

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
Revenue	161,187	140,574	636,569	645,003
Cost of sales	(141,068)	(130,894)	(549,917)	(540,617)
Gross profit	20,119	9,680	86,652	104,386
Operating expenses	(41,870)	(35,883)	(164,217)	(155,368)
Other operating income/(expense)	1,786	(1,782)	(1,766)	14,401
Operating loss	(19,965)	(27,985)	(79,331)	(36,581)
Interest income	607	280	1,268	1,072
Finance costs	(9,392)	(7,966)	(35,008)	(31,254)
Loss before taxation	(28,750)	(35,671)	(113,071)	(66,763)
Taxation	874	3,684	14,927	11,893
Loss for the period attributable to owners of the Company	(27,876)	(31,987)	(98,144)	(54,870)

Loss per ordinary share (sen):-

(a) Basic	(5.75)	(6.68)	(20.26)	(11.45)
(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.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2019 (cont'd)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
Loss for the period	(27,876)	(31,987)	(98,144)	(54,870)
Foreign currency translation differences for foreign operations	332	2	337	(40)
Cash flow hedge	(375)	-	(375)	-
Total comprehensive loss for the period	<u>(27,919)</u>	<u>(31,985)</u>	<u>(98,182)</u>	<u>(54,910)</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 2018.

HUME INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 30 JUNE 2019**

	As at end of current quarter 30/06/2019 RM'000	As at end of preceding financial year 30/06/2018 RM'000
ASSETS		
Property, plant and equipment	1,000,103	1,064,792
Investment property	6,952	-
Deferred tax assets	19,555	13,460
Tax credit receivables	145,081	156,146
Total non-current assets	1,171,691	1,234,398
Inventories	88,985	100,699
Trade and other receivables	64,935	76,171
Current tax assets	3,944	2,824
Cash and cash equivalents	110,336	73,256
Total current assets	268,200	252,950
TOTAL ASSETS	1,439,891	1,487,348
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	488,306	479,094
Reserves	(186,920)	(89,194)
RCULS - equity portion	135,109	-
TOTAL EQUITY	436,495	389,900
LIABILITIES		
Trade and other payables	507	-
Borrowings	197,865	235,277
Deferred tax liabilities	40,882	56,893
RCULS - liability portion	28,772	-
Deferred income	107,234	124,856
Employee benefits	410	422
Total non-current liabilities	375,670	417,448
Trade and other payables	148,935	167,538
Borrowings	465,113	504,645
RCULS – liability portion	6,493	-
Deferred income	7,185	7,817
Total current liabilities	627,726	680,000
TOTAL LIABILITIES	1,003,396	1,097,448
TOTAL EQUITY AND LIABILITIES	1,439,891	1,487,348
Net assets per share attributable to owners of the Company (RM)	0.89	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.

HUME INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	Share capital	Redeemable convertible unsecured loan stocks (“RCULS”) – equity portion	Hedging reserve	Translation reserve	Accumulated losses	Total equity
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Current year-to-date ended 30 June 2019						
At 1 July 2018	479,094	-	-	21	(89,215)	389,900
Loss for the period	-	-	-	-	(98,144)	(98,144)
Other comprehensive income						
- foreign currency translation difference	-	-	-	337	-	337
- cash flow hedge	-	-	(375)	-	-	(375)
Total comprehensive expense for the period	-	-	(375)	337	(98,144)	(98,182)
<i>Contribution by and distribution to owners of the Company</i>						
- Issuance of RCULS	-	142,735	-	-	-	142,735
- Conversion of RCULS	9,212	(7,626)	-	-	456	2,042
Total transaction with owners of the Company	9,212	135,109	-	-	456	144,777
At 30 June 2019	488,306	135,109	(375)	358	(186,903)	436,495

HUME INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2019

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019 (cont'd)

	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 30 June 2018						
At 1 July 2017	479,094	-	-	61	(34,066)	445,089
Loss for the period	-	-	-	-	(54,870)	(54,870)
Other comprehensive expense						
- foreign currency translation difference	-	-	-	(40)	-	(40)
Total comprehensive expense for the period	-	-	-	(40)	(54,870)	(54,910)
Liquidation of Subsidiary	-	-	-	-	(279)	(279)
At 30 June 2018	479,094	-	-	21	(89,215)	389,900

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.

