

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Revenue	306,661	206,789	306,661	206,789
Cost of sales	(195,502)	(178,836)	(195,502)	(178,836)
Gross profit	111,159	27,953	111,159	27,953
Operating expenses	(43,524)	(36,916)	(43,524)	(36,916)
Other operating income/(expense)	1,821	(345)	1,821	(345)
Operating profit/(loss)	69,456	(9,308)	69,456	(9,308)
Interest income	346	208	346	208
Finance costs	(5,929)	(6,295)	(5,929)	(6,295)
Profit/(Loss) before taxation	63,873	(15,395)	63,873	(15,395)
Taxation	(15,546)	3,358	(15,546)	3,358
Profit/(Loss) for the period attributable to owners of the Company	48,327	(12,037)	48,327	(12,037)
Earnings/(Loss) per ordinary share (sen):-				
(a) Basic	9.46	(2.39)	9.46	(2.39)
(b) Diluted	6.67	N/A	6.67	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 2023.

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2023 (cont'd)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Profit/(Loss) for the period	48,327	(12,037)	48,327	(12,037)
Foreign currency translation differences for foreign operations	(11)	(8)	(11)	(8)
Cash flow hedge	139	237	139	237
Total comprehensive income/(expense) for the period	48,455	(11,808)	48,455	(11,808)

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 2023.

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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**CONDENSED CONSOLIDATED STATEMENTS ON FINANCIAL POSITION AS AT
 30 SEPTEMBER 2023**

	As at end of current quarter 30/09/2023 RM'000	As at end of preceding financial year 30/06/2023 RM'000
ASSETS		
Property, plant and equipment	725,783	740,637
Right-of-use assets	39,014	35,786
Investment property	5,870	5,933
Deferred tax assets	3,703	4,143
Tax credit receivables	144,703	144,703
Total non-current assets	919,073	931,202
Inventories	115,547	127,156
Trade and other receivables	101,288	76,219
Current tax assets	1	4
Cash and cash equivalents	52,388	51,660
Total current assets	269,224	255,039
TOTAL ASSETS	1,188,297	1,186,241
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	501,619	500,989
Reserves	(148,428)	(196,776)
RCULS – equity portion	124,098	124,620
TOTAL EQUITY	477,289	428,833
LIABILITIES		
Borrowings	82,168	89,637
Lease liabilities	2,445	52
Deferred tax liabilities	37,094	22,313
Deferred income	76,432	78,222
Employee benefits	253	250
Other payable	579	579
Total non-current liabilities	198,971	191,053
Borrowings	361,293	422,665
Lease liabilities	1,316	239
RCULS – liability portion	4,830	6,660
Deferred income	7,158	7,158
Trade and other payables	135,359	125,453
Contract liabilities	1,778	3,730
Tax payable	303	450
Total current liabilities	512,037	566,355
TOTAL LIABILITIES	711,008	757,408
TOTAL EQUITY AND LIABILITIES	1,188,297	1,186,241
Net assets per share attributable to owners of the Company (RM)	0.93	0.84

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 2023								
At 1 July 2023	500,989	124,620	622	351	(125)	22	(197,646)	428,833
Profit for the period	-	-	-	-	-	-	48,327	48,327
Other comprehensive income								
- Foreign currency translation difference	-	-	-	(11)	-	-	-	(11)
- Cash flow hedge	-	-	139	-	-	-	-	139
Total comprehensive income for the period	-	-	139	(11)	-	-	48,327	48,455
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	630	(522)	-	-	-	-	(85)	23
- Share-based payments	-	-	-	-	-	(22)	-	(22)
Total transactions with owners of the Company	630	(522)	-	-	-	(22)	(85)	1
At 30 September 2023	501,619	124,098	761	340	(125)	-	(149,404)	477,289

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2023

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 30 September 2022								
At 1 July 2022	496,267	128,527	13	322	(50)	68	(257,128)	368,019
Loss for the period	-	-	-	-	-	-	(12,037)	(12,037)
Other comprehensive income/(expense)								
- Foreign currency translation difference	-	-	-	(8)	-	-	-	(8)
- Cash flow hedge	-	-	237	-	-	-	-	237
Total comprehensive income/(expense) for the period	-	-	237	(8)	-	-	(12,037)	(11,808)
<i>Contribution by and distribution to owners of the Company</i>								
- Conversion of RCULS	20	(16)	-	-	-	-	(3)	1
- Share-based payments	-	-	-	-	-	5	-	5
Total transactions with owners of the Company	20	(16)	-	-	-	5	(3)	6
At 30 September 2022	496,287	128,511	250	314	(50)	73	(269,168)	356,217

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 2023.

