

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2023

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Revenue	288,997	191,760	751,054	513,263
Cost of sales	(208,102)	(150,832)	(592,324)	(402,933)
Gross profit	80,895	40,928	158,730	110,330
Operating expenses	(38,427)	(34,514)	(114,258)	(101,716)
Other operating income	22	1,666	2,110	6,646
Operating profit	42,490	8,080	46,582	15,260
Interest income	487	103	1,080	330
Finance costs	(7,072)	(5,571)	(20,562)	(17,008)
Profit/(Loss) before taxation	35,905	2,612	27,100	(1,418)
Taxation	(8,894)	(691)	(7,660)	(404)
Profit/(Loss) for the period attributable to owners of the Company	27,011	1,921	19,440	(1,822)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	5.36	0.38	3.86	(0.36)
(b) Diluted	3.74	0.29	2.73	N/A

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2023 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Profit/(Loss) for the period	27,011	1,921	19,440	(1,822)
Foreign currency translation differences for foreign operations	16	(41)	7	(78)
Cash flow hedge	2,231	8	972	(14)
Total comprehensive income/(expense) for the period	29,258	1,888	20,419	(1,914)

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 31 MARCH 2023**

	As at end of current quarter 31/03/2023 RM'000	As at end of preceding financial year 30/06/2022 RM'000
ASSETS		
Property, plant and equipment	752,248	790,507
Right-of-use assets	36,280	37,728
Investment property	5,997	6,188
Deferred tax assets	8,577	9,908
Tax credit receivables	144,703	144,703
Total non-current assets	947,805	989,034
Inventories	133,486	163,630
Trade and other receivables	105,496	80,549
Current tax assets	25	161
Cash and cash equivalents	93,341	64,274
Total current assets	332,348	308,614
TOTAL ASSETS	1,280,153	1,297,648
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	496,490	496,267
Reserves	(236,356)	(256,775)
RCULS - equity portion	128,343	128,527
TOTAL EQUITY	388,477	368,019
LIABILITIES		
Borrowings	117,716	239,789
Lease liabilities	55	230
Deferred tax liabilities	21,439	16,073
RCULS – liability portion	1,239	6,873
Deferred income	80,011	85,380
Employee benefits	240	250
Other payable	579	579
Total non-current liabilities	221,279	349,174
Borrowings	506,458	372,602
Lease liabilities	498	1,068
RCULS – liability portion	7,443	7,177
Deferred income	7,158	7,158
Trade and other payables	148,119	192,187
Tax payable	721	263
Total current liabilities	670,397	580,455
TOTAL LIABILITIES	891,676	929,629
TOTAL EQUITY AND LIABILITIES	1,280,153	1,297,648
Net assets per share attributable to owners of the Company (RM)	0.77	0.73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

	/-----Attributable to owners of the Company-----/							
	/-----Non-distributable-----/							
	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 2023								
At 1 July 2022	496,267	128,527	13	322	(50)	68	(257,128)	368,019
Profit for the period	-	-	-	-	-	-	19,440	19,440
Other comprehensive income								
- Foreign currency translation difference	-	-	-	7	-	-	-	7
- Cash flow hedge	-	-	972	-	-	-	-	972
Total comprehensive income for the period	-	-	972	7	-	-	19,440	20,419
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	223	(184)	-	-	-	-	(24)	15
- Share-based payments	-	-	-	-	-	24	-	24
- Shares vested under Executive Share Scheme ("ESS")	-	-	-	-	50	(86)	36	-
	223	(184)	-	-	50	(62)	12	39
At 31 March 2023	496,490	128,343	985	329	-	6	(237,676)	388,477

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023 (cont'd)

	/-----Attributable to owners of the Company-----/							
	/-----Non-distributable-----/							
	Share capital	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 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 income/(expense)								
- Foreign currency translation difference	-	-	-	(78)	-	-	-	(78)
- Cash flow hedge	-	-	(14)	-	-	-	-	(14)
Total comprehensive income/(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

