

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2020**

The figures have not been audited

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Revenue	177,369	152,075	505,784	475,382
Cost of sales	(131,889)	(130,113)	(407,004)	(408,849)
<b>Gross profit</b>	<b>45,480</b>	<b>21,962</b>	<b>98,780</b>	<b>66,533</b>
Operating expenses	(37,026)	(40,846)	(115,844)	(122,347)
Other operating income/(expense)	912	234	4,045	(3,552)
<b>Operating profit/(loss)</b>	<b>9,366</b>	<b>(18,650)</b>	<b>(13,019)</b>	<b>(59,366)</b>
Interest income	306	204	1,118	661
Finance costs	(7,580)	(8,736)	(23,023)	(25,616)
<b>Profit/(loss) before taxation</b>	<b>2,092</b>	<b>(27,182)</b>	<b>(34,924)</b>	<b>(84,321)</b>
Taxation	(278)	2,990	5,410	14,053
<b>Profit/(loss) for the period attributable to owners of the Company</b>	<b>1,814</b>	<b>(24,192)</b>	<b>(29,514)</b>	<b>(70,268)</b>
<b>Earnings/(Loss) per ordinary share (sen):-</b>				
(a) Basic	0.37	(5.05)	(5.98)	(14.67)
(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 2019.**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2020**

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2020**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
<b>Profit/(loss) for the period</b>	1,814	(24,192)	(29,514)	(70,268)
Foreign currency translation differences for foreign operations	48	(5)	48	5
<b>Total comprehensive income/(loss) for the period</b>	1,862	(24,197)	(29,466)	(70,263)

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 2019.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT  
 31 MARCH 2020**

	As at end of current quarter 31/03/2020 RM'000	As at end of preceding financial year 30/06/2019 RM'000
<b>ASSETS</b>		
Property, plant and equipment	955,803	1,000,103
Right-of-use assets	2,955	-
Investment property	6,761	6,952
Deferred tax assets	18,298	19,555
Tax credit receivables	145,081	145,081
<b>Total non-current assets</b>	<b>1,128,898</b>	<b>1,171,691</b>
Inventories	76,287	88,985
Trade and other receivables	48,128	64,935
Current tax assets	6,226	3,944
Cash and cash equivalents	145,757	110,336
<b>Total current assets</b>	<b>276,398</b>	<b>268,200</b>
<b>TOTAL ASSETS</b>	<b>1,405,296</b>	<b>1,439,891</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	491,730	488,306
Reserves	(215,509)	(186,920)
RCULS - equity portion	132,285	135,109
<b>TOTAL EQUITY</b>	<b>408,506</b>	<b>436,495</b>
<b>LIABILITIES</b>		
Borrowings	60,000	197,865
Deferred tax liabilities	36,185	40,882
RCULS – liability portion	23,187	28,772
Deferred income	101,844	107,234
Lease liabilities	2,276	-
Employee benefits	438	410
Refundable deposit	507	507
<b>Total non-current liabilities</b>	<b>224,437</b>	<b>375,670</b>
Trade and other payables	138,636	148,935
Borrowings	619,272	465,113
RCULS – liability portion	6,600	6,493
Deferred income	7,182	7,185
Lease liabilities	663	-
<b>Total current liabilities</b>	<b>772,353</b>	<b>627,726</b>
<b>TOTAL LIABILITIES</b>	<b>996,790</b>	<b>1,003,396</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,405,296</b>	<b>1,439,891</b>
Net assets per share attributable to owners of the Company (RM)	0.83	0.89

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020**

	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
<b>Current year-to-date ended 31 March 2020</b>						
At 1 July 2019	488,306	135,109	(375)	358	(186,903)	436,495
Loss for the period	-	-	-	-	(29,514)	(29,514)
Other comprehensive income						
- Foreign currency translation difference	-	-	-	48	-	48
- Cash flow hedge	-	-	841	-	-	841
Total comprehensive expense for the period	-	-	841	48	(29,514)	(28,625)
<i>Contribution by and distribution to owners of the Company</i>						
- Conversion of RCULS	3,424	(2,824)	-	-	36	636
At 31 March 2020	491,730	132,285	466	406	(216,381)	408,506

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020 (cont'd)**

	Share capital	Translation reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000
<b>Preceding year corresponding period ended 31 March 2019</b>				
At 1 July 2018	479,094	21	(89,215)	389,900
Loss for the period	-	-	(70,268)	(70,268)
Other comprehensive income				
- foreign currency translation difference	-	5	-	5
Total comprehensive expense for the period	-	5	(70,268)	(70,263)
At 31 March 2019	479,094	26	(159,483)	319,637

