

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

The figures have not been audited

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Revenue	165,732	151,386	315,631	309,612
Cost of sales	(114,263)	(101,858)	(219,101)	(207,285)
Gross profit	51,469	49,528	96,530	102,327
Operating expenses	(35,599)	(30,152)	(67,038)	(59,060)
Other operating (expense) / income	(1,373)	4,537	(778)	5,474
Operating profit	14,498	23,913	28,715	48,741
Interest income	301	243	599	444
Finance costs	(2,815)	(4,305)	(6,167)	(9,148)
Profit before taxation	11,984	19,851	23,147	40,037
Taxation	(2,788)	(5,844)	(5,929)	(10,560)
Profit for the period attributable to owners of the Company	9,196	14,007	17,218	29,477

Earnings per ordinary share (sen):-

(a) Basic	1.92	2.92	3.59	6.15
(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.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Profit for the period	9,196	14,007	17,218	29,477
Foreign currency translation differences for foreign operations	(11)	(20)	19	42
Cash flow hedge	-	-	-	(1,970)
Total comprehensive income for the period	<u>9,207</u>	<u>13,987</u>	<u>17,237</u>	<u>27,549</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 2016.

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

	As at end of current quarter 31/12/2016 RM'000	As at end of preceding financial year 30/06/2016 RM'000
ASSETS		
Property, plant and equipment	1,145,794	1,149,480
Deferred tax assets	9,521	9,657
Tax credit receivables	72,302	72,302
Total non-current assets	<u>1,227,617</u>	<u>1,231,439</u>
Inventories	77,232	80,334
Trade and other receivables	82,812	74,052
Current tax assets	2,437	763
Derivative financial assets	117	-
Cash and cash equivalents	114,842	172,747
Total current assets	<u>277,440</u>	<u>327,896</u>
TOTAL ASSETS	<u>1,505,057</u>	<u>1,559,335</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	479,094	479,094
Reserves	(25,899)	(43,136)
TOTAL EQUITY	<u>453,195</u>	<u>435,958</u>
LIABILITIES		
Borrowings	361,973	371,718
Deferred tax liabilities	62,859	57,018
Deferred income	56,228	58,040
Employee benefits	780	896
Total non-current liabilities	<u>481,840</u>	<u>487,672</u>
Trade and other payables	150,216	168,074
Borrowings	414,848	463,636
Deferred income	3,627	3,627
Current tax liabilities	1,331	28
Derivative financial liabilities	-	340
Total current liabilities	<u>570,022</u>	<u>635,705</u>
TOTAL LIABILITIES	<u>1,051,862</u>	<u>1,123,377</u>
TOTAL EQUITY AND LIABILITIES	<u>1,505,057</u>	<u>1,559,335</u>
Net assets per share attributable to owners of the Company (RM)	0.95	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 31 DECEMBER 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 December 2016					
At 1 July 2016	479,094	-	64	(43,200)	435,958
Profit for the period	-	-	-	17,218	17,218
Other comprehensive income – foreign currency translation difference	-	-	19	-	19
Total comprehensive income for the period	-	-	19	17,218	17,237
At 31 December 2016	479,094	-	83	(25,982)	453,195
Preceding year corresponding period 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 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

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 31 DECEMBER 2016

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2016 RM'000	31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	23,148	40,037
Adjustments for:-		
Depreciation and amortisation	19,128	18,690
Non cash items	7,440	595
Dividend income	(1,024)	(563)
Net financing costs	5,568	8,704
Operating profit before changes in working capital	<u>54,260</u>	<u>67,463</u>
Changes in working capital		
Net change in current assets	(5,963)	11,133
Net change in current liabilities	(20,641)	(46,761)
Taxation paid	(326)	(702)
Net financing costs paid	(6,227)	(8,704)
Dividend received	1,024	563
Net cash generated from operating activities	<u>22,127</u>	<u>22,992</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(19,455)	(309,835)
Proceeds from disposal of property, plant and equipment	-	27
Net cash used in from investing activities	<u>(19,455)</u>	<u>(309,808)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	443,565	545,234
Repayments of borrowings	(504,161)	(241,377)
Net cash (used in)/generated from financing activities	<u>(60,596)</u>	<u>303,857</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(57,924)	17,041
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	172,747	52,350
EFFECT ON FOREIGN EXCHANGE	19	42
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>114,842</u>	<u>69,433</u>

