

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Revenue	174,311	172,217	174,311	172,217
Cost of sales	(129,932)	(151,090)	(129,932)	(151,090)
Gross profit	44,379	21,127	44,379	21,127
Operating expenses	(38,450)	(42,607)	(38,450)	(42,607)
Other operating income	2,932	585	2,932	585
Operating profit/(loss)	8,861	(20,895)	8,861	(20,895)
Interest income	200	454	200	454
Finance costs	(6,242)	(7,728)	(6,242)	(7,728)
Profit/(Loss) before taxation	2,819	(28,169)	2,819	(28,169)
Taxation	(1,282)	4,332	(1,282)	4,332
Profit/(Loss) for the period attributable to owners of the Company	1,537	(23,837)	1,537	(23,837)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	0.31	(4.83)	0.31	(4.83)
(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 2020.

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2020

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Profit/(Loss) for the period	1,537	(23,837)	1,537	(23,837)
Foreign currency translation differences for foreign operations	(2)	-	(2)	-
Cash flow hedge	(25)	-	(25)	-
Total comprehensive income/(expense) for the period	1,510	(23,837)	1,510	(23,837)

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 2020.

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 JUNE 2020

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 30 SEPTEMBER 2020**

	As at end of current quarter 30/09/2020 RM'000	As at end of preceding financial year 30/06/2020 RM'000
ASSETS		
Property, plant and equipment	886,433	899,368
Right-of-use assets	40,396	40,828
Investment property	6,633	6,697
Deferred tax assets	15,730	16,031
Tax credit receivables	145,081	145,081
Total non-current assets	<u>1,094,273</u>	<u>1,108,005</u>
Inventories	72,584	64,215
Trade and other receivables	52,944	56,872
Current tax assets	492	658
Cash and cash equivalents	99,376	84,739
Total current assets	<u>225,396</u>	<u>206,484</u>
TOTAL ASSETS	<u>1,319,669</u>	<u>1,314,489</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	492,328	491,827
Reserves	(230,733)	(232,276)
RCULS - equity portion	131,791	132,204
TOTAL EQUITY	<u>393,386</u>	<u>391,755</u>
LIABILITIES		
Borrowings	199,171	209,140
Lease liabilities	1,534	1,655
Deferred tax liabilities	25,040	24,386
RCULS – liability portion	19,677	21,476
Deferred income	98,284	100,048
Employee benefits	446	458
Refundable deposit	507	507
Total non-current liabilities	<u>344,659</u>	<u>357,670</u>
Trade and other payables	121,007	114,524
Borrowings	446,063	435,968
Lease liabilities	653	706
RCULS – liability portion	6,743	6,679
Deferred income	7,158	7,187
Total current liabilities	<u>581,624</u>	<u>565,064</u>
TOTAL LIABILITIES	<u>926,283</u>	<u>922,734</u>
TOTAL EQUITY AND LIABILITIES	<u>1,319,669</u>	<u>1,314,489</u>
Net assets per share attributable to owners of the Company (RM)	0.80	0.80

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

HIB/6

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Translation reserve	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2020							
At 1 July 2020	491,827	132,204	25	420	50	(232,771)	391,755
Profit for the period	-	-	-	-	-	1,537	1,537
Other comprehensive income							
- Foreign currency translation difference	-	-	-	(2)	-	-	(2)
- Cash flow hedge	-	-	(25)	-	-	-	(25)
Total comprehensive expense for the period	-	-	(25)	(2)	-	1,537	1,510
<i>Contribution by and distribution to owners of the Company</i>							
- Conversion of RCULS	501	(413)	-	-	-	1	89
- Share-based payments/transactions	-	-	-	-	32	-	32
	501	(413)	-	-	32	1	121
At 30 September 2020	492,328	131,791	-	418	82	(231,233)	393,386

o L

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020 (cont'd)

	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Translation reserve	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 30 June 2020							
At 1 July 2019	488,306	135,109	(375)	358	-	(186,903)	436,495
Loss for the period	-	-	-	-	-	(45,904)	(45,904)
Other comprehensive income							
- Foreign currency translation difference	-	-	-	62	-	-	62
- Cash flow hedge	-	-	400	-	-	-	400
Total comprehensive expense for the period	-	-	400	62	-	(45,904)	(45,442)
<i>Contribution by and distribution to owners of the Company</i>							
- Conversion of RCULS	3,521	(2,905)	-	-	-	36	652
- Share-based payments/transactions	-	-	-	-	50	-	50
	3,521	(2,905)	-	-	50	36	702
At 30 June 2020	491,827	132,204	25	420	50	(232,771)	391,755

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 2020.