**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 2019.**

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD  
 ENDED 31 MARCH 2020**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(34,924)	(84,321)
Adjustments for:-		
Depreciation and amortisation	51,706	50,414
Non-cash items	3,733	871
Dividend income	(361)	(122)
Net financing costs	21,905	24,955
Operating profit/(loss) before changes in working capital	42,059	(8,203)
Changes in working capital		
Net change in current assets	23,284	3,608
Net change in current liabilities	(13,099)	(37,203)
Taxation paid	(315)	(158)
Net financing costs paid	(20,672)	(24,955)
Dividend received	361	122
<b>Net cash generated from/(used in) operating activities</b>	<b>31,618</b>	<b>(66,789)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(8,224)	(7,944)
Proceeds from disposal of property, plant and equipment	420	37
<b>Net cash used in investing activities</b>	<b>(7,804)</b>	<b>(7,907)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	551,113	635,700
Repayments of borrowings	(535,486)	(600,410)
RCULS coupon payment	(4,068)	-
<b>Net cash generated from financing activities</b>	<b>11,559</b>	<b>35,290</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>35,373</b>	<b>(39,406)</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>110,336</b>	<b>73,256</b>
<b>EFFECT ON FOREIGN EXCHANGE</b>	<b>48</b>	<b>5</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>145,757</b>	<b>33,855</b>
Cash and cash equivalents included in the consolidated statements of cash flows comprise the following statements of financial position amounts:		
	31/03/2020 RM'000	31/03/2019 RM'000
Deposits, cash and bank balances	145,757	33,855

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2019.

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 2019. 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 2019 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2019 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 except for the adoption of MFRS 16 Leases which requires the lessee to recognise the right-of-use of the underlying lease asset and future lease payments liabilities in the statement of financial position.

In accordance with the transitional provisions provided in MFRS 16 Leases, comparative information for the previous financial year ended 30 June 2019 were not restated. The financial impact on the financial statements of the Group arising from the adoption of MFRS 16 Leases on 1 July 2019 are as follows:

**Condensed Statement of Financial Position**

	At 30 June 2019 RM’000	Adoption of MFRS 16 RM’000	At 1 July 2019 RM’000
<b>Non-current assets</b>			
Right-of-use assets	-	2,969	2,969
<b>Non-current liabilities</b>			
Lease liabilities	-	2,322	2,322
<b>Current liabilities</b>			
Lease Liabilities	-	647	647

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 cyclical nature 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.

The figures have not been audited

**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 493,771,888 ordinary shares to 497,146,739 ordinary shares by the issuance and allotment of 3,374,851 new ordinary shares arising from the conversion of RM2,362,398 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.

For the financial year-to-date, the issued share capital of the Company has been increased from 492,254,775 ordinary shares to 497,146,739 ordinary shares by the issuance and allotment of 4,891,964 new ordinary shares arising from the conversion of RM3,424,378 nominal value of 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 31 March 2020 was RM159,836,700.

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.

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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>(12,661)</u>
Included in the measure of segment losses are:	
Revenue from external customers	504,261
Depreciation and amortisation	<u>51,508</u>
<b>Reconciliation of reportable segment loss</b>	
<b>Loss</b>	
Reportable segment	(12,661)
Non-reportable segments	(358)
Interest income	1,118
Finance costs	(23,023)
Consolidated loss before taxation	<u>(34,924)</u>
	<b>External Revenue RM'000</b>
Reportable segment	504,261
Non-reportable segment	1,523
<b>Total</b>	<u>505,784</u>
	<b>Depreciation and amortisation RM'000</b>
Reportable segment	51,508
Non-reportable segment	198
<b>Total</b>	<u>51,706</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 other than as mentioned below:

The liquidator of Flynex Sdn Bhd ("Flynex"), an indirect wholly-owned subsidiary of the Company has convened a final meeting to conclude the member's liquidation of Flynex, and accordingly Flynex will be dissolved on 26 May 2020.

The figures have not been audited

**11. Review of performance**

For the quarter under review, the Group recorded revenue of RM177.4 million and profit before taxation (“PBT”) of RM2.1 million as compared with revenue and loss before taxation (“LBT”) of RM152.1 million and RM27.2 million respectively for the corresponding quarter of the preceding financial year ended 30 June 2019 (“FY 2019”) PBT recorded improvement for the quarter under review was mainly contributed by the cement business with higher revenue from lower rebate of cement selling price.