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 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD
 ENDED 30 SEPTEMBER 2023**

	Current Year-To-Date	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	63,873	(15,935)
Adjustments for:-		
Depreciation and amortisation	17,293	16,815
Non-cash items	1,817	(852)
Dividend income	-	(45)
Net financing costs	5,583	6,087
Operating profit before changes in working capital	<u>88,566</u>	<u>6,610</u>
Changes in working capital		
Net change in current assets	(15,373)	4,143
Net change in current liabilities	6,137	(62,356)
Taxation paid	(468)	(236)
Net financing costs paid	(5,393)	(5,807)
Dividend received	-	45
Employee benefits paid	-	(17)
Net cash generated from/(used in) operating activities	<u>73,469</u>	<u>(57,618)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,403)	(2,834)
Proceeds from disposal of property, plant and equipment	-	146
Net cash used in investing activities	<u>(3,403)</u>	<u>(2,688)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	338,395	273,952
Repayments of borrowings	(407,325)	(230,573)
Payment of lease liabilities	(397)	(286)
Net cash used in financing activities	<u>(69,327)</u>	<u>(43,093)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	739	(17,213)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	51,660	64,274
EFFECT ON FOREIGN EXCHANGE	(11)	(8)
CASH & CASH EQUIVALENTS AT END OF PERIOD	<u>52,388</u>	<u>47,053</u>

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

	30/09/2023 RM'000	30/09/2022 RM'000
Deposits, cash and bank balances	<u>52,388</u>	<u>47,053</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2023.

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 2023. 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 2023 except for the adoption of MFRSs, amendments and interpretations that are effective for annual period beginning on or after 1 January 2023 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 and financial year-to-date, the issued share capital of the Company has been increased from 510,372,782 ordinary shares to 511,272,580 ordinary shares by the issuance and allotment of 899,798 new ordinary shares arising from the conversion of RM629,859 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. The outstanding nominal value of RCULS as at 30 September 2023 was RM149,948,605.

Subsequent to the quarter under review and financial year-to-date, the issued share capital of the Company has been increased from 511,272,580 ordinary shares to 511,283,294 ordinary shares by the issuance and allotment of 10,714 new ordinary shares arising from the conversion of RM7,500 nominal value of RCULS at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

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.

As at 30 September 2023, the total number of ordinary shares in the Company held by the ESS Trust was 95,800 ordinary shares. In the financial year ended 30 June 2023, 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.

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.

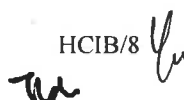
7. Dividend paid

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>69,415</u>
Included in the measure of segment profits are:	
Revenue from external customers	306,082
Depreciation and amortisation	<u>(17,226)</u>
Reconciliation of reportable segment profits to Consolidated Profit Before Taxation (“PBT”)	
Reportable segment	69,415
Non-reportable segments	41
Interest income	346
Finance costs	<u>(5,929)</u>
Consolidated PBT	<u>63,873</u>
	External revenue
	RM’000
Reportable segment	306,082
Non-reportable segment	579
Total	<u>306,661</u>
	Depreciation and amortisation
	RM’000
Reportable segment	17,226
Non-reportable segment	67
Total	<u>17,293</u>

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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.

11. **Review of performance**

For the quarter under review and financial-year-to-date, the Group recorded revenue of RM306.7 million and profit before taxation (“PBT”) of RM63.9 million as compared with revenue and loss before taxation (“LBT”) of RM206.8 million and RM15.4 million for the corresponding quarter of the preceding financial year ended 30 June 2023 (“FY 2023”). The increase in revenue and PBT compared to the corresponding quarter of FY 2023 are mainly due to the revision in the cement selling price to mitigate the increase in energy costs, and higher cement sales volume achieved on the recovery from the construction activities.

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

	Current quarter 30/09/2023 RM'000	Immediate preceding quarter 30/06/2023 RM'000
Revenue	306,661	263,227
Profit before taxation	63,873	46,488

The Group recorded PBT of RM63.9 million for the quarter under review as compared with PBT of RM46.5 million for the immediate preceding quarter, mainly attributed to the higher cement sales volume achieved.