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 31 MARCH 2023**

	Current Year-To-Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	27,100	(1,418)
Adjustments for:-		
Depreciation and amortisation	50,860	50,080
Non-cash items	(4,722)	(4,538)
Dividend income	(45)	(202)
Net financing costs	19,482	16,678
Operating profit before changes in working capital	92,675	60,600
Changes in working capital		
Net change in current assets	6,181	(72,134)
Net change in current liabilities	(45,082)	41,971
Taxation paid	(370)	(298)
Net financing costs paid	(18,722)	(15,627)
Dividend received	45	202
Employee benefits paid	(17)	(40)
Net cash generated from operating activities	34,710	14,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,538)	(6,612)
Proceeds from disposal of property, plant and equipment	146	576
Net cash used in investing activities	(12,392)	(6,036)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,027,839	226,854
Repayments of borrowings	(1,016,320)	(225,689)
RCULS coupon payment	(3,914)	(4,003)
Payment of lease liabilities	(863)	(828)
Net cash generated from/(used in) financing activities	6,742	(3,666)
NET CHANGE IN CASH AND CASH EQUIVALENTS	29,060	4,972
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,274	50,581
EFFECT ON FOREIGN EXCHANGE	7	(78)
CASH & CASH EQUIVALENTS AT END OF PERIOD	93,341	55,475

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

	31/03/2023 RM'000	31/03/2022 RM'000
Deposits, cash and bank balances	93,341	55,475

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2022.

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 Standard (“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 2022. This interim financial report also complies with International Accounting Standard 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 2022 except for the adoption of MFRSs, amendments and interpretations that are effective for annual period beginning on or after 1 January 2022 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**

- (a) For the quarter under review, the issued share capital of the Company has been increased from 503,689,934 ordinary shares to 503,945,688 ordinary shares by the issuance and allotment of 255,754 new ordinary shares arising from the conversion of RM179,028 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 503,627,609 ordinary shares to 503,945,688 ordinary shares by the issuance and allotment of 318,079 new ordinary shares arising from the conversion of RM222,656 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 2023 was RM155,077,431.

Subsequent to the quarter under review and financial year-to-date, the issued share capital of the Company has been increased from 503,945,688 ordinary shares to 503,985,688 ordinary shares by the issuance and allotment of 40,000 new ordinary shares arising from the conversion of RM28,000 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

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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 2023, there were no ordinary shares in the Company held by the ESS Trust.

There were no share buy-back, shares cancellation, resale of treasury shares or repayment of debt or equity securities during the quarter under review and financial year-to-date.

7. **Dividend paid**

There were 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>45,070</u>
Included in the measure of segment profits are:	
Revenue from external customers	747,917
Depreciation and amortisation	<u>50,660</u>
Reconciliation of reportable segment profits to Consolidated PBT	
Reportable segment	45,070
Non-reportable segments	1,512
Interest income	1,080
Finance costs	(20,562)
Consolidated profit before taxation	<u>27,100</u>
	External Revenue
	RM'000
Reportable segment	747,917
Non-reportable segment	3,137
Total	<u>751,054</u>
	Depreciation and amortisation
	RM'000
Reportable segment	50,660
Non-reportable segment	200
Total	<u>50,860</u>

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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.

11. **Review of performance**

For the quarter under review, the Group recorded revenue of RM289.0 million and profit before taxation ("PBT") of RM35.9 million as compared with revenue and PBT of RM191.8 million and RM2.6 million for the corresponding quarter of the preceding financial year ended 30 June 2022 ("FY 2022").

Revenue and PBT increased in the quarter under review as compared with the corresponding quarter of FY 2022 mainly due to the revision in the cement retail selling price and higher cement sales volume.

For the financial year-to-date, the Group recorded revenue of RM751.1 million and PBT of RM27.1 million as compared with revenue and loss before taxation ("LBT") of RM513.3 million and RM1.4 million respectively for the corresponding period of FY 2022. The higher reported revenue and the improvement from LBT to PBT were mainly due to the revision in the cement retail selling price, coupled with lower cement rebate given and higher cement sales volume achieved which has mitigated the increase in input costs, particularly from coal and electricity.