For the financial year-to-date, the Group recorded revenue of RM505.8 million and LBT of RM34.9 million as compared with revenue and LBT of RM475.4 million and RM84.3 million respectively for the corresponding period of FY 2019. Lower LBT was reported for the financial year-to-date due to higher revenue generated from lower rebate of cement selling price.

The Movement Control Order (MCO) imposed by the Malaysian Government as a result of controlling the spread of the COVID-19 virus on 18 March 2020 had impacted the Group’s businesses for the quarter under review as a full suspension of operations were imposed nationwide.

**12. Material changes in profit before taxation against the immediate preceding quarter**

	<b>Current quarter 31/03/2020 RM’000</b>	<b>Immediate preceding quarter 31/12/2019 RM’000</b>
Revenue	177,369	156,198
Profit/(Loss) before taxation	2,092	(8,847)

The Group recorded PBT of RM2.1 million for the quarter under review as compared with LBT of RM8.8 million for the immediate preceding quarter mainly due to higher revenue generated from lower rebate of cement selling price and higher sales volume reported.

**13. Prospects**

The Board expects the unprecedented situation caused by the COVID-19 pandemic to have an adverse impact on the Group’s businesses. The Group has suspended all operations since 18 March 2020 due to the Movement Control Order imposed by the Government. However, in early May, the Group was granted permission by the Ministry of International Trade and Industry to begin partial operation. The Management is currently assessing the market situation to gradually step up production. As such, the Board has decided to suspend all views on the prospects of the Group until such time that the overall impact of the COVID-19 pandemic on the Group becomes clearer.

In the meantime, the Management’s focus is to conserve cash within the businesses. All senior managers have agreed to a voluntary reduction in base salary and devised ways to adapt to the new norms in business practices.

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14. **Profit forecast / profit guaranteed**

This note is not applicable.

15. **Loss before taxation**

	Current Year Quarter	Current Year To-date
	31/03/2020 RM'000	31/03/2020 RM'000
Loss before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	(189)	(361)
Impairment loss on trade receivables (net)	337	215
Depreciation and amortisation	17,747	51,706
Provision for slow moving inventories	1,579	3,835
Loss on foreign exchange	360	283
Fair value loss on derivative instrument	-	-

16. **Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Current taxation				
Malaysian - current year	(949)	(15)	(2,014)	(528)
- prior year	-	-	47	-
	(949)	(15)	(1,967)	(528)
Deferred taxation				
Malaysian - current year	1,227	(2,975)	(3,443)	(13,525)
- prior year	-	-	-	-
	1,227	(2,975)	(3,443)	(13,525)
	278	(2,990)	(5,410)	(14,053)

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17. Corporate proposals

- (a) There are no corporate proposals announced but not completed as at the date of this report.
- (b) During the quarter under review, the status of the utilisation of proceeds from the Rights Issue of RCULS is as follow:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for utilisation	Variance	
					RM'000	%
Repay bank borrowings	122,257	122,257	-	Within 12 months	-	-
Fund general working capital	49,267	28,207	21,060	Within 12 months	-	-
Defray expenses in relation to the Rights Issue of RCULS	950	1,010	(60)	Within 3 months	(60)*	-6%
	<u>172,474</u>	<u>151,474</u>	<u>21,000</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 31 March 2020 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	619,272
Unsecured long term borrowings	60,000
	<u>679,272</u>

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

	RM'000
USD	<u>122,279</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.

	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	6,600
- Non-current	23,187
	<u>29,787</u>

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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 March 2020 of the financial year ending 30 June 2020 (2018/2019: Nil).
- (b) For the financial year-to-date, no dividend has been declared (2018/2019: Nil).

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 RM1,814,000 (3<sup>rd</sup> quarter 2018/2019: RM24,192,000) by the weighted average number of ordinary shares during the quarter of 494,773,824 (3<sup>rd</sup> quarter 2018/2019: 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 RM29,514,000 (2018/2019: RM70,268,000) by the weighted average number of ordinary shares during the period of 493,830,878 (2018/2019: 479,093,800).

*Weighted average number of ordinary shares*

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2020 RM'000	31/03/2019 RM'000	31/03/2020 RM'000	31/03/2019 RM'000
Issued ordinary shares at beginning of period	493,690	479,094	479,551	479,094
Effect of RCULS conversion	1,084	-	14,280	-
Weighted average number of ordinary shares (basic)	494,774	479,094	493,831	479,094
Basic earnings/(loss) per ordinary share (sen)	0.37	(5.05)	(5.98)	(14.67)

- (b) Diluted earnings/(loss) per share

The Group's diluted earnings/(loss) 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.

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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 March 2020, 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>30,000</u>	<u>466</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  
18 May 2020