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER
 2020

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 30 SEPTEMBER 2020**

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2020 RM'000	30/09/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	2,819	(28,169)
Adjustments for:-		
Depreciation and amortisation	16,642	17,269
Non-cash items	(792)	418
Dividend income	(158)	(108)
Net financing costs	6,042	7,274
Operating profit/(loss) before changes in working capital	24,553	(3,316)
Changes in working capital		
Net change in current assets	(6,741)	16,240
Net change in current liabilities	6,203	(14,947)
Taxation paid	(164)	(128)
Net financing costs paid	(5,669)	(6,838)
Dividend received	158	108
Employee benefits paid	(27)	(14)
Net cash generated from/(used in) operating activities	18,313	(8,895)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,761)	(1,512)
Proceeds from disposal of property, plant and equipment	3	17
Net cash used in investing activities	(3,759)	(1,495)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	194,328	177,448
Repayments of borrowings	(194,042)	(195,492)
Payment of lease liabilities	(201)	(187)
Net cash generated from/(used in) financing activities	85	(18,231)
NET CHANGE IN CASH AND CASH EQUIVALENTS	14,639	(28,621)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	84,739	110,336
EFFECT ON FOREIGN EXCHANGE	(2)	-
CASH & CASH EQUIVALENTS AT END OF PERIOD	99,376	81,715

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

	30/09/2020 RM'000	30/09/2019 RM'000
Deposits, cash and bank balances	99,376	81,715

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2020.

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 paragraph 9.22 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 2020. 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 financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2020 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2020 which are 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

The operations of the Group generally follow the performance of the construction industry.

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

For the quarter under review, the issued share capital of the Company has been increased from 497,284,881 ordinary shares to 497,998,719 ordinary shares by the issuance and allotment of 713,838 new ordinary shares arising from the conversion of RM499,687 nominal value of redeemable convertible unsecured loan stocks (“RCULS”) at the conversion price of RM0.70 for every 1 new ordinary share in the Company. The outstanding nominal value of RCULS as at 30 September 2020 was RM159,240,313.

There were no 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 paid

There was no dividends paid during the quarter under review and financial year-to-date.

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER
 2020

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>8,967</u>
Included in the measure of segment profit are:	
Revenue from external customers	173,802
Depreciation and amortisation	<u>16,575</u>
Reconciliation of reportable segment profit	
Profit	
Reportable segment	8,967
Non-reportable segments	(106)
Interest income	200
Finance costs	<u>(6,242)</u>
Consolidated profit before taxation	<u>2,819</u>
	External Revenue RM'000
Reportable segment	173,802
Non-reportable segment	509
Total	<u>174,311</u>
	Depreciation and amortisation RM'000
Reportable segment	16,575
Non-reportable segment	67
Total	<u>16,642</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, restructuring and discontinuing operations.

The figures have not been audited

11. Review of performance

For the quarter under review, the Group recorded revenue of RM174.3 million and profit before taxation (“PBT”) of RM2.8 million as compared with revenue and loss before taxation (“LBT”) of RM172.2 million and RM28.2 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2020 (“FY 2020”).

Revenue increased for the quarter under review as compared with the corresponding quarter FY 2020 mainly due to lower rebate of cement selling price despite a lower sales volume in the current quarter. The improvement in the PBT of RM2.8 million as compared with the corresponding quarter of the preceding financial year of LBT RM28.2 million was mainly contributed by the cement business with improved margin from lower rebate of cement selling price.