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

	31/12/2016 RM'000	31/12/2015 RM'000
Deposits, cash and bank balances	<u>114,842</u>	<u>69,433</u>

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 (“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 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

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>29,195</u>
Included in the measure of segment profit are:	
Revenue from external customers	293,410
Depreciation and amortisation	<u>18,900</u>

Reconciliation of reportable segment profit

Profit

Reportable segment	29,195
Non-reportable segments	(480)
Interest income	599
Finance costs	<u>(6,167)</u>
Consolidated profit before taxation	<u>23,147</u>

	External Revenue RM'000	Depreciation and amortisation RM'000
Reportable segment	293,409	18,900
Non-reportable segment	22,222	228
Total	<u>315,631</u>	<u>19,128</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 RM165.7 million and a profit before taxation ("PBT") of RM12.0 million as compared with a revenue and PBT of RM151.4 million and RM19.9 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 a revenue of RM315.6 million and a PBT of RM23.1 million respectively as compared with a revenue and PBT of RM309.6 million and RM40.0 million recorded in the corresponding period of FY 2016.

Despite higher revenue recorded for the quarter under review and financial year-to-date, the decline in PBT were mainly due to lower selling price, higher operating expenses and higher forex exchange loss for the construction materials business.

12. Material changes in PBT against the immediate preceding quarter

The Group recorded a PBT of RM12.0 million for the quarter under review as compared with RM11.2 million in the preceding quarter. The higher PBT as compared with the preceding quarter was mainly attributable to higher revenue for the construction materials business.

13. Prospects

The outlook of the Group is expected to remain challenging in view of the weakening demand. In mitigating the impact of the weaker market, the Group will continue to focus on efficiency improvement and cost reduction measures to remain competitive.

14. Profit forecast / profit guaranteed

This note is not applicable.

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	31/12/2016 RM'000	31/12/2016 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Gross dividend income from short term investments	(472)	(1,024)
Depreciation and amortisation	9,233	19,128
Allowance of impairment/(Reversal of allowance of impairment) of trade receivables	870	(994)
Provision for and write off of inventories	1,201	2,340
Loss on foreign exchange	4,992	6,585
Fair value gain on derivative instruments	-	(390)
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
	31/12/2016 RM'000	31/12/2015 RM'000	31/12/2016 RM'000	31/12/2015 RM'000
Current taxation				
Malaysian - current year	763	946	(47)	1,535
- prior year	-	-	1	-
	763	946	(46)	1,535
Deferred taxation				
Malaysian - current year	1,990	4,235	5,894	8,326
- prior year	35	663	81	663
	2,025	4,898	5,975	8,989
	2,788	5,844	5,929	10,560

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 31 December 2016 are as follows:-

	RM'000
Unsecured short term borrowings	414,848
Unsecured long term borrowings	361,973
	<u>776,821</u>

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

	RM'000
USD	<u>39,284</u>

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 2016 of the financial year ending 30 June 2017 (2015/2016: Nil).

(b) For the financial year-to-date, no dividend has been declared (2015/2016: 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 is calculated by dividing the Group's profit attributable to owners of the Company of RM9,196,000 (2nd quarter 2015/2016: RM14,007,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (2nd 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 RM17,218,000 (2015/2016: RM29,477,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2015/2016: 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
	31/12/2016 RM'000	30/06/2016 RM'000
Total retained earnings of the Company and its subsidiaries:-		
- realised	230,292	215,655
- unrealised	(47,465)	(50,046)
	<u>234,791</u>	<u>165,609</u>
Less: Consolidation adjustments	(208,809)	(208,809)
Group's accumulated losses	<u>(25,982)</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
25 January 2017