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 30 JUNE 2019**

	Current Year-To-Date	Preceding Year Corresponding Period
	30/06/2019 RM'000	30/06/2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(113,071)	(66,763)
Adjustments for:-		
Depreciation and amortisation	67,636	67,017
Non-cash items	(4,032)	(8,334)
Dividend income	(297)	(535)
Net financing costs	33,740	30,182
Operating (loss)/profit before changes in working capital	(16,024)	21,567
Changes in working capital		
Net change in current assets	22,279	(2,847)
Net change in current liabilities	(18,562)	16,574
Taxation paid	(111)	(133)
Net financing costs paid	(33,622)	(30,182)
Dividend received	297	535
Net cash (used in)/generated from operating activities	(45,743)	5,514
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,879)	(13,763)
Proceeds from disposal of property, plant and equipment	1,076	675
Net cash used in investing activities	(10,803)	(13,088)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	919,925	890,144
Repayments of borrowings	(998,100)	(911,467)
Proceed from issuance of RCULS	171,464	-
Net cash generated from/(used in) financing activities	93,289	(21,323)
NET CHANGE IN CASH AND CASH EQUIVALENTS	36,743	(28,897)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	73,256	102,193
EFFECT ON FOREIGN EXCHANGE	337	(40)
CASH & CASH EQUIVALENTS AT END OF PERIOD	110,336	73,256
Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:		
	30/06/2019 RM'000	30/06/2018 RM'000
Deposits, cash and bank balances	110,336	73,256

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.

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 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.

The figures have not been audited

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

During the quarter under review, the Company issued RM172,473,768 nominal value of 5-year 5% redeemable convertible unsecured loan stocks ("RCULS") at 100% of its nominal value of RM1.00. The RCULS were admitted to the official list of Bursa Securities Berhad on 3 June 2019. The conversion price of the RCULS is RM0.70 for every 1 new ordinary share in the Company and the conversion price is satisfied by surrendering for cancellation of the equivalent nominal value of RCULS.

During the quarter under review, the issued share capital of the Company has increased from 479,093,800 ordinary shares to 492,254,775 ordinary shares by the issue and allotment of 13,160,975 new ordinary shares arising from the conversion of RM9,212,690 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

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 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: -

	Construction Materials RM'000
Reportable segment loss	<u>(77,176)</u>
Included in the measure of segment losses are:	
Revenue from external customers	634,423
Depreciation and amortisation	<u>67,376</u>
Reconciliation of reportable segment loss	
Loss	
Reportable segment	(77,176)
Non-reportable segments	(2,155)
Interest income	1,268
Finance costs	(35,008)
Consolidated loss before taxation	<u><u>(113,071)</u></u>
	External Revenue RM'000
Reportable segment	634,423
Non-reportable segment	2,146
Total	<u><u>636,569</u></u>
	Depreciation and amortisation RM'000
Reportable segment	67,376
Non-reportable segment	260
Total	<u><u>67,636</u></u>

The figures have not been audited

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 other than as mentioned below:

Flynex Sdn Bhd, an indirect wholly-owned subsidiary of the Company, had been placed under member's voluntary liquidation. The liquidation is currently pending tax clearance from the Inland Revenue Board.

11. Review of performance

For the quarter under review, the Group recorded revenue of RM161.2 million and loss before taxation ("LBT") of RM28.8 million as compared with revenue and LBT of RM140.6 million and RM35.7 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2018 ("FY 2018").

The increase in revenue for the current quarter as compared with the corresponding quarter of FY 2018 was mainly attributed to the higher cement volume albeit at a lower sales price. LBT reported a decrease from RM35.7 million to RM28.8 million as compared with the corresponding quarter of the preceding financial year due to the inclusion of a one-off plant closure cost in the preceding financial year.