12. Material changes in profit before taxation (“PBT”) against the immediate preceding quarter

	Current quarter 30/09/2020 RM’000	Immediate preceding quarter 30/06/2020 RM’000
Revenue	174,311	79,606
Profit/(Loss) before taxation	2,819	(20,432)

The Group recorded PBT of RM2.8 million for the quarter under review as compared with LBT of RM20.4 million for the immediate preceding quarter as business operations recovered and resumed after the relaxation of the Movement Control Order (“MCO”) to Conditional Movement Control Order (“CMCO”).

13. Prospects

The outlook of the Group remains challenging with the continuous impact from the pandemic and the uncertainties of the economy, both in Malaysia as well as globally. However, since activities resumed after the end of the MCO period, the Group continues to make progress on its strategic initiative towards operational excellence, with increase in production output, cost reductions while maintaining its recognised position in product and service quality. It also continues to expand its international customers’ network, while preparing for a domestic construction activity recovery.

14. Profit forecast / profit guaranteed

This note is not applicable.

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER
 2020

The figures have not been audited

15. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2020 RM'000	30/09/2020 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	(158)	(158)
Impairment loss on trade receivables (net)	(608)	(608)
Depreciation and amortisation	16,642	16,642
Provision for slow moving inventories	1,836	1,836
Gain on foreign exchange	(156)	(156)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Current taxation				
Malaysian - current year	329	(465)	329	(465)
- prior year	-	-	-	-
	329	(465)	329	(465)
Deferred taxation				
Malaysian - current year	864	(3,867)	864	(3,867)
- prior year	89	-	89	-
	953	(3,867)	953	(3,867)
	1,282	(4,332)	1,282	(4,332)

17. Corporate proposals

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

The figures have not been audited

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 September 2020 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	446,063
Unsecured long term borrowings	199,171
	<u>645,234</u>

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

	RM'000
USD	<u>121,094</u>

The USD denominated borrowings include RM116 million which foreign currency exchange rate has been fixed on drawdown of the term loan. The Group's borrowings have increased slightly from RM645.1 million to RM645.2 million due to withdrawal of bank borrowings in the financial year-to-date.

	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	6,743
- Non-current	19,677
	<u>26,420</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 30 September 2020 of the financial year ending 30 June 2021 (2019/2020: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2019/2020: Nil).

HUME CEMENT INDUSTRIES BERHAD (Formerly known as Hume Industries Berhad)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER
 2020

The figures have not been audited

21. **Earnings/(Loss) Per Ordinary Share**

(a) Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM1,537,000 (1st quarter 2019/2020: loss attributable to owners of the Company of RM23,837,000) by the weighted average number of ordinary shares during the quarter of 497,826,004 (1st quarter 2019/2020: 493,039,513).

	<i>Weighted average number of ordinary shares</i>			
	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Issued ordinary shares at beginning of period	497,285	479,551	497,285	479,551
Effect of RCULS conversion	541	13,489	541	13,489
Weighted average number of ordinary shares (basic)	497,826	493,040	497,826	493,040
Basic earnings/(loss) per ordinary share (sen)	0.31	(4.83)	0.31	(4.83)

(b) Diluted earnings per share

The Group's diluted earnings per ordinary share in the quarter under review and financial year-to-date is not presented as the assumed potential new ordinary shares are anti-dilutive.

The figures have not been audited

22. Derivatives

The Group uses forward foreign exchange contracts to manage its exposure to various financial risks.

Forward foreign exchange contracts

The Group has entered into a number of forward foreign exchange contracts by a subsidiary to hedge the cash flow risk in relation to the variations of cash flows arising from future forecasted transactions.

The forward foreign exchange contracts are stated at fair value using observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

As at 30 September 2020, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	Contract amount	Fair Value Assets / (Liabilities)
	RM'000	RM'000
Less than 1 year	57	-

Derivatives (which are classified as financial assets/liabilities) categorised as fair value through profit or loss are subsequently measured at their fair values with the gains/(losses) recognised in profit or loss. There is no gains/(losses) arising from fair value changes of derivatives.

There is no change to the type of derivative financial contracts entered into, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate these risks since the previous financial year ended 30 June 2020.

23. Gains/losses arising from fair value changes of financial liabilities

Other than derivatives which are classified as financial liabilities, when they are at fair value loss position, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Hume Industries Berhad

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
26 November 2020