

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
Revenue	163,004	162,889	323,307	324,670
Cost of sales	(141,936)	(128,556)	(278,736)	(252,116)
<b>Gross profit</b>	21,068	34,333	44,571	72,554
Operating expenses	(42,242)	(37,137)	(81,501)	(73,922)
Other operating (expense)/income	(3,709)	4,815	(3,786)	11,454
<b>Operating (loss)/profit</b>	(24,883)	2,011	(40,716)	10,086
Interest income	217	200	457	408
Finance costs	(8,584)	(7,656)	(16,880)	(15,342)
<b>Loss before taxation</b>	(33,250)	(5,445)	(57,139)	(4,848)
Taxation	6,167	1,010	11,063	862
<b>Loss for the period attributable to owners of the Company</b>	(27,083)	(4,435)	(46,076)	(3,986)
<b>Loss per ordinary share (sen):-</b>				
(a) Basic	(5.65)	(0.93)	(9.62)	(0.83)
(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 2018.

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2018 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/12/2018 RM'000	31/12/2017 RM'000	31/12/2018 RM'000	31/12/2017 RM'000
<b>Loss for the period</b>	(27,083)	(4,435)	(46,076)	(3,986)
Foreign currency translation differences for foreign operations	10	(24)	10	(33)
<b>Total comprehensive loss for the period</b>	<b>(27,073)</b>	<b>(4,459)</b>	<b>(46,066)</b>	<b>(4,019)</b>

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 2018.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT**  
**31 DECEMBER 2018**

	As at end of current quarter	As at end of preceding financial year
	31/12/2018 RM'000	30/06/2018 RM'000
<b>ASSETS</b>		
Property, plant and equipment	1,027,553	1,064,792
Investment property	7,079	-
Deferred tax assets	13,460	13,460
Tax credit receivables	148,166	156,146
<b>Total non-current assets</b>	<b>1,196,258</b>	<b>1,234,398</b>
Inventories	79,537	100,699
Trade and other receivables	76,266	76,171
Current tax assets	4,142	2,824
Cash and cash equivalents	32,973	73,256
<b>Total current assets</b>	<b>192,918</b>	<b>252,950</b>
<b>TOTAL ASSETS</b>	<b>1,389,176</b>	<b>1,487,348</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	479,094	479,094
Reserves	(135,260)	(89,194)
<b>TOTAL EQUITY</b>	<b>343,834</b>	<b>389,900</b>
<b>LIABILITIES</b>		
Borrowings	123,336	235,277
Deferred tax liabilities	46,333	56,893
Deferred income	113,181	124,856
Employee benefits	428	422
<b>Total non-current liabilities</b>	<b>283,278</b>	<b>417,448</b>
Trade and other payables	129,664	167,538
Borrowings	624,583	504,645
Deferred income	7,817	7,817
<b>Total current liabilities</b>	<b>762,064</b>	<b>680,000</b>
<b>TOTAL LIABILITIES</b>	<b>1,045,342</b>	<b>1,097,448</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,389,176</b>	<b>1,487,348</b>
Net assets per share attributable to owners of the Company (RM)	0.72	0.81

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD**  
**ENDED 31 DECEMBER 2018**

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 31 December 2018</b>				
At 1 July 2018	479,094	21	(89,215)	389,900
Loss for the period	-	-	(46,076)	(46,076)
Other comprehensive income - foreign currency translation difference	-	10	-	10
Total comprehensive (expense)/income for the period	-	10	(46,076)	(46,066)
At 31 December 2018	479,094	31	(135,291)	343,834
<b>Preceding year corresponding period ended 31 December 2017</b>				
At 1 July 2017	479,094	61	(34,066)	445,089
Profit for the period	-	-	(3,986)	(3,986)
Other comprehensive expense - foreign currency translation difference	-	(33)	-	(33)
Total comprehensive expense for the period	-	(33)	(3,986)	(4,019)
At 31 December 2017	479,094	28	(38,052)	441,070

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 2018.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD**  
**ENDED 31 DECEMBER 2018**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/12/2018 RM'000	31/12/2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(57,139)	(4,848)
Adjustments for:-		
Depreciation and amortisation	33,536	33,535
Non-cash items	4,459	(4,520)
Dividend income	(75)	(285)
Net financing costs	16,423	14,933
Operating profit before changes in working capital	(2,796)	38,815
Changes in working capital		
Net change in current assets	14,654	(15,940)
Net change in current liabilities	(38,384)	(10,948)
Taxation (paid)/refunded	(29)	17
Net financing costs paid	(16,423)	(14,933)
Dividend received	75	285
<b>Net cash used in operating activities</b>	<b>(42,903)</b>	<b>(2,704)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(4,612)	(4,397)
Proceeds from disposal of property, plant and equipment	-	557
<b>Net cash used in investing activities</b>	<b>(4,612)</b>	<b>(3,840)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	440,522	427,383
Repayments of borrowings	(433,300)	(451,716)
<b>Net cash generated from/(used in) financing activities</b>	<b>7,222</b>	<b>(24,333)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(40,293)</b>	<b>(30,877)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>73,256</b>	<b>102,193</b>
<b>EFFECT ON FOREIGN EXCHANGE</b>	<b>10</b>	<b>(33)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>32,973</b>	<b>71,283</b>
Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:		
	31/12/2018 RM'000	31/12/2017 RM'000
Deposits, cash and bank balances	32,973	71,283

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018.

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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 2018. 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 2018 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2018 which are applicable to the Group including MFRS 15 Revenue from Contracts with Customers. 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.

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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 paid**

There were no dividend paid during the quarter under review and financial year-to-date.