13. **Prospects**

The construction sector is expected to continue its growth and the demand for cement will benefit from the increased development expenditures as announced in the recent 2024 Budget. However, the Board remains cautious, as the uncertainties arising from geopolitical pressures continue to challenge the cement industry’s input cost. The Group is increasing its focus to develop sustainable construction materials in this growing economy, while continuing its efforts to enhance operational excellence.

14. **Profit forecast/profit guaranteed**

This note is not applicable.

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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15. Profit before taxation

	Current Year Quarter	Current Year To-date
	30/09/2023 RM'000	30/09/2023 RM'000
Profit before taxation is arrived at after charging/(crediting) :-		
Depreciation and amortisation	17,293	17,293
Provision for slow moving inventories	2,190	2,190
Gain on foreign exchange	(904)	(904)
Reversal of impairment loss on trade receivables	(198)	(198)

16. Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year- To-Date	Preceding Year Corresponding Period
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Current taxation				
Malaysian - current year	325	206	325	206
- prior year	-	-	-	-
	325	206	325	206
Deferred taxation				
Malaysian - current year	15,221	(3,564)	15,221	(3,564)
- prior year	-	-	-	-
	15,221	(3,564)	15,221	(3,564)
	15,546	(3,358)	15,546	(3,358)

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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 30 September 2023 are as follows:

	RM'000
Borrowings:	
Unsecured short term borrowings	361,293
Unsecured long term borrowings	82,168
	<u>443,461</u>

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

	RM'000
USD	<u>21,910</u>

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

	RM'000
Debt Securities:	
RCULS – liability portion	
- Current	4,830
- Non-current	-
	<u>4,830</u>

19. Changes in material litigation

There are no material litigations as at the date of this report.

20. Dividend

- (a) The Board has declared an interim single tier dividend of 2.0 sen per share for the quarter ended 30 September 2023 of the financial year ending 30 June 2024 (1st quarter FY 2023: Nil) to be paid on 20 December 2023 to holders of ordinary shares whose names appear in the Record of Depositors at the close of business on 5 December 2023.

This is to inform that a Depositor shall qualify for the entitlement only in respect of: -

- (i) shares transferred into the Depositor's securities account before 4.30 p.m. on 5 December 2023 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements.
- (b) For the financial year-to-date, a total single tier dividend of 2.0 sen per share (1st quarter FY 2023: Nil), has been declared.

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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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 and financial year-to-date is calculated by dividing the Group's profit attributable to owners of the Company of RM48,327,000 (1st quarter FY 2023: loss attributable to owners of the Company of RM12,037,000) by the weighted average number of ordinary shares during the quarter of 510,756,443 (1st quarter FY 2023: 503,567,476).

	<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
	30/09/2023 '000	30/09/2022 '000	30/09/2023 '000	30/09/2022 '000
Issued ordinary shares at beginning of period	510,373	503,627	510,373	503,627
ESS Trust Shares held at beginning of period	(96)	(67)	(96)	(67)
Effect of conversion of RCULS	479	7	479	7
Weighted average number of ordinary shares (basic)	510,756	503,567	510,756	503,567
Basic earnings/(loss) per ordinary share (sen)	9.46	(2.39)	9.46	(2.39)

HUME CEMENT INDUSTRIES BERHAD
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED
 30 SEPTEMBER 2023

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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, financial year-to-date and preceding year's corresponding quarter period 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 Current Year- Quarter 30/09/2023 RM'000	Cumulative Quarter Current Year- To-Date 30/09/2023 RM'000
Profit attributable to ordinary shareholders (basic)	48,327	48,327
Interest expense on RCULS, net of tax	58	58
Profit attributable to ordinary shareholders (diluted)	<u>48,385</u>	<u>48,385</u>
	'000	'000
Weighted average number of ordinary shares at 30 September (basic)	510,756	510,756
Effect of conversion of RCULS	214,212	214,212
Weighted average number of ordinary shares at 30 September (diluted)	<u>724,968</u>	<u>724,968</u>
Diluted earnings per ordinary share (sen)	6.67	6.67

In the preceding year's corresponding quarter under review and financial year-to-date, there was no disclosure of diluted loss ordinary share as it was anti-dilutive.

The figures have not been audited

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 September 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	<u>22,630</u>	<u>761</u>

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 2023.

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

Kuala Lumpur
16 November 2023