable segment	49,458
Non-reportable segment	437
Total	<u>49,895</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 RM188.6 million and profit before taxation (“PBT”) of RM1.4 million as compared with revenue and PBT of RM148.2 million and RM7.0 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2016 (“FY 2016”). For the financial year-to-date, the Group recorded revenue of RM662.7 million and PBT of RM25.5 million respectively as compared with revenue and PBT of RM603.3 million and RM62.8 million respectively for the corresponding period of FY 2016.

The higher revenue recorded for the quarter under review and financial year-to-date were due to higher sales volume. The decline in PBT despite higher revenue was mainly due to lower selling prices and higher operating expenses.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM1.4 million for the quarter under review as compared with a PBT of RM7.0 million in the preceding quarter. The decrease in the PBT in the quarter under review was mainly attributable to lower selling prices and higher operating expenses.

13. Prospects

Although the business environment is expected to remain challenging in this financial year ending 30 June 2018, the Board expects demand for cement and concrete products 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
	30/06/2017 RM'000	30/06/2017 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(156)	(668)
Depreciation and amortisation	18,678	49,895
Allowance of impairment and write off of trade receivables	650	624
(Reversal)/Provision for and write off of inventories	(6,687)	205
Gain on foreign exchange	(9,114)	(3,171)
Fair value gain on derivative instruments	-	(390)
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
	30/06/2017 RM'000	30/06/2016 RM'000	30/06/2017 RM'000	30/06/2016 RM'000
Current taxation				
Malaysian - current year	1,542	(477)	486	1,140
- prior year	(499)	(344)	(497)	(342)
	1,043	(821)	(11)	798
Deferred taxation				
Malaysian - current year	(991)	3,528	6,568	16,477
- prior year	53	(3,839)	228	(3,176)
	(938)	(311)	6,796	13,301
	105	(1,132)	6,785	14,099

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 June 2017 are as follows:-

	RM'000
Unsecured short term borrowings	407,314
Unsecured long term borrowings	354,594
	<u>761,908</u>

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

	RM'000
USD	<u>37,603</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.



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20. Dividend

- (a) The Board does not recommend any final dividend for the financial year ended 30 June 2017 (2015/2016: Nil).
- (b) For the financial year-to-date, a total single tier dividend of 2.0 sen per share (2015/2016: single tier dividend of 3.0 sen per share) has been declared.

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 RM 1,243,000 (4th quarter 2015/2016: RM8,091,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (4th quarter 2015/2016: 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 RM 18,716,000 (2015/2016: RM48,750,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2015/2016: 479,093,800).

	Weighted average number of ordinary shares			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2017 '000	Preceding Year Corresponding Quarter 30/06/2016 '000	Current Year- To-Date 30/06/2017 '000	Preceding Year Corresponding Period 30/06/2016 '000
Weighted average number of ordinary shares (basic)	479,094	479,094	479,094	479,094

(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
	30/06/2017 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	234,740	215,655
- unrealised	(59,997)	(50,046)
	<u>174,743</u>	<u>165,609</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(34,066)</u>	<u>(43,200)</u>

By Order of the Board
Hume Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
24 August 2017