

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Revenue	191,760	160,738	513,263	490,566
Cost of sales	(150,832)	(136,915)	(402,933)	(381,737)
Gross profit	40,928	23,823	110,330	108,829
Operating expenses	(34,514)	(35,889)	(101,716)	(109,825)
Other operating income	1,666	2,401	6,646	7,056
Operating profit/(loss)	8,080	(9,665)	15,260	6,060
Interest income	103	147	330	477
Finance costs	(5,571)	(5,630)	(17,008)	(17,765)
Profit/(Loss) before taxation	2,612	(15,148)	(1,418)	(11,228)
Taxation	(691)	3,338	(404)	1,286
Profit/(Loss) for the period attributable to owners of the Company	1,921	(11,810)	(1,822)	(9,942)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	0.38	(2.36)	(0.36)	(1.99)
(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 2021.

HUME CEMENT INDUSTRIES BERHAD
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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2022 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Profit/(Loss) for the period	1,921	(11,810)	(1,822)	(9,942)
Foreign currency translation differences for foreign operations	(41)	20	(78)	(7)
Cash flow hedge	8	(5)	(14)	(30)
Total comprehensive income/(expense) for the period	1,888	(11,795)	(1,914)	(9,979)

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 2021.



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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 31 MARCH 2022**

	As at end of current quarter 31/03/2022 RM'000	As at end of preceding financial year 30/06/2021 RM'000
ASSETS		
Property, plant and equipment	802,596	845,939
Right-of-use assets	38,340	39,114
Investment property	6,252	6,443
Deferred tax assets	10,408	11,662
Tax credit receivables	144,703	145,081
Total non-current assets	1,002,299	1,048,239
Inventories	109,046	82,184
Trade and other receivables	73,403	28,293
Current tax assets	515	759
Cash and cash equivalents	55,475	50,581
Total current assets	238,439	161,817
TOTAL ASSETS	1,240,738	1,210,056
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	494,777	494,406
Reserves	(261,614)	(259,719)
RCULS - equity portion	129,764	130,070
TOTAL EQUITY	362,927	364,757
LIABILITIES		
Borrowings	247,201	309,313
Lease liabilities	470	923
Deferred tax liabilities	15,689	17,137
RCULS – liability portion	8,777	14,218
Deferred income	87,169	92,916
Employee benefits	438	479
Other payable	579	507
Total non-current liabilities	360,323	435,493
Trade and other payables	157,747	114,344
Borrowings	344,106	280,565
Lease liabilities	1,183	750
RCULS – liability portion	7,158	6,909
Deferred income	7,158	7,158
Tax payable	136	80
Total current liabilities	517,488	409,806
TOTAL LIABILITIES	877,811	845,299
TOTAL EQUITY AND LIABILITIES	1,240,738	1,210,056
Net assets per share attributable to owners of the Company (RM)	0.72	0.73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 31 March 2022								
At 1 July 2021	494,406	130,070	14	408	(100)	96	(260,137)	364,757
Loss for the period	-	-	-	-	-	-	(1,822)	(1,822)
Other comprehensive expense								
- Foreign currency translation difference	-	-	-	(78)	-	-	-	(78)
- Cash flow hedge	-	-	(14)	-	-	-	-	(14)
Total comprehensive expense for the period	-	-	(14)	(78)	-	-	(1,822)	(1,914)
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	371	(306)	-	-	-	-	(23)	42
- Share-based payments	-	-	-	-	-	42	-	42
- Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	50	(84)	34	-
	371	(306)	-	-	50	(42)	11	84
At 31 March 2022	494,777	129,764	-	330	(50)	54	(261,948)	362,927

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022 (cont'd)