8. **Operating segments**

The Group's segmental report for the financial year-to-date is as follows: -

	<b>Construction Materials RM'000</b>
Reportable segment loss	<u>(38,176)</u>
Included in the measure of segment losses are:	
Revenue from external customers	322,370
Depreciation and amortisation	<u>33,534</u>
<b>Reconciliation of reportable segment loss</b>	
<b>Loss</b>	
Reportable segment	(38,176)
Non-reportable segments	(2,540)
Interest income	457
Finance costs	(16,880)
Consolidated loss before taxation	<u>(57,139)</u>
	<b>External Revenue RM'000</b>
Reportable segment	322,370
Non-reportable segment	937
<b>Total</b>	<u>323,307</u>
	<b>Depreciation and amortisation RM'000</b>
Reportable segment	33,534
Non-reportable segment	2
<b>Total</b>	<u>33,536</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.

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**11. Review of performance**

For the quarter under review, the Group recorded revenue of RM163.0 million and loss before taxation (“LBT”) of RM33.2 million as compared with revenue and LBT of RM162.9 million and RM5.4 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2018 (“FY 2018”).

For the financial year-to-date, the Group recorded revenue of RM323.3 million and LBT of RM57.1 million respectively as compared with revenue and LBT of RM324.7 million and RM4.8 million recorded in the corresponding period of FY 2018

With the full commissioning and increase in reliability of the second production line of the cement business, the Group has recorded higher sales volume. However, LBT increased mainly due to lower selling price of cement.

**12. Material changes in LBT against the immediate preceding quarter**

The Group recorded LBT of RM33.2 million for the quarter under review as compared with LBT of RM23.9 million for the preceding quarter. The increase in LBT for the quarter under review was mainly due to lower selling price.

**13. Prospects**

For the remaining quarters of this financial year, cement demand is expected to remain soft with the slowdown of major public and private projects.

To position our business for the next cycle, the Group is expanding its product range offerings and continue to pursue various initiatives for better cost efficiency.

**14. Profit forecast / profit guaranteed**

This note is not applicable.

**15. Loss before taxation**

	<b>Current Year Quarter</b>	<b>Current Year To-date</b>
	<b>31/12/2018 RM'000</b>	<b>31/12/2018 RM'000</b>
Loss before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	(51)	(75)
Impairment loss on trade receivables (net)	1,753	1,602
Depreciation and amortisation	16,902	33,536
Provision for and write off of inventories	3,630	5,152
Loss on foreign exchange	20	1,126
Fair value loss on derivative instrument	179	367



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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
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian - current year	(256)	(1,306)	(513)	(2,002)
- prior year	-	-	-	-
	(256)	(1,306)	(513)	(2,002)
Deferred taxation				
Malaysian - current year	(5,911)	296	(10,550)	1,140
- prior year	-	-	-	-
	(5,911)	296	(10,550)	1,140
	(6,167)	(1,010)	(11,063)	(862)

17. Corporate proposals

Save as disclosed below, there are no corporate proposals announced but not completed as at the date of this report.

On 12 November 2018, the Board has approved the proposed renounceable rights issue of up to RM172,473,768 nominal value of 5-year 5.0% redeemable convertible unsecured loan stocks ("RCULS") at 100.0% of its nominal value of RM1.00 on the basis of 36 RCULS for every 100 existing ordinary shares held in Hume Industries Berhad on an entitlement date to be determined later ("Proposed Rights Issue of RCULS"). Please refer to the Company's announcement on even date for details of the Proposed Rights Issue of RCULS.

The Proposals are conditional upon approvals being obtained from the following:

- (i) the Securities Commission Malaysia ("SC") for the issuance of the RCULS;
- (ii) Bursa Malaysia Securities Berhad ("Bursa Securities") for the following:
  - a) admission of the RCULS to the Official List of Bursa Securities; and
  - b) listing of and quotation for the RCULS to be issued pursuant to the Proposed Rights Issue of RCULS and the new HIB Shares to be issued pursuant to the conversion of RCULS, on the Main Market of Bursa Securities;
- (iii) the shareholders of HIB at an extraordinary general meeting to be convened; and
- (iv) other relevant authorities/parties, if required.

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Rights Issue of RCULS is expected to be completed in the second quarter of 2019.

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

Particulars of the Group's borrowings and debt securities as at 31 December 2018 are as follows:-

	<b>RM'000</b>
Unsecured short term borrowings	624,583
Unsecured long term borrowings	123,336
	<u>747,919</u>

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

	<b>RM'000</b>
USD	<u>23,596</u>

The Group's borrowings have increased due to operating losses incurred in the financial year-to-date.

**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 2018 of the financial year ending 30 June 2019 (2017/2018: Nil).

(b) For the financial year-to-date, no dividend has been declared (2017/2018: Nil)

**21. Loss Per Ordinary Share**

**(a) Basic loss per ordinary share**

The basic loss per ordinary share for the quarter under review is calculated by dividing the Group's loss attributable to owners of the Company of RM27,083,000 (2<sup>nd</sup> quarter 2017/2018: loss attributable to owners of the Company of RM4,435,000) by the weighted average number of ordinary shares during the quarter of 479,093,800 (2<sup>nd</sup> quarter 2017/2018: 479,093,800).

The basic loss per ordinary share for the financial year-to-date is calculated by dividing the Group's loss attributable to owners of the Company of RM46,076,000 (2017/2018: loss attributable to owners of the Company of RM3,986,000) by the weighted average number of ordinary shares during the period of 479,093,800 (2017/2018: 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.

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**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 31 December 2018, the contract amount, fair value and maturity tenor of the forward foreign exchange contracts are as follows:

	<b>Contract amount</b>	<b>Fair Value Assets / (Liabilities)</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than 1 year	<u>23,614</u>	<u>(179)</u>

**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  
28 January 2019