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

	Current quarter 31/03/2023 RM'000	Immediate preceding quarter 31/12/2022 RM'000
Revenue	288,997	255,268
Profit before taxation	35,905	6,590

The Group recorded PBT of RM35.9 million for the quarter under review as compared with PBT of RM6.6 million for the immediate preceding quarter, mainly attributed to the upward revision in cement retail selling price, coupled with lower cement rebate given.

13. **Prospects**

The Group is expected to benefit from the continued recovery of the construction activities on the back of the 4.5% economic growth projection in Malaysia for 2023. The Board believes that with the positive progress on the country's post pandemic recovery, this will augur well for the domestic cement demand growth. The Group will continue to focus on improving operational efficiency.

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
	31/03/2023 RM'000	31/03/2023 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Dividend income from short term investments	-	(45)
Reversal on impairment loss on trade receivables (net)	(104)	(62)
Depreciation and amortisation	17,113	50,860
Provision for slow moving inventories	1,560	3,008
Loss on foreign exchange	607	2,574

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Current taxation				
Malaysian - current year	314	233	969	631
- prior year	(6)	(33)	(6)	(33)
	308	200	963	598
Deferred taxation				
Malaysian - current year	8,586	491	6,697	(194)
- prior year	-	-	-	-
	8,586	491	6,697	(194)
	8,894	691	7,660	404

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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 2023 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	506,458
Unsecured long term borrowings	117,716
	<u>624,174</u>

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

	RM'000
USD	<u>45,110</u>

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

	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	7,443
- Non-current	1,239
	<u>8,682</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 2023 of the financial year ending 30 June 2023 (3rd quarter FY 2022: Nil).

(b) For the financial year-to-date, no dividend has been declared (3rd quarter FY 2022: Nil).

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

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

The basic earnings per ordinary share for the quarter under review is calculated by dividing the Group's profit attributable to owners of the Company of RM27,011,000 (3rd quarter FY 2022: RM1,921,000) by the weighted average number of ordinary shares during the quarter of 503,829,612 (3rd quarter FY 2022: 501,365,457).

The basic earnings/(loss) per ordinary share for the financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM19,440,000 (3rd quarter FY2022: loss attributable to owners of the Company of RM 1,822,000) by the weighted average number of ordinary shares during the period of 503,707,743 (3rd quarter FY2022: 501,068,043).

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
	31/03/2023 '000	31/03/2022 '000	31/03/2023 '000	31/03/2022 '000
Issued ordinary shares at beginning of period	503,658	501,015	503,628	500,969
Trust shares held at beginning of period	(67)	(133)	(67)	(133)
Effect of Trust shares vested	67	67	67	67
Effect of RCULS conversion	172	416	80	165
Weighted average number of ordinary shares (basic)	503,830	501,365	503,708	501,068
Basic earnings/(loss) per ordinary share (sen)	5.36	0.38	3.86	(0.36)

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21. **Earnings/(Loss) Per Ordinary Share (cont'd)**

(b) Diluted earnings per share

The calculation of diluted earnings per ordinary share for the quarter under review was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	Individual Quarter		Cumulative Quarter	
	Current Year- Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Profit attributable to ordinary shareholders (basic)	27,011	1,921	19,440	(1,822)
Interest expense on RCULS, net of tax	93	161	335	541
Profit attributable to ordinary shareholders (diluted)	27,104	2,082	19,775	(1,281)
	'000	'000	'000	'000
Weighted average number of ordinary shares at 31 March (basic)	503,830	501,365	503,708	501,068
Effect of conversion of RCULS	221,539	223,987	221,539	223,987
Weighted average number of ordinary shares at 31 March (diluted)	725,369	725,352	725,247	725,055
Diluted earnings per ordinary share (sen)	3.74	0.29	2.73	N/A

In the preceding financial year-to-date, there was no disclosure of diluted loss ordinary share as it was 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 2023, 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	23,682	985

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 are 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 2022.

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
Zoe Lim Hoon Hwa
Company Secretaries

Perak
16 May 2023