	Share capital	Redeemable convertible unsecured loan stocks ("RCULS") – equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Preceding year corresponding period ended 31 March 2021								
At 1 July 2020	491,827	132,204	25	420	-	50	(232,771)	391,755
Loss for the period	-	-	-	-	-	-	(9,942)	(9,942)
Other comprehensive expense								
- Foreign currency translation difference	-	-	-	(7)	-	-	-	(7)
- Cash flow hedge	-	-	(30)	-	-	-	-	(30)
Total comprehensive expense for the period	-	-	(30)	(7)	-	-	(9,942)	(9,979)
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	2,305	(1,907)	-	-	-	-	(29)	369
- Share-based payments	-	-	-	-	(149)	96	-	(53)
- Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	50	(82)	32	-
	2,305	(1,907)	-	-	(99)	14	3	316
At 31 March 2021	494,132	130,297	(5)	413	(99)	64	(242,710)	382,092

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 2021.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 31 MARCH 2022**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2022 RM'000	31/03/2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,418)	(11,228)
Adjustments for:-		
Depreciation and amortisation	50,080	49,851
Non-cash items	(4,538)	(2,117)
Dividend income	(202)	(440)
Net financing costs	16,678	17,288
Operating profit before changes in working capital	60,600	53,354
Changes in working capital		
Net change in current assets	(72,134)	5,520
Net change in current liabilities	41,971	7,550
Taxation paid	(298)	(455)
Net financing costs paid	(15,627)	(16,176)
Dividend received	202	440
Employee benefits paid	(40)	(27)
Net cash generated from operating activities	14,674	50,206
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(6,612)	(9,830)
Proceeds from disposal of property, plant and equipment	576	6
Net cash used in investing activities	(6,036)	(9,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	226,854	469,943
Repayments of borrowings	(225,689)	(517,802)
RCULS coupon payment	(4,003)	(4,035)
Payment of lease liabilities	(828)	(167)
Net cash used in financing activities	(3,666)	(52,061)
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,972	(11,679)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	50,581	84,739
EFFECT ON FOREIGN EXCHANGE	(78)	(7)
CASH & CASH EQUIVALENTS AT END OF PERIOD	55,475	73,053

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

	31/03/2022 RM'000	30/03/2021 RM'000
Deposits, cash and bank balances	55,475	73,053

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2021.

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 2021. 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 2021 except for the adoption of MFRSs, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021 and 1 April 2021 respectively 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 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.

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**

- (a) For the quarter under review, the issued share capital of the Company has been increased from 501,042,725 ordinary shares to 501,497,867 ordinary shares by the issuance and allotment of 455,142 new ordinary shares arising from the conversion of RM318,600 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 for the Company has been increased from 500,968,725 ordinary shares to 501,497,867 ordinary shares by the issuance and allotment of 529,142 new ordinary shares arising from the conversion of RM370,400 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 2022 was RM156,790,907.

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The figures have not been audited

6. **Issuances, cancellations, repurchases, resale and repayments of debt and equity securities (cont'd)**

- (b) There were no additional shares purchased by the Executive Share Scheme (“ESS”) Trust during the quarter under review and financial year-to-date.

During the quarter under review and financial year-to-date, a total of 66,667 ordinary shares of the Company held in the ESS Trust were transferred to an eligible executive of the Group following the vesting of free shares pursuant to the ESS.

As at 31 March 2022, the total number of ordinary shares in the Company held by the ESS Trust was 66,667 ordinary shares.

7. **Dividend paid**

There was no dividends 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 profits	<u>15,048</u>
Included in the measure of segment profits are:	
Revenue from external customers	511,690
Depreciation and amortisation	<u>49,880</u>
Reconciliation of reportable segment profits to Consolidated LBT	
Reportable segment	15,048
Non-reportable segments	212
Interest income	330
Finance costs	(17,008)
Consolidated loss before taxation	<u>(1,418)</u>
	External Revenue
	RM’000
Reportable segment	511,690
Non-reportable segment	1,573
Total	<u>513,263</u>
	Depreciation and amortisation
	RM’000
Reportable segment	49,880
Non-reportable segment	200
Total	<u>50,080</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.

The figures have not been audited

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.

11. Review of performance

For the quarter under review, the Group recorded revenue of RM191.8 million and profit before taxation ("PBT") of RM2.6 million as compared with revenue and loss before taxation ("LBT") of RM160.7 million and RM15.1 million for the corresponding quarter of the preceding financial year ended 30 June 2021 ("FY 2021").