For the financial year-to-date, the Group recorded revenue of RM636.6 million and LBT of RM113.1 million respectively as compared with revenue and LBT of RM645.0 million and RM66.8 million recorded for the corresponding period of FY 2018 respectively. Higher LBT was reported for the financial year-to-date due to pressure on profit margin on the back of lower selling price of cement and inflationary impact from electricity and fuel costs.

12. Material changes in LBT against the immediate preceding quarter

The Group recorded an increased LBT of RM28.8 million for the quarter under review as compared with LBT of RM27.2 million for the preceding quarter mainly due to lower contribution margin.

The figures have not been audited

13. **Prospects**

The Board expects the market to remain challenging and the management will continue to work on the improvement of cost and operational efficiency. The recent merger and acquisition in the cement industry and the revival of the mega infrastructure projects should bring stability to the industry.

14. **Profit forecast / profit guaranteed**

This note is not applicable.

15. **Loss before taxation**

	Current Year Quarter	Current Year To-date
	30/06/2019 RM'000	30/06/2019 RM'000
Loss before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	(175)	(297)
Reversal of impairment loss on trade receivables (net)	(1,681)	(136)
Depreciation and amortisation	17,222	67,636
Provision for and write off of inventories	(2,697)	(10,045)
(Gain)/loss on foreign exchange	(239)	861
Fair value loss on derivative instrument	30	188

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/06/2019 RM'000	30/06/2018 RM'000	30/06/2019 RM'000	30/06/2018 RM'000
Current taxation				
Malaysian - current year	(1,392)	1,658	(1,920)	(1,156)
- prior year	(43)	21	(43)	(13)
	(1,435)	1,679	(1,963)	(1,169)
Deferred taxation				
Malaysian - current year	157	(11,499)	(13,368)	(16,099)
- prior year	404	6,136	404	5,375
	561	(5,363)	(12,964)	(10,724)
	(874)	(3,684)	(14,927)	(11,893)

The figures have not been audited

17. Corporate proposals

- (a) There are no corporate proposals announced but not completed as at the date of this report.
- (b) The status of the proceeds of RM172,473,768 raised from the Rights Issue of RCULS (as disclosed in Note 6) during the quarter under review is as follow:

<u>Details</u>	<u>Proposed Utilisation</u> RM'000	<u>Actual Utilisation</u> RM'000	<u>Balance Unutilised</u> RM'000	<u>Estimated timeframe for utilisation</u>	<u>Variance</u> RM'000 %	
Repay bank borrowings	122,257	122,257	-	Within 12 months	-	-
Fund general working capital	49,267	27,743	21,524	Within 12 months	-	-
Defray expenses in relation to the Rights Issue of RCULS	950	1,010	-	Within 3 months	(60)*	-6%
	<u>172,474</u>	<u>151,010</u>	<u>21,524</u>		<u>(60)</u>	

* The additional expenses incurred were paid from working capital

18. Group's borrowings and debt securities

Particulars of the Group's borrowings and debt securities as at 30 June 2019 are as follows:-

	RM'000
Unsecured short term borrowings	465,113
Unsecured long term borrowings	197,865
	<u>662,978</u>

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

	RM'000
USD	<u>127,413</u>

The USD denominated borrowings include RM113 million which foreign currency exchange rate has been fixed on drawdown of the term loan. The Group's borrowings have decreased due to repayment of bank borrowings 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 final dividend for the financial year ended 30 June 2019 (2017/2018: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2017/2018: Nil).

The figures have not been audited

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 RM27,876,000 (4th quarter 2017/2018: RM31,987,000) by the weighted average number of ordinary shares during the quarter of 480,925,939 (4th 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 RM98,144,000 (2017/2018: RM54,870,000) by the weighted average number of ordinary shares during the period of 479,550,580 (2017/2018: 479,093,800).

(b) Diluted loss per share

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

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 June 2019, 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	56,534	(375)

The figures have not been audited

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
27 August 2019