Revenue and PBT increased in the quarter under review as compared with the corresponding quarter of FY 2021 mainly due to lower rebate in the selling price and higher cement sales volume.

For the financial year-to-date, the Group recorded revenue of RM513.3 million and LBT of RM1.4 million as compared with revenue and LBT of RM490.6 million and RM11.2 million respectively for the corresponding period of FY 2021. Lower LBT recorded in the financial year-to-date was the result of positive net impact from lower rebate in the selling price and higher input costs in particular from coal and electricity.

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

	Current quarter 31/03/2022 RM'000	Immediate preceding quarter 31/12/2021 RM'000
Revenue	191,760	193,436
Profit before taxation	2,612	10,140

The Group recorded PBT of RM2.6 million for the quarter under review as compared with PBT of RM10.1 million for the immediate preceding quarter, mainly attributed by the escalating coal price in the current quarter under review coupled with lower cement sales volume.

13. Prospects

As Malaysia transitions to the endemic phase of COVID-19, the Board expects a gradual recovery in the domestic economic and construction activities. However, we remain cautious as the impact of the current global geopolitical situation, the volatility in commodity prices, and disruption in global supply chains on the recovery remains uncertain.

The Group continues to be vigilant in monitoring and responding to these changing business conditions.

14. Profit forecast / profit guaranteed

This note is not applicable.

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15. Profit before taxation

	Current Year Quarter	Current Year To-date
	31/03/2022 RM'000	31/03/2022 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	(20)	(202)
Impairment loss on trade receivables (net)	(8)	(618)
Depreciation and amortisation	16,839	50,080
Provision for slow moving inventories	820	1,202
Loss/(Gain) on foreign exchange	213	(87)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2022 RM'000	31/03/2021 RM'000	31/03/2022 RM'000	31/03/2021 RM'000
Current taxation				
Malaysian - current year	233	314	631	679
- prior year	(33)	(1)	(33)	(1)
	200	313	598	678
Deferred taxation				
Malaysian - current year	491	(3,651)	(194)	(2,053)
- prior year	-	-	-	89
	691	(3,651)	(194)	(1,964)
	691	(3,338)	404	(1,286)

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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 March 2022 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	344,106
Unsecured long term borrowings	247,201
	<u>591,307</u>

The above include borrowing denominated in foreign currency with Ringgit equivalent as follows:-

	RM'000
USD	<u>20,610</u>

The USD denominated borrowing has the foreign currency exchange rate fixed on drawdown.

	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	7,158
- Non-current	8,777
	<u>15,935</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 March 2022 of the financial year ending 30 June 2022 (3rd quarter FY 2021: Nil).

(b) For the financial year-to-date, no dividend has been declared (3rd quarter FY 2021: Nil).

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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 RM1,921,000 (3rd quarter FY 2021: loss attributable to owners of the Company of RM11,810,000) by the weighted average number of ordinary shares during the quarter of 501,365,457 (3rd quarter FY 2021: 500,480,268).

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 RM1,822,000 (3rd quarter FY 2021: RM9,942,000) by the weighted average number of ordinary shares during the period of 501,068,043 (3rd quarter FY 2021: 498,925,702).

	<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
	31/03/2022 '000	31/03/2021 '000	31/03/2022 '000	31/03/2021 '000
Issued ordinary shares at beginning of period	501,015	498,869	500,969	497,285
Trust shares held at beginning of period	(133)	(50)	(133)	(133)
Effect of Trust shares vested	67	-	67	-
Effect of RCULS conversion	416	1,661	165	1,774
Weighted average number of ordinary shares (basic)	501,365	500,480	501,068	498,926
Basic earnings/(loss) per ordinary share (sen)	0.38	(2.36)	(0.36)	(1.99)

(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.

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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.

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 2021.

There is no outstanding derivatives for the current financial quarter under review.

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 re-measure its financial liabilities at fair value after the initial recognition.

By Order of the Board
Hume Cement Industries Berhad

Wong Wei Fong
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
30